INDEPENDENT
Auditors' Report

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 Mexico, 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 Trusty 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 ISA's, 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
Assets				
Current assets:				
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
Non-current assets:				
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
Total assets		**$ 65,048,955,871**	**$ 63,985,768,434**	**$ 58,254,149,888**
Liabilities and trustors' capital				
Current liabilities:				
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
Non-current liabilities:				
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
		6,907,483,846	8,031,523,256	5,540,758,210
Total liabilities		8,840,851,982	9,035,500,497	6,519,809,072
Trustors' capital:				
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
Total liabilities and trustors' capital		**$ 65,048,955,871**	**$ 63,985,768,434**	**$ 58,254,149,888**

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)
Profit for the year		$ 3,891,797,290	$ 5,166,261,356	$ 5,872,748,276
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)
Total consolidated comprehensive income for the year		**$ 3,890,718,365**	**$ 5,166,279,975**	**$ 5,872,167,671**
Basic comprehensive income per CBFI (pesos)		**$ 2.7221**	**$ 3.6590**	**$ 4.1670**
Diluted comprehensive income per CBFI (pesos)		**$ 2.5854**	**$ 3.4016**	**$ 3.8198**

Consolidated Statements of Changes in TRUSTORS' CAPITAL

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

	Trustors' capital	Retained earnings	Other items of comprehensive income	Controlling interest	Non-controlling interest	Total
Balance as of January 1, 2016	$ 45,122,110,237	$ 2,882,288,245	$ (513,225)	$ 48,003,885,257	$ –	$ 48,003,885,257
Contribution of investment properties	1,053,291,737	–	–	1,053,291,737	–	1,053,291,737
Increase in equity by contributions in kind	483,417,795	–	–	483,417,795	–	483,417,795
Increase in equity due to capitalization of advisory fees	(2,050,355,397)	–	–	(2,050,355,397)	–	(2,050,355,397)
Capital reimbursements	–	(1,628,066,247)	–	(1,628,066,247)	–	(1,628,066,247)
Dividends paid						
Comprehensive income:						
Consolidated net income for the year	–	5,872,748,276	–	5,872,748,276	–	5,872,748,276
Actuarial loss for employee benefits	–	–	(580,605)	(580,605)	–	(580,605)
	–	5,872,748,276	(580,605)	5,872,167,671	–	5,872,167,671
Balance as of December 31, 2016	44,608,464,372	7,126,970,274	(1,093,830)	51,734,340,816	–	51,734,340,816
Increase in equity due to capitalization of advisory fees	486,341,093	–	–	486,341,093	–	486,341,093
Capital reimbursements	(1,484,054,940)	–	–	(1,484,054,940)	–	(1,484,054,940)
Dividends paid	–	(1,414,332,276)	–	(1,414,332,276)	–	(1,414,332,276)
Comprehensive income:						
Consolidated net income for the year	–	5,166,261,356	–	5,166,261,356	–	5,166,261,356
Actuarial loss for employee benefits	–	–	18,619	18,619	–	18,619
	–	5,166,261,356	18,619	5,166,279,975	–	5,166,279,975
Non controlling interest	–	–	–	–	461,693,269	461,693,269
Balance as of December 31, 2017	43,610,750,525	10,878,899,354	(1,075,211)	54,488,574,668	461,693,269	54,950,267,937
Increase in equity due to capitalization of advisory fees	580,061,236	–	–	580,061,236	–	580,061,236
Capital reimbursements	(1,567,037,927)	–	–	(1,567,037,927)	–	(1,567,037,927)
Dividends paid	–	(1,696,509,187)	–	(1,696,509,187)	–	(1,696,509,187)
Cancellation of CBFI's Via Vallejo	(240,768,514)	–	–	(240,768,514)	–	(240,768,514)
Contribution to non controlling interest	–	–	–	–	291,371,979	291,371,979
Comprehensive income:						
Consolidated net income for the year	–	3,889,865,680	–	3,889,865,680	1,931,610	3,891,797,290
Actuarial loss for employee benefits	–	–	(1,078,925)	(1,078,925)	–	(1,078,925)
	–	3,889,865,680	(1,078,925)	3,888,786,755	1,931,610	3,890,718,365
Balance as of December 31, 2018	**$ 42,383,005,320**	**$ 13,072,255,847**	**$ (2,154,136)**	**$ 55,453,107,031**	**$ 754,996,858**	**$ 56,208,103,889**

Consolidated Statements of CASH FLOWS

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

	2018	2017	2016
Cash flows from operating activities:			
Consolidated net income	$ 3,891,797,290	$ 5,166,261,356	$ 5,872,748,276
Adjustments to net income:			
(Benefits) income tax from subsidiary	2,625,654	232,946	2,121,793
Adjustments to fair value of investment property	(727,748,087)	(2,520,134,043)	(3,789,379,865)
Advisory fee liquidated by equity instruments	580,061,236	486,341,092	344,146,181
Employee benefits	1,758,347	1,537,498	1,217,525
Depreciation of machinery and equipment	2,909,347	706,508	478,570
Amortization of technological platform	5,986,376	4,672,030	–
Interest income	(80,173,400)	(113,293,979)	(80,614,944)
Interest expense	332,969,621	130,441,514	21,526,292
Total	4,010,186,384	3,156,764,922	2,372,243,828
Changes in working capital:			
(Increase) decrease in:			
Lease receivable and other receivables	43,187,791	72,615,999	(264,464,477)
Accounts receivable from related parties	4,596,270	59,339,958	(60,891,255)
Recoverable taxes , mainly Income Taxes	(35,294,843)	118,748,271	3,092,004
Increase (decrease) in:			
Trade accounts payable and accrued expenses	(135,956,300)	101,422,326	49,044,963
Prepaid lease	66,070	(21,610,741)	11,861,411
Deferred lease revenue	(118,537,516)	73,543,533	740,648,773
Deposits of tenants	31,055,723	50,910,358	103,485,220
Income tax paid	5,355,945	51,781,595	(2,393,382)
Accounts payable to related parties	5,474,293	(333,297,410)	131,407,817
Net cash generated in operating activities	3,810,133,817	3,330,218,811	3,084,034,902
Cash flows from investing activities			
Acquisitions of investment properties	(1,641,815,898)	(2,112,519,857)	(3,303,716,359)
Acquisition of technological platform	(5,257,387)	(4,744,578)	(13,943,542)
Acquisitions of machinery and equipment	(11,355,349)	(9,051,971)	(5,102,884)
Sale of land	–	62,953,798	74,394,746
Interest received	80,173,400	113,293,979	80,614,944
Net cash used in investing activities	(1,578,255,234)	(1,950,068,629)	(3,167,753,095)

