

F U N O

ANNUAL &
SUSTAINABILITY
REPORT

2015



F U N O

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Torre Caballito, Mexico City

LETTER FROM THE CEO

Dear investors,

It is a great pleasure to share with you yet another successful year. FUNO continues leading the real estate market in Mexico through constant innovation founded in our broad expertise in all the segments in which we operate real estate.

For example, as a result of this innovation, and continuing with our growth focus, this year we created HELIOS, our real estate development vehicle. We have identified several development opportunities in the Mexican market that, given their specific conditions; particularly the need to devote substantial amounts of capital to large-scale, mixed use projects, led us to create HELIOS. It is the first vehicle of its kind whose target is to ensure capital to seize future growth opportunities through large-scale developments, while we minimize the development risk and avoid substantial cash flow dilution for FUNO's investors. I firmly believe that this is the best news for FUNO since its IPO.

Additionally, we continue to execute our growth strategy in order to keep generating added value through acquisitions. During 2015, FUNO closed a series of acquisitions of first-class real estate portfolios, featuring iconic and unique office buildings on key locations of Mexico City, strategic shopping centers in areas with high traffic levels and economic dynamism; but above all, with high profitability and efficiency potential when operated on FUNO's platform. With these acquisitions we strengthen our portfolio and grow in a profitable manner, creating sustainable value for our shareholders.

Furthermore, additional to our acquisitions strategy and the development growth opportunities for which we created HELIOS, there is the development of new properties of lesser scale, which contribute to maintain a young real estate portfolio. In 2015 we concluded the development of three industrial parks in Mexico City's Metropolitan Area, while continued with the final stages development of four office buildings and three shopping centers. We expect to conclude these developments shortly.

In line with our strategy and business model, during 2015 we acquired the Mitikah development in Mexico City. This project, given its specifications and scale, fits ideally into HELIOS' profile, providing us with a unique opportunity to develop what we consider the best and most important real estate project in Latin America. Mitikah is a mixed-use, large-scale project, designed by renowned architects such as Cesar Pelli and Sordo Madaleno; that represents a paradigm shift in the southern part of Mexico

City. This development will have more than 450,000 sqm of GLA including office buildings, a fashion mall, a business class hotel and an apartment complex for sale.

All this real estate innovation, acquisitions and development process has taken us to be the largest FIBRA in Mexico and one of the largest REITs worldwide. Our scale within our country allows us to offer the best real estate solutions to all our tenants.

We have achieved all our objectives while we focus on improving the operation of our portfolio. I want to highlight that we have maintained our occupancy levels at our target of within 1% of 95% for 20 quarters in a row, while our net operating income margins continue to be stable above 80%.

To maintain these ambitious metrics while growing rapidly and continuously has represented a great and complex challenge, specially given FUNO's current size and scale. This has been achieved through the excellent performance of the professionals that integrate our extraordinary management team, which I am proud of leading, and that are indeed the best group of executives that any company could have at the same time.

We continue to be optimistic and we are convinced to continue investing in Mexico. Our sector is still very fragmented and there are still several acquisition and development opportunities. We have also identified several re-development and re-conversion opportunities within some of our existing properties as a way to keep adding sustainable value to our portfolio; and we are in the process of tackling these opportunities.

We will keep focused in growing with long-term, value-added opportunities, increasing our shareholder value and building a leading real estate company globally.

Value creation relies on acquiring, developing and operating the best portfolio of properties by their locations and features. This leads to the appreciation of the real estate over time and to the creation of sustainable value. FUNO is real estate driven, not cap-rate-arbitrage focused.

Our main goal is very clear and our objective has not changed; we remain on our way to fulfill the goals we set since the very beginning; to take this enterprise to be a world-class company. Our commitment with tenants, investors, and associates is not to build a large company, but a great company.

Sincerely,

Andre El-Mann

Chief Executive Officer, FUNO



San Martin Obispo



WHO IS FUNO?

FUNO is the first and largest REIT (Real Estate Investment Trust or FIBRA for its Spanish acronym) in Mexico. We operate the largest, diversified portfolio of commercial real estate in three main segments: retail, industrial and offices. We consider that we have the best portfolio in Mexico given its size, key locations, asset quality and diversification.

We have a business model focused on creating sustainable value and growth through acquisitions and developments, anchored by an efficient operation and financed by a solid and prudent capital structure. We execute our strategy supported by a highly experienced group of founders, whose commitment to FUNO and 40+ years of experience in real estate is an unparalleled added value, and backed by a specialized management team. We have several sources of growth and diverse sources of financing, which converts us in the best real estate solution for all our clients and the best investment option in the Mexican real estate sector.

FUNO is a vehicle that fosters the investment in commercial real estate, whose main value proposition comes from the appreciation of the properties over time, and secondly from constant cash distributions.

WHO IS FU



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MISSION, VISION & VALUES

MISSION

To create sustainable value in our properties through leasing, operating, acquiring and developing real estate in key locations with high economic dynamism and favorable growth prospects in Mexico, always aiming to match our business model with our tenants' growth strategies, mainly in the retail, industrial and office segments.