Continue

		2018		2017		2016
Cash flows from financing activities:						
Loans obtained (financial liability)		–		2,500,000,000		4,000,000,000
Expenses paid on the issuance of financial liabilities		–		(20,928,176)		(41,848,695)
Debt commissions		–		(2,500,000)		–
Capital reimbursements		(1,567,037,927)		(1,484,054,940)		(2,050,355,397)
Dividends paid		(1,696,509,187)		(1,414,332,276)		(1,628,066,247)
Capital contributions to Fideicomiso Invex 3381 (Parque Tepeyac)		291,371,976		–		–
Interest paid		(539,420,277)		(315,666,538)		(4,526,441)
Net cash used in financing activities		(3,511,595,415)		(737,481,930)		275,203,220
Cash, cash equivalents and restricted cash:						
Net (decrease) increase in cash, cash equivalents and restricted cash		(1,279,716,832)		642,668,252		191,485,027
Cash, cash equivalents and restricted cash at the beginning of period		3,088,324,660		2,445,656,408		2,254,171,381
Cash, cash equivalents and restricted cash at the end of period	**$**	**1,808,607,828**	**$**	**3,088,324,660**	**$**	**2,445,656,408**
Items that do not generate cash flow:						
Contribution of investment properties (see Note7)	$	–	$	–	$	1,053,291,737
Advisory fee liquidated by equity instruments (see Note13)		580,061,236		486,341,092		344,146,181
Cancellation of CBFI's Via Vallejo (see Note 1 "relevant events")		(240,768,514)		–		–
Total items that do not generate cash flow	**$**	**339,292,722**	**$**	**486,341,092**	**$**	**1,397,437,918**

NOTES
to the Consolidated Financial Statements

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

1. General information

Fideicomiso Irrevocable No. 17416-3 (Banco Nacional de México, S.A., integrante del Grupo Banamex División Fiduciaria) (the "Entity", "Fibra Danhos" or the "Trust") was established in Mexico City as a real estate trust on June 10, 2013, mainly to acquire, own, develop, lease and operate a wide variety of shopping centers, shops, offices, hotels, housing apartments, warehouses and industrial buildings in Mexico. The Trust was incorporated among the owners (the "Owners") of certain properties, which were contributed in October 2013, contributed in exchange for Trust Certificates Real Estate ("CBFIs"), and simultaneously conducted a public offering, as detailed below.

The Trust, as a real estate investment trust ("FIBRA" for its acronym in Spanish), qualifies to be treated as a pass-through entity for Mexican federal income tax purposes. Therefore, all income from the conduct of the Trust's operations is attributed to the holders of its real estate trust certificates ("CBFIs" for their acronym in Spanish) and the Trust itself is not considered a taxable entity in Mexico. In order to maintain FIBRA status, the Mexican Tax Administration Service ("SAT") has established, per articles 187 and 188 of the Mexican Income Tax Law, that the Trust must annually distribute at least 95% of its taxable income to the holders of its CBFIs.

For the development of its operations, the Trust has entered into the following relevant contracts:

i. An advisory agreement with DSD 1, S.C. to provide advisory services to the Trust for strategic planning.

ii. A property management agreement with Administradora Fibra Danhos, S.C. (subsidiary) to conduct the day-to-day management of the operations of the Trust, including administering the related personnel. The Administrator will also be responsible for concluding agreements and contracts with third parties necessary for the operation of the properties, including advertising and marketing. Additionally, the Administrator held lease agreements with the Trust in connection with the operation of the parking and advertising spaces on the properties.

iii. An advisory agreement with DSD2, S.C to perform representation services which are necessary and appropriate for the development of the Trust´s operations.

The Trust´s address is Monte Pelvoux 220 7th floor, Lomas de Chapultepec, México City, Z.C. 11000.

Relevant events-

On December 6, 2018, (i) through resolutions adopted by the session of the Technical Committee dated on April 26, 2018, previous recommendation of the Audit Committee session of the same date, Galaz, Yamazaki Ruiz Urquiza, SC member of Deloitte Touche Limited ("Deloitte") was ratified, as External Auditor of Fibra Danhos; (ii) through resolutions adopted by the Audit Committee meeting held on July 26, 2018, it was approved to ratify Deloitte as External Auditor of Fibra Danhos for the fiscal year that will end on December 31, 2018 (the "Audit Committee Session" "); and (iii) through resolutions adopted by the Technical Committee meeting held on October 25, 2018, upon recommendation of the Audit Committee's meeting held on October 23, it was approved to add to the Service Agreement executed between Fibra Danhos and Deloitte for the additional services required by applicable legislation. The foregoing, in full compliance with the applicable requirements to entities and issuers supervised by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores "CNBV") that contract external audit services for basic financial statements (the "Sole Circular of External Auditors" (Circular Única de Auditores Externos (CUAE))

On November 5, 2018 the entity informed that the inauguration of Kataplum fair in Parque Las Antenas, which was scheduled for November 6, 2018, was rescheduled for November 13, 2018, due to a clousure of the Iztapalapa City Hall offices. They were closed and re-opened on November 5, which went through the times for the completion of procedures for its opening.

On September 24, 2018 in accordance with (i) the resolutions adopted at the General Meeting of Holders held on June 18, 2014; 52,095,398

CBFIs issued to be used as consideration for the Vía Vallejo project were not used for this purpose. As a consequence of the above, the number of CBFIS issued by Fibra Danhos to date amounts to 1,466,669,374 CBFIs.

On June 7, 2018, the opening of the new shopping and entertainment center, Parque Las Antenas, was opened to the public. The project reinforces the strategic of Fibra Danhos in the Metropolitan Area of Mexico City, which is the largest market in the country. The project is located in the limits of Iztapalapa and Xochimilco where there is a high population density, as well as a lack of quality commercial and entertainment options. Parque Las Antenas will offer a wide variety of commercial and entertainment options and will have an amusement park of more than 23,000 m^2 on its roof, to complement and enrich the experience of its visitors. With approximately 300,000 m^2 of construction on an area of more than 100,000 m^2, Parque Las Antenas will have approximately 230 commercial premises and more than 140,000 m^2 of commercial area, including the participation of Liverpool, Sears, Wal-Mart, Cinépolis, stores of Grupo Inditex, H & M, Alsea Group restaurants, gym and other services. With a total investment of approximately 5,000 million pesos (3,600 million Fibra Danhos, 700 million from the fair and the rest considering the tenants' investment), Parque Las Antenas adds approximately 100,000 m^2 of profitable area to the Fibra Danhos Operating Portfolio. and more than 4,500 parking spaces. With its start-up, 95% of the Fibra Danhos Portfolio is in operation and only Tepeyac Park is under development.

On December 21, 2017 the trust signed an association agreement with third parties in order to participate in the development of a shopping and entertainment center in the north of Mexico City named Parque Tepeyac. The Fibra Danhos participation is 50%. The project will be developed in several properties with a joint area of approximately 51,700 sqm. Fibra Danhos will be in charge of the management, construction, operation and administration of such project.

The estimated net investment of Fibra Danhos will be approximately 1,800 million pesos, including land.

October 12, 2017, the Liverpool Toreo department store opened to the public, which will consolidate the successful mix of tenants in the shopping center with the country's most important department store chain.

Approximately 20,000 sqm of gross leasable area will be incorporated to the Toreo Parque Central shopping

center that will reach approximately 90,000 sqm of gross leasable area.

September 26, 2017, the trust held the opening to public of the shopping and entertainment center Parque Puebla, which incorporated approximately 70,000 sqm (seventy thousand square meters) of gross leasable area to the Operating Portfolio, which has reached approximately 760,000 sqm (seven hundred sixty thousand square meters).

On July 10, 2017, the Trust established a long-term Trust Certificate Program ("CEBURES" for its acronym in Spanish) (DANHOS 17), which was carried in the Mexican Debt Market for up $2,500 million pesos. The transaction was made through a nominal 10-year fixed rate issue, which was placed with a coupon of 8.54% and rated AAA by Fitch Ratings and HR Ratings at the national scale. The transaction showed an oversubscription of 1.63x of the amount offered and was placed with a surcharge of 169 basis points, 16 basis points below the 10-year fixed rate DANHOS16 issued on July 7, 2016.

On December 16, 2016, trust signed the irrevocable Trust Agreement "CIB / 2391", which was signed with unrelated third parties and where Fibra Danhos is designated as Trustor and Trustee A and as trustee CIbanco, S.A, Institution de Banca Multiple for the construction of an office building, located in Montes Urales no. 785, Lote 1 Bis A, manzana doce, Bella Vista, Lomas de Chapultepec, Mexico City. The participation of Fibra Danhos in the trust is 29%. Fibra Danhos will be in charge of the management, construction, operation and administration of such project, therefore, will have control over the aforementioned trust.

During 2016, the Trust established a long-term Trust Certificate Program ("CEBURES" for its acronym in Spanish) in the mexican debt market for up to $8,000 million pesos, which, together with the revolving credit line of $1.5 billion pesos, guarantees the access to resources to execute the growth plan without the need to issue additional CBFIs. Of this last line of credit, no amount has been disposed as of December 31, 2017.

On July 11, 2016, the Trust completed its first placement of CEBURES for $4,000 million of Mexican pesos, through two AAA issues, which distinguished themselves as the first local real estate debt placements after the BREXIT and the increase in rates by The Banco de México. The establishment of the credit line guarantees, for the medium term, the availability of funds under market conditions, which will complement the already labeled resources for the ongoing developments, including the "Puebla" and "Las Antenas" projects. The total debt is denominated in pesos, the remaining weighted term of the debt is 7.9 years, the interest rate is a mixture of financing, 75% fixed and 25% variable.

The trust, along with its contributing partner, Grupo IPB, announces that the opening of Shopping Mall

Parque Via Vallejo was held on May 19, 2016, the largest project of its kind to open its doors this year in the Metropolitan Area of Mexico City. Parque Via Vallejo contributes to the urban renewal of the centrally located industrial zone of Vallejo, which enjoys efficient access through public and private transportation that grant access to new jobs and services to a densely populated region. The area offers a favorable outlook in terms of economic and demographic growth, undergoing a renovation and transition from industrial to commercial and residential vocation. To date, 96 retail spaces totaling 60,412.9 sqm are in operation

and represent 74.4% of the gross leasable area (GLA) of the project. There are executed lease agreements for 73,608 sqm that represent 90.7% of the GLA of the project and the aforementioned square meters are expected to be fully operational towards the end of 2016.

During the last month of operation, the shopping mall has received more than 100,000 vehicles and has

surpassed the milestone of 6,500 vehicles in a day. Fibra Danhos acknowledges the major effort made by Grupo IPB, the local authorities, suppliers, workers, neighbors and tenants who have made this development a reality.

2. Application of new and revised International Financial Reporting Standard

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

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

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

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Entity has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Entity has elected to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Entity adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures about 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the Entity's consolidated financial statements are described below.

The Entity has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Entity has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Entity has applied the requirements of IFRS 9 to instruments that continue to be recognized as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognized as at 1 January 2018 have been restated where appropriate.

All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

In the current year, the Entity has not designated any debt investments that meet the amortized cost or FVTOCI criteria as measured at

FVTPL.

When a debt investment measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortized cost or at FVTOCI are subject to impairment. See (b) below.

Reviewed and assessed the Entity's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Entity's financial assets as regards their classification and measurement:

- There is no change in the measurement of the Entity's capital investments that are held for trading; those instruments continue to be measured at Fair Value through P&L;
- Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There were no reclassifications of financial assets that have had an impact on the Entity's financial position, gains or losses, other comprehensive income or total other results in the year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Specifically, IFRS 9 requires the Entity to recognize a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortized cost or at FVTOCI,

(2) Lease receivables,

(3) Trade receivables and contract assets, and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Entity is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Entity had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Entity has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Entity has elected to designate as at FVTPL at the date of initial application of IFRS 9.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Entity has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Entity's consolidated financial statements are described below.

The Entity has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognize that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Entity has adopted the terminology used in IFRS 15 to describe such balances. IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Entity.

Impact of application of Other amendments to IFRS Standards and Interpretations

In the current year, the Entity has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IAS 40 (amendments)Transfers of Investment Property

(i) The Entity has adopted the amendments to IAS 40 Investment Property for the first time in the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

New and revised IFRS Standards in issue but not yet effective

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

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to IFRS Standards 2015–2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19 *Employee Benefits*	Plan Amendment, Curtailment or Settlement
IFRS 10 *Consolidated Financial Statements* and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over Income Tax Treatments

The management do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Entity in future periods, except as noted below:

IFRS 16 Leases

General impact of application of IFRS 16 Leases

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

Impact of the new definition of a lease

The Entity will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

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

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

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

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the Entity accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. On initial application of IFRS 16, for all leases (except as noted below), the Entity will:

(a) Recognize right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

(c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortized as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Entity will opt to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

As at 31 December 2018, the Entity has not non-cancellable operating lease commitments.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Entity recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Entity will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Entity's finance leases as at 31 December 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognized in the Entity's consolidated financial statements.

Impact on Lessor Accounting

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

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

Because of this change the Entity will reclassify certain of its sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses will be recognized on the finance lease receivables. The leased assets will be derecognized and finance lease asset receivables recognized. This change in accounting will change the timing of recognition of the related revenue (recognized in finance income).

Amendments to IFRS 9 Prepayment Features with Negative Compensation

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

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

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

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Annual Improvements include amendments to four Standards.

IAS 12 Income Taxes

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

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.

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

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

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

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

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

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

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

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

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

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately or as an entity; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The management of the Trust anticipate that the application of the amendments in the future will have some impacts on the Entity's consolidated financial statements.

3. Significant accounting policies

The significant accounting policies followed by the Trust are as follows:

a. Statement of compliance- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

b. Basis of measurement - The consolidated financial statements have been prepared in accordance with the historical cost basis, except for the investment properties that are measured at fair value, as explained in the accounting policies below.

i. Historical Cost

Historical cost is generally based on the fair value of the consideration paid in exchange for goods or 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.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

All the investment properties are category level 3.

c. Basis of consolidation - The consolidated financial statements include the financial statements of the Trust and its subsidiaries Administradora Fibra Danhos, S.C, Fideicomiso Invex 3382 “Parque Tepeyac” and Fideicomiso CIB / 2391 “Montes Urales” in which it exercises control.

It obtains the control when the Trust:

- 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 subsidiaries have been consolidated from the date on which control is transferred to the Trust.

The Parque Tepeyac, was consolidated in the fiscal year 2017 in which it was determined that Trust 17416-3 had control over it.

Significant intercompany balances and transaction have been eliminated.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

d. Leasing revenues and deferred lease revenue

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and benefits incidental to ownership. All other leases are classified as operating leases. Properties operated under operating leases are classified as investment property in the accompanying consolidated statements of financial position.

e. Operating lease revenues – *are booked and are substantially equal to those determined by reducing* incentives granted, such as grace periods. They are recognized on a straight line basis over the lease term, except for contingent rents (such as variable revenues), which are recognized when they occur. More than 70% (not audited) of the lease agreements are denominated in Mexican pesos, and the rest in U.S. dollars. The lease term corresponds to 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, which are recognized in the period in which services are rendered.

f. Deferred lease revenue - The Trust receives a single nonrefundable payment from its tenants, at the beginning and when signing new leases, which is amortized over the term of the lease. The unearned amount is presented as deferred revenue in the consolidated statements of financial position. The deferred revenue varies on the specifics of the leased premises and the lease term, among other factors.

g. Financial Instruments - Financial assets and financial liabilities are recognized when the Trust becomes a party to the contractual provisions of the instrument.

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

Subsequent measurement of financial instruments depends on the accounting category in which they are classified. See a breakdown of the categories of financial instruments in Note 10 and the accounting treatment for each category in the accounting policies described below:

Cash and cash equivalents

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments. Cash is stated at nominal value and cash equivalents are valued at fair value. The Trust considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are primarily represented by money market transactions and promissory notes on which returns are paid upon maturity.

Restricted cash

Restricted cash consists of cash in the custody of the Trust. In this account, the rental income is deposited and once deposited, the Trustee authorizes funding to the concentration account and subaccounts, for the operation of the Trust.

Loans and receivables

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

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

Impairment of financial assets

For financial assets, other than financial assets at fair value through profit or loss, potential indicators of impairment are assessed at each balance sheets date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate of the financial asset.

Derecognition of financial assets

The Trust derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when substantially all the risks and rewards of owning the asset are transferred to another entity.

Classification as debt or equity

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

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

Equity instruments

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

When the Trust receives contributions or acquires properties which do not constitute a business, in return for its equity instruments, the transaction is recorded as a payment to third parties (other than employees) payable with share-based equity instruments, which are valued at the fair value of the assets received, except where the value cannot be estimated reliably. The effects on the financial position are recorded in the statements of changes in equity of the trustors as "equity contributions" and do not impact current earnings. The fair value of the properties is estimated as described in Note 7.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ' FVTPL' or 'other financial liabilities'.

Other financial liabilities, including long-term debt, are initially measured at fair value net of transaction costs. They are valued subsequently at amortized cost using the effective interest method, which is a method of allocating interest expense over the relevant period using the effective interest rate.

Derecognition of financial assets

The Trust derecognizes a financial asset only when the contractual rights to the asset's cash flows expire.

Derivative financial instruments

Financial instruments issued by the Trust, including over-allotment options of trust certificates, meet the definition of equity instruments and are presented as such. Consequently, there are no derivative financial instruments recognized in the Trust's consolidated financial statements.

Embedded derivatives

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

h. **Investment properties -** Investment properties are properties held to earn rentals and /or capital gains. Properties that are under construction or development may qualify as investment properties.

Investment properties acquired and related leasehold improvements are initially recorded at acquisition cost, including transaction costs related to the acquisition of assets. Investment property acquired in exchange for equity instruments are initially recorded at fair value, as detailed below.

Subsequent to initial recognition, investment properties are stated at fair value. Fair values are determined by independent appraisals recorded at the following moments:

(i) At the time a factor that impacts the value of the investment property has been detected, and

(ii) At least once annually from the acquisition of the property.

Gains and losses in fair value are recorded in the line item "fair value adjustments of investment properties - net" in the statements of comprehensive income in the period in which they arise.

Initial direct costs incurred in negotiation of leases are added to the carrying amount of investment properties.

When the Trust operates a property under an operating lease to earn rentals or for capital appreciation, or both, it is classified and accounted for as investment property. An investment property is derecognized upon its disposal or when the investment property is permanently out of use and no future economic benefits are expected from its disposal.

Any gain or loss arising on derecognition of the property (calculated as the difference between consideration received and the carrying value of the investment property) is included in profit or loss in the period in which the property is derecognized.

i. **Foreign currency -** Foreign currency transactions are recognized at the rates of exchange prevailing at the dates of the related transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in the profit or loss.

j. **Income taxes -** As further explained in Note 1, the Trust intends to qualify for FIBRA status under the Mexican Income Tax Law and, accordingly, no provision for income taxes is recognized. The current and deferred tax consequences of a change in tax status are included in profit or loss for the period for the FIBRA's subsidiary, unless they relate to transactions that are recognized directly in equity or in other comprehensive income. The effects of income taxes of the subsidiary shown in the consolidated financial statements belong to the taxes of Administradora Fibra Danhos, S.C. (Subsidiary of the Trust). The (benefit) income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

   Current income tax ("ISR") is recognized in the results of the year in which is incurred.

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

k. Employee retirement benefits, termination benefits and statutory employee profit sharing (PTU)

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.

Termination benefits are recognized at the time when it is not possible to remove the indemnification offer and / or the Trust recognizes the related restructuring costs.

PTU and employee benefits are only applicable to Administradora Fibra Danhos, S.C. (subsidiary of the Trust), which employs all the professionals that manage the Trust's operations.

Employee profit sharing

PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses in the consolidated statements of comprehensive income.

PTU is determined based on taxable income, according to Section I of Article 10 of the Income Tax Law.

l. Deposits from tenants - The Trust obtains refundable deposits from tenants, mainly denominated in pesos, as security for the lease payments for a certain period. These deposits are accounted for as a financial liability (see financial instruments accounting policy below) and are initially recognized at fair value. If a significant difference between the fair value and the cost at which the liability was initially recorded arises, it would be considered as an initial rent payment and consequently, it would be amortized over the lease term. The deposit would subsequently be measured at amortized cost. Currently, there are no significant deferred lease payments.

m. Provisions - Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Consolidated Statement of cash flows - The Trust presents its statements of cash flows using the indirect method. Interest received is classified as investing cash flows, while interest paid is classified as financing cash flows. Items which did not require cash, nor form part of the consolidated net income, are not included in this statement, as in the case of capital contributions that are shown in the consolidated statements of changes in trustor´s capital, and part of the valuation adjustments described in Note 7.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Trust's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available through other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a. Critical judgments in applying accounting policies

The following are the critical judgments, in addition to those involving estimates (see below), that management has made in the process of applying the Trust's accounting policies and that has a significant effect in the consolidated financial statements.

Lease classification

As explained in Note 3d, leases are classified based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the Trust or the tenant, depending on the substance of the transaction rather than the form of the contracts. The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these property and thus accounts for leases as operating leases.

Income taxes

In order to continue to maintain its FIBRA status for Mexican federal income tax purposes, the Trust needs to meet the various requirements, which relate to matters such as the annual distribution of at least 95% of its net taxable income. The Trust applies judgment in determining whether it will continue to qualify under such tax status. The Trust does not recognize current nor deferred income tax.

b. Key sources of estimation uncertainty

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

Valuation of investment properties

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

The Trust's management considers that the valuation techniques and critical assumptions used are appropriate to determine the fair value of its investment properties.

5. Cash, cash equivalents and restricted cash

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2018	2017	2016
Cash in bank deposits	$ 842,736,671	$ 1,402,699,853	$ 556,011,820
Temporary investments	965,665,157	1,685,428,807	1,889,466,588
Restricted cash	206,000	196,000	178,000
	$ 1,808,607,828	**$ 3,088,324,660**	**$ 2,445,656,408**

6. Lease receivables and others

	2018	2017	2016
Receivables from tenants	$ 324,383,781	$ 385,807,131	$ 459,572,205
Straight- line receivables	72,904,843	57,687,961	41,667,542
Other receivables	4,951,969	4,892,674	32,369,570
	$ 402,240,593	**$ 448,387,766**	**$ 533,609,317**

a. Lease receivables and credit risk management

At the inception of lease contracts, the Trust requests a refundable deposit from its customers to guarantee timely payment of rents on its 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 on the characteristics of the commercial property, the Trust may request a non-refundable deposit.

On a combined basis, and considering only the figures for the months of December 2018, 2017 and 2016, the rental revenues of the property "Toreo Parque Central", "Parque Delta" and "Parque Tezontle" represents 35%, 37% and 41% respectively of the Trust's lease revenue. In addition, individual properties comprising the combined properties may be individually subject to concentrations of credit risk.

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

Currently, the Trust holds monthly collection levels equal to its monthly billing period. Business practices and negotiation allow the Trust to maintain its accounts receivable with maturities of no greater than 60 days.

7. Investment properties

	2018	2017	2016
Fair Value			
Initial investment in operation	$ 56,425,948,000	$ 52,872,486,000	$ 37,520,007,002
Investment property in operation (finished properties) (1)	4,784,136,000	3,800,630,000	14,055,001,711
Land under construction (3)	1,506,065,554	3,698,549,765	3,469,262,843
Fair value of investment properties	**$ 62,716,149,554**	**$ 60,371,665,765**	**$ 55,044,271,556**
Balance at the beginning of the year	$ 60,371,665,765	$ 55,044,271,556	$ 46,521,679,058
Acquisitions:			
Adaptations and improvements in investment properties (4)	260,010,466	247,267,058	43,007,468
Investment property contributed (1a)	829,126,162	532,159,781	2,430,258,063
Land under for Construction (2)(3a)	527,599,074	2,027,833,327	2,259,947,102
Fair value adjustments to investment properties (5)	727,748,087	2,520,134,043	3,789,379,865
Balance as of December 31	**$ 62,716,149,554**	**$ 60,371,665,765**	**$ 55,044,271,556**

(1) On June 7, 2018, was opened to the public the shopping and entertainment center Parque Antenas, generating revenues at the end of the second quarter of 2018, which incorporated approximately 180,000 sqm of gross leasable area to the Operating Portfolio, which has reached approximately 880,000 sqm, lo which is equivalent to $4,784,136,000 of investment in operation based on appraisals made by the independent expert.

On September 26, 2017, was opened to the public the shopping and entertainment center Parque Puebla, generating revenues during the last quarter of 2018, which incorporated approximately 70,000 sqm of gross leasable area to the Operating Portfolio, which has reached approximately 770,000 sqm, which is equivalent to $3,800,630,000 of investment in operation based on appraisals made by the independent expert.

During the year 2016, the following properties were completed, becoming part of the investment in operation and consequently generated revenues in 2017: expansion of Parque Delta, Parque Vía Vallejo, Tower B and C of Toreo and Hotel Toreo. As a result, as of December 31, 2017, the investment in operations includes the values of these properties such amount corresponds to $14,055,001,711 based on appraisals practiced by the independent expert

(1a) The investment contributed in construction as of December 31, 2018, mainly corresponds to Parque Antenas cash payments for an amount of $743,182,326 and $85,809,150, respectively

The investment contributed in construction as of December 31, 2017, corresponds to the Toreo Torre A and Parque Puebla cash payments for an amount of $45,544,555 and $486,615,226, respectively.

Finally, as of December 31, 2016, there were cash payments recorded for investment property contributed for the amount of $2,430,258,063

(2) As described in (1) above, the following properties were completed, becoming part of the investments in operation and consequently generated revenues in 2018 Parque Antenas, 2017 Parque Puebla and in 2016 the expansion of Parque Delta, Parque Vía Vallejo, Tower B and C of Toreo and Hotel Toreo. Therefore, those investments are grouped as of 2018 and 2017 in Investment in operation.

(3) During fiscal year 2018, the Parque Tepeyac, Montes Urales, Toreo Business Center and Hotel Puebla developments continued under construction.

As of December 31, 2018, the investment amount of the land under construction amounted to $1,506,065,554.

During fiscal year 2017, the Montes Urales and Canal de Garay (Las Antenas) developments continued under construction. As of December 31, 2017, the investment amount of the land under construction amounted to $3,698,549,765.

During the 2016 fiscal year, developments in the Montes Urales, canal de Garay (development Las Antenas) and Parque Puebla continued under construction; At December 31, 2016, the amount of investment in Land under construction amounted to $3,469,262,843.

(3a) As of December 31, 2018, the amount of constructions including mainly Hotel Puebla, Toreo business center and Parque Tepeyac cash payments during 2018 amounted to $397,719,906 plus capitalized interest of $129,879,168

As of December 31, 2017, the amount of constructions, including Parque Tepeyac, Parque Antenas, Toreo (Comercial) and Toreo business center cash payments during 2017 amounted to $777,680,876 y $915,605,216, $48,579,099 and $35,543,340, respectively, plus capitalized interest of $ 296,000,836. Finally, there was a sale of land in Canal de Garay and Parque Puebla for an amount of $ 62,953,798.

The amount of constructions paid during 2016 amounted to $2,236,532,176, plus capitalized interest $97,809,672. Finally, there was a sale of land in Canal de Garay and Parque Puebla for an amount of $74,394,746.

(4) The Adaptations and improvements in investment properties as of December 31, 2018, mainly corresponds to Parque Delta, Toreo (Comercial), Toreo Torre A, Parque Puebla and to the cancellation of CBFI´s of Parque Via Vallejo for the amount of $12,308,918, $26,819,306, $35,859,807, $390,766,624 and $(240,768,514), respectively.

The Adaptations and improvements in investment properties as of December 31, 2017, mainly corresponds to Parque Delta, Toreo (Comercial), Toreo Torre B y C, Toreo Hotel, Torre Virreyes and Parque Vía Vallejo for the amount of $28,011,299, $22,765,719, $14,926,407, $18,864,334, $18,057,529, $59,616,453 and $27,238,014, respectively.

The Adaptations and improvements in investment properties as of December 31, 2016, mainly corresponds to Parque Virreyes y Toreo (Comercial), for the amount of $19,715,697 y $ 15,636,172, respectively.

(5) Adjustments at fair value of investment properties at December 31, 2018, 2017 and 2016 were $727,748,087, $2,520,134,043 and $3,789,379,865, respectively.

All of the Trust's investment properties are held under freehold interests.

The fair value of the investment properties as of December 31, 2018, 2017 and 2016 was determined under the respective dates by independent appraisers not related to the Trust. They are members of the Institute of Appraisers of Mexico, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The appraisal was conducted in accordance with International Valuation Standards and was determined based on market evidence of transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. It first considers whether it can use current prices in an active market for a similar property in the same location and condition, and it is subject to leases and other similar contracts. However, in most cases, it uses a valuation technique of discounted cash flows given the availability of information. The valuation technique of discounted cash flows requires the projection of periodic cash flows expected in a property in operation or under development. Periodic expected cash flows generally include the incomes considering the occupation and bad debt less operating expenses. These flows are treated with an appropriate discount rate, derived from assumptions made by market participants, to determine the present value of the cash flows associated with the property, which represents, its fair value.

Categorization of fair value measurements at different levels of the fair value hierarchy depends on the degree to which the data entries in the fair value measurements and the importance of inputs to measure fair value are observed.

There were no transfers between Levels 1 and 2 during the year.

All of the Trust's investment properties are held under freehold interests.

Valuations of investment properties generally qualify as Level 3 under the fair value hierarchy as detailed in Note 10. No transfers out of Level have occurred for the periods presented in the accompanying consolidated financial statements.

8. Subsidiaries

The details of the Trust's consolidated subsidiaries as of December 31 are:

	Place and date of	Proportion of ownership interest and voting power

Name of the subsidiary	Main activity	establishment	2018	2017	2016
Administradora Fibra Danhos, S.C.	Managing services	Mexico City	100%	100%	100%
Parque Tepeyac	Management, construction, operation and administration of shopping center	Mexico City	50%	50%	–
Trust CIB / 2391 (1)	Management, construction, operation and administration of shopping center	Mexico City	29%	29%	–

The previous associates are recognized using the equity method in the consolidated financial statements.

(1) Although the Entity owns less than 50% of the shares of Trust CIB / 2391, the Entity has a significant influence due to its contractual right to be in charge of the management, construction, operation and administration of the project.

9. Employee benefits

a. Defined benefit plans

The Trust operates defined contribution retirement benefit plans, which consist in one payment of 12 days for each worked year on a basis of the last wage, limited by double minimum wage, that it is established by the Mexican labor law. The net defined benefit liability and the annual expense, are calculated by an independent actuary under the circumstances of a defined benefit plans, were measured using the projected unit credit method.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as of December 31, 2018, 2017 and 2016 by independent actuaries, which are members of the Institute of Actuaries of Mexico. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2018 %	2017 %	2016 %
Discount rate	8.75	7.75	6.75
Expected wage increase rate	4.85	4.85	4.85

Movements in the present value of the defined benefit obligation in the current year were as follows:

		2018		2017		2016
Defined benefit obligation at the beginning of the year	$	9,959,699	$	8,448,799	$	6,401,838
Current labor service cost		1,758,347		1,537,498		1,217,525
Components of defined benefit cost recognized in results of operations	–		–		–	
Actuarial loss (gain) actuariales		1,541,323		(26,598)		829,436
Total	**$**	**13,259,369**	**$**	**9,959,699**	**$**	**8,448,799**

The current service cost is included in the employee benefits expense in the consolidated statements of profit or loss and other comprehensive income. As a part of the expense for the years 2018, 2017 and 2016, $1,758,347, $1,537,498 and $1,217,525, respectively, has been included in results of operations within administration expenses and $1,541,319, $(26,598) and $829,436, respectively has been included in other comprehensive income.

Actuarial (gains) and losses of the net defined benefit liability are included in other comprehensive income.

The amount included in the statements of financial position arising from the obligation of the Trust with respect to its defined benefit plans is as follows:

Significant actuarial assumptions for the determination of the defined obligation are the discount rate, expected salary increase and mortality rates. It is important to mention that a sensibility analyses was not performed as the value of the defined benefit obligation is not significant.

10. Financial instruments

a. Capital risk management

The Trust manages its capital to ensure that the Trust will be able to continue as a going concern while maximizing the return to partners through the optimization of the debt and equity balances.

The overall strategy of the Trust has not been changed compared to 2017.

The Trust's capital consists of debt and trustors' capital. The trust's objectives in managing capital are to ensure that adequate operating funds are available to maintain consistent and sustainable distributions, to fund leasing costs and capital expenditure requirements, and to provide for resources needed to acquire new properties.

Various financial reasons related to equity and distributions to ensure capital adequacy and monitor capital requirements are used.

Financial Instruments categories:

		2018		2017		2016
Financial assets:						
Cash, cash equivalents and restricted cash	$	1,808,607,828	$	3,088,324,660	$	2,445,656,408
Accounts receivables and other financial assets		402,240,593		448,387,766		533,609,317
Due to related parties		793,288		5,389,558		64,729,516
Financial liabilities:						
Amortized Cost:						
Trade accounts payable and accrued expenses	$	56,230,830		192,928,447		90,155,840
Due to related parties		190,416,516		184,942,223		518,239,633
Interest payable on financial liabilities		217,875,405		218,913,060		114,038,889
Long-term financial liabilities		6,462,500,832		6,452,720,449		3,967,746,985
Deposit from tenants		397,290,015		366,234,292		315,323,934

b. Financial risk management objective

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

The Trust's Technical Committee function provides services to the business, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Trust 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.

c. Market risk management

The activities of the Trust, expose it primarily to the financial risks of changes in foreign currency, however this effects are not material and are not considered additional disclosures in this regard.

d. Interest rate risk management

The following sensitivity analysis is based on the assumption of an unfavorable movement of base points in interest rates, in the amounts indicated, applicable to the category of financial liabilities that controls variable rate. This sensitivity analysis covers all the Trust´s debt. The Trust determines its sensitivity by applying the hypothetical interest rate to its outstanding debt.

As of December 31, 2018, a hypothetical, instantaneous and unfavorable change of 100, 50 and 25 basis points in the interest rate applicable to the variable rate financial liability would have resulted in an additional financing expense of approximately $ 9,999,999 $5,000,002 and $2,500,000 respectively.

e. Foreign currency risk management

The Trust enters into transactions where rental revenues and some maintenance services and fees are denominated in U.S. dollars ("dollar"), therefore, is exposed to currency fluctuations between the exchange rate of the Mexican peso and the dollar.

1. The foreign currency financial position is as follows:

		2018		2017		2016
U.S. dollars:						
Financial assets		48,488,702		45,482,349		38,229,503
Financial liabilities		(5,922,333)		(8,254,550)		(7,862,475)
Net financial asset position		42,566,369		37,227,799		30,367,028
Equivalent in Mexican pesos	**$**	**836,710,095**	**$**	**734,705,503**	**$**	**627,504,292**

2. The exchange rates, in pesos, in effect as of the date of the consolidated statements of financial position and the date of issuance of the accompanying consolidated financial statements, are as follows:

	December 31,							
		2018		2017		2016		2019
U.S. dollar	$	19.6566	$	19.7354	$	20.664	$	19.3049

f. Foreign currency sensitivity analysis

The Trust entered into transactions denominated in foreign currency, and consequently is exposed to fluctuations in the exchange rate, which are managed within approved policies.

If exchange rates had been one Mexican peso per U.S. dollar higher/lower and all other variables were held constant, the Trust's net income and trusts' capital for the year ended December 31, 2018, 2017 and 2016 would have decreased/increased by $42,566,369 $37,227,799 and $30,367,028, respectively.

g. Credit risk management

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

As of December 31, 2018, 2017 and 2016, the Trust's 10 largest tenants occupied approximately 38.7%, 41.7% and 42.6% respectively, of the total leasable area and represented approximately 26.6%, 26.6% and 21.9%, respectively, of base rents attributable to its investment property portfolio. In addition, one tenant as of December 31, 2018, 2017 and 2016 occupied 34,151 m2 of the Trust's 12 portfolio of properties, representing approximately 4.3%, 5.0% and 5.7%, respectively, of the leasable area.

The Trust has adopted a policy of only dealing with counterparties with liquidity and obtaining sufficient collateral, where appropriate, which results in mitigating the risk of financial loss from defaults.

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

h. Liquidity risk management

Liquidity risk represents the risk that the Trust 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 the Trust Technical Committee, which has established an appropriate liquidity risk management framework for the management of the Trust's short-, medium- and long-term funding and liquidity management requirements. The Trust 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 the Trust's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

December 31, de 2018	Less than 1 year	1 to 5 years	More than 5 years	Total
Cuentas por pagar y gastos acumulados	$ 56,230,830	$ –	$ –	$ 56,230,830
Cuentas por pagar a partes relacionadas	190,416,516	–	–	190,416,516
Intereses por pagar del pasivo financiero	545,129,446	2,270,412,508	893,394,448	3,708,936,402
Pasivo financiero	1,000,000,000	–	5,462,500,832	6,462,500,832
Depósitos de los arrendatarios	–	397,290,015	–	397,290,015
	$ 1,791,776,792	**$ 2,667,702,523**	**$ 6,355,895,280**	**$ 10,815,374,595**

December 31, 2017	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses	$ 192,928,447	$ –	$ –	$ 192,928,447
Due to related parties	184,942,223	–	–	184,942,223
Interest payable on financial liabilities	218,913,060	1,892,417,787	1,820,252,783	3,931,583,630
Financial liability	–	994,888,586	5,457,831,863	6,452,720,449
Deposit from tenants	–	366,234,292	–	366,234,292
	$ 596,783,730	**$ 3,253,540,665**	**$ 7,278,084,646**	**$ 11,128,409,041**

December 31, 2016	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses	$ 90,155,840	$ –	$ –	$ 90,155,840
Due to related parties	518,239,633	–	–	518,239,633
Interest payable on financial liabilities	114,038,889	1,432,128,891	1,064,700,000	2,610,867,780
Financial liability	–	991,936,746	2,975,810,239	3,967,746,985
Deposit from tenants	–	315,323,934	–	315,323,934
	$ 722,434,362	**$ 2,739,389,571**	**$ 4,040,510,239**	**$ 7,502,334,172**

i. Fair value of financial instruments

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 prepaid expenses) are of a short-term nature and, excluding liabilities related to advisory services (which is not a significant amount), and in some cases, bear interest at rates tied to market indicators. Accordingly, the Trust believes that their carrying amounts approximate their fair value. Further, deposits form tenants approximate their fair value since the discount rate used to estimate their fair value upon initial recognition has not changed significantly.

December 31, 2018	Fair value	Value in books	Hierarchy and Valuation Technique
Financial liability	**$ 5,818,107,526**	**$ 6,462,500,832**	Level 2 - Market value. The fair value of the debt is measured by information that is not observable

j. Valuation techniques and assumptions applied for the purposes of measuring fair value

In estimating the fair value of an asset or a liability, the Trust takes into account the characteristics of the asset or liability market participants would utilize when pricing the asset or liability at the measurement date. The fair value for purposes of measurement and / or disclosure of these consolidated financial statements is determined as such, except for leases that are within the scope of IAS 17.

Furthermore, 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 inputs in measurements and their importance in determining fair value are included as a whole, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices 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 or indirectly;
- Level 3 fair value measurements incorporate inputs that are not based on observable market data.

11. Accounts payable and accrued expenses

		2018		2017		2016
Accounts payable	$	44,258,526	$	57,833,090	$	55,150,760
Accrued expenses		11,972,304		135,095,357		35,005,080
	$	**56,230,830**	**$**	**192,928,447**	**$**	**90,155,840**

12. Long-term financial liability

a. As mentioned in Note 1 "Relevant Event", during 2017 and 2016 the Trust completed the placement of CEBURES for $2,500 and $4,000 million pesos. The CEBURES do not have any specific guarantee. The long-term financial liability is as follows:

Payable in Mexican pesos		2018		2017		2016
3.5-year line of credit of Certificados Bursatiles Fiduciarios with a floating rate which was placed with a 28-day TIIE coupon plus 65 basis points. (6.76% as of December 31, 2018)	$	1,000,000,000	$	1,000,000,000	$	1,000,000,000
10 year line of credit of Certificados Bursatiles Fiduciarios in nominal fixed rate, the coupon was placed with the 7.80%.		3,000,000,000		3,000,000,000		3,000,000,000
10 year line of credit of Certificados Bursatiles Fiduciarios in nominal fixed rate, the coupon was placed with the 8.54%.		2,500,000,000		2,500,000,000		–

	6,500,000,000	6,500,000,000	4,000,000,000
Short-term financial liabilities	(1,000,000,000)	–	–
Expenses of issuance of financial liabilities	(37,499,168)	(47,279,551)	(32,253,015)
	$ 5,462,500,832	**$ 6,452,720,449**	**$ 3,967,746,985**

b. Long-term loans include certain restrictive clauses that limit the Bank to its level of indebtedness, guaranteed debt, hedges, and total non-taxable assets. For the year ended as of December 31, 2018, these restrictions were met.

c. As of December 31, 2018 and 2017, the company amortized the amount of $7,122,451 and $5,901,640, respectively of issuance expenses.

13. Transactions and balances with related parties

Transactions with related parties were as follows:

	2018	2017	2016
Advisory fees (1)	**$ 609,094,198**	**$ 552,475,415**	**$ 463,892,046**
Representation fees (2)	**$ 100,285,549**	**$ 84,697,987**	**$ 81,956,062**

(1) Based on the consulting services agreement celebrated on October 8, 2013 and modified on 2015, the Trust pays the amount equivalent to 0.75% of the initial contribution value of property; this percentage will increase to 1% in 2018 with an increase in a linear base of .0625% each year. In addition, the Trust pays 1% on the value of property acquired after the initial contribution. Payment is made through CBFIs, or in cash, if the Consultant so requests to cover their taxes.

(2) The Trust pays a monthly fee in an amount equal to 2.0% of the lease payments received, plus any applicable value-added taxes in exchange for representation services.

Balances receivables and payables with related parties are as follows:

	2018	2017	2016
Receivables:			
Constructora El Toreo, S.A de C.V	$ –	$ 3,202,432	$ 6,404,864
Banco Invex, S.A. Fideicomiso 1629	–	1,298,597	4,500,000
Construcciones de Inmuebles Premier GD, S.A. de C.V.	749,404	462,411	49,742,000
Eduardo Zaga y Copropietarios.	43,884	–	963,825
Ad Space & Comm Skills, S.C.	–	426,118	1,314,293
Corporativo Pedregal	–	–	1,438,993
Other related parties	–	–	365,541
	$ 793,288	**$ 5,389,558**	**$ 64,729,516**

	2018	2017	2016
Payables:			
DSD2, S.C.	$ 178,141,025	$ 9,174,244	$ 9,395,569
DSD1, S.C.	10,847,708	174,997,817	138,905,203
Constructora El Toreo, S.A. de C.V.	1,415,242	750,020	649,250

Ad Space & Comm Skills, S.C.	12,541	20,142	–
Construcciones de Inmuebles Premier GD, S.A. de C.V.	–	–	352,789,611
Banco Invex S.A. Fideicomiso 1629	–	–	16,500,000
	$ 190,416,516	**$ 184,942,223**	**$ 518,239,633**

14. Trustors' capital

Contributions

a. Capital contributions of trustors at par value is as follows:

Trustors' capital as of December 31, 2018	Trustors' capital as of December 31, 2017	Trustors' capital as of December 31, 2016
$ 42,383,005,320	**$ 43,610,750,525**	**$ 44,608,464,372**

b. In Technical Committee sessions held during 2018, 2017 and 2016, it was decided to carry out capital reimbursements and distribution of dividends to CBFIs' holders. The detail is as follows:

2018

Date of the Technical Committee	Approved capital reimbursements	Approved dividend distribution	Total distribution to holders of CFBIs	Distribution per economic certificate
22-february-2018	$ 249,640,359	$ 544,880,410	$ 794,520,769	0.58
26-april-2018	402,553,821	394,792,814	797,346,635	0.58
26-july-2018	417,903,405	409,637,941	827,541,346	0.60
25-october-2018	496,940,342	347,198,022	844,138,364	0.61
Total	**$ 1,567,037,927**	**$ 1,696,509,187**	**$ 3,263,547,114**	

2017

Date of the Technical Committee	Approved capital reimbursements	Approved dividend distribution	Total distribution to holders of CFBIs	Distribution per economic certificate
21-february-2017	$ 277,460,684	$ 400,024,814	$ 677,485,498	0.54
27-april-2017	315,644,600	399,426,704	715,071,304	0.56
25-july-2017	499,684,204	243,507,823	743,192,027	0.57
26-october-2017	391,265,452	371,372,935	762,638,387	0.57
Total	**$ 1,484,054,940**	**$ 1,414,332,276**	**$ 2,898,387,216**	

In a meeting held in June 2016, and based on the modification agreement entered into between Fibra Danhos and the contributions from Parque Vía Vallejo, it was approved that part of the contribution of the mentioned shopping center was reimbursed. Therefore, the amount of $ 1,200 million pesos was disbursed, which decreases the equity.

2016

Date of the Technical Committee	Approved capital reimbursements	Approved dividend distribution	Total distribution to holders of CFBIs	Distribution per economic certificate

24-february-2016	$ 288,881,334	$ 281,477,783	$ 570,359,117	0.51
24-april-2016	87,278,979	523,008,314	610,287,293	0.52
27-july-2016	208,680,397	423,079,603	631,760,000	0.53
27-october-2016	265,514,687	400,500,547	666,015,234	0.54
Total	**$ 850,355,397**	**$ 1,628,066,247**	**$ 2,478,421,644**	

c. As of December 31, 2018, 2017 and 2016 there were 1,466,669,374, 1,518,746,772 and 1,518,746,772 CBFI's in circulation, respectively, which are distributed as follows:

CBFI´s								
With economic rights			Outstanding CBFI´s			CBFI´s issued		
2018	2017	2016	2018	2017	2016	2018	2017	2016
1,399,185,438	1,369,863,396	1,254,602,775	1,437,570,053	1,419,711,706	1,403,663,796	1,466,669,374	1,518,764,772	1,518,764,772

d. The basic net income per CBFI was calculated by dividing the net income of the period by the weighted average of CBFI with economic right and the diluted net income of CBFI considers the diluted events as if it had occurred after the issuance of the CBFIs with these characteristics. As of December 31, 2018, 2017 and 2016, the basic net income per CBFI amounted to $2.7221, $3.6590 and $4.1670, respectively, and net income per diluted CBFI amounts to $2.5854, $3.4016 and $3.8198, respectively.

e. As mentioned in Note 7 during 2016 construction progress was carried out, including land contribution, for which CBFIs were delivered in connection to Via Vallejo and Puebla Centro Comercial properties for an amount of $1,053,291,737, equivalent to 31,064,938.

f. In meetings of the Trust´s Technical Committee held in 2016 it was decided to liquidate part of the advisory fee with the delivery of certificates, therefore, during 2016 payments were made with CBFIs for an amount of $483,417,795 equivalent to 12,547,363 certificates.

15. Income taxes

In order to maintain its FIBRA status, the SAT has established, per articles 187 and 188 of the Mexican Income Tax Law, that the Trust must annually distribute at least 95% of its taxable income to the holders of its CBFIs. The details of the distributions made in 2018 was disclosed in Note 14 b.

Moreover, Administradora Fibra Danhos, S.C., the Subsidiary is taxpayer and subject to income tax (ISR), which are recorded in the income statements in the year as incurred. The deferred tax effect is not material, therefore, no additional disclosures are included.

16. Future leases

The annualized amount of minimum future rentals to be received under existing contracts at December 31, 2018, with remaining terms ranging from one to six years, is as follows:

Year	Commercial	Offices	Total
2019	$ 2,221,570,095	$ 1,313,308,003	$ 3,534,878,098
2020	1,820,894,348	1,145,613,592	2,966,507,940
2021	1,344,596,612	857,020,928	2,201,617,539
2022	1,034,319,570	684,810,135	1,719,129,704

2023	689,571,822	434,483,124	1,124,054,946
2024 and subsequent years	2,118,474,390	96,828,776	2,215,303,166
	$ 9,229,426,836	**$ 4,532,064,558**	**$ 13,761,491,393**

The above summary does not consider any adjustments to the amounts of future rent with respect to contingent rental payments, as may be established in the lease contract, and in most cases corresponds to the effects of inflation. In addition, it is not considered any income variable character or renewal periods, but only the mandatory terms for tenants, in accordance with the aforementioned concept of minimum future rents.

By comments from the management of the properties, according to the history and behavior of the leases are renewed at the end of their respective lease periods, as a result of the high demand and attractiveness of the Properties and their locations. The average occupancy rate at the issuance date of these consolidated financial statements is 88.2% (unaudited).

17. Authorization to issue the consolidated financial statements

On March, 13, 2019, the issuance of the consolidated financial statements was authorized by C.P. Blanca Canela, Executive Director of Administration. These consolidated financial statements are subject to the approval at the Ordinary General Meeting of Holders of CBFIs which may amend to the consolidated financial statements based on provisions set forth in the Mexican General Corporate Law.