VISION

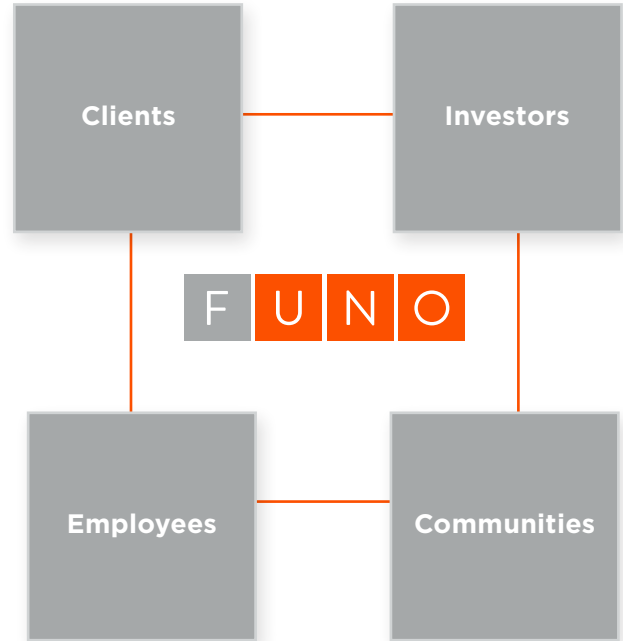
The focus to achieve our Mission is to fulfill our main objectives as follows:

- Be the first option to satisfy our tenants' real estate needs;
- Maintain geographic and segment diversification in markets with favorable growth prospects;
- Continue to be the leading real estate lessor, operator and developer in Mexico;
- Contribute positively to the development of Mexico and of the communities where we operate real estate;
- Grow our property portfolio through profitable acquisitions and developments, under favorable financing conditions and aimed at the creation of sustainable value for our investors;
- Maintain our commitment to social and environmental responsibility; and
- Always seek a sustainability focus.

MISSION, VISION



VALUES



Respect and development of FUNO's members

We support respect and development of all our members so that we can access better opportunities, enhancing economic, personal, professional and social growth.

Integrity and austerity

We act in an honest and responsible way, in connection with high ethics principles, always reflecting respect in our behavior towards our members, clients and investors.

Passion for customer service

We are focused on identifying and fulfilling the needs of our tenants, always seeking their preference, through high-quality, flexible, and innovative solutions with competitive prices.

Social value creation

We seek to positively reshape Mexico by contributing to the development of the communities where we operate real estate, through creating economic, social and environmental value. In FUNO our target is to build, transform, and modify projects with the highest-quality standards in the world. With this we contribute to the growth and development of Mexico through sources of wealth and employment. FUNO grows with Mexico and its people.

COMPETITIVE ADVANTAGES

High-quality
property portfolio

Key locations

Segment,
geographic, tenant,
and currency
diversification

Seasoned and
committed
management team,
100% real estate
driven

State-of-the-art
administrative
platform

Organic and
inorganic
growth sources

First-mover
advantage

Sound capital
structure,
designed to support
and maintain growth

Broad access to
capital markets

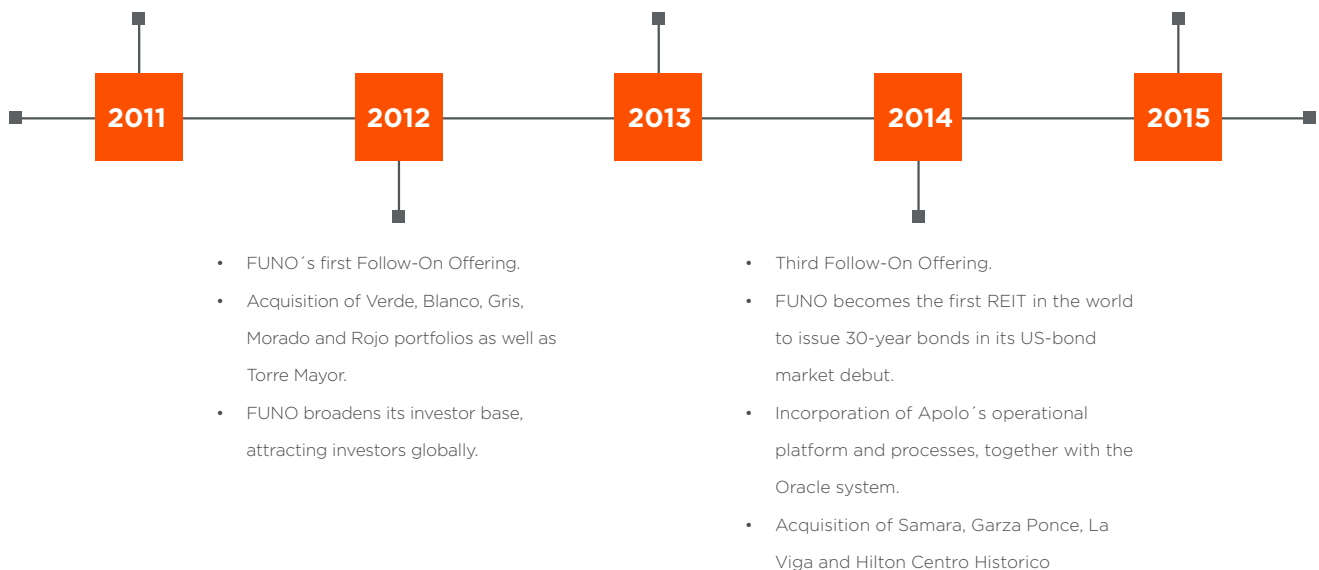
Financing under
attractive conditions

Long-lasting
relationships with
tenants and key
industry suppliers

Broad and robust
development,
redevelopment and
conversions platform

Main Milestones in FUNO's history

- Mexico adopts the REIT structure.
- FUNO is established, while simultaneously conducting its Initial Public Offering in the Mexican Stock Exchange under a complex global economic scenario.
- FIBRAs mark the entrance of the real estate sector in Mexican financial markets, providing a new financing window for the sector and a new investment option for institutional and individual investors.
- FUNO completes its first third-party acquisition: the Azul portfolio.
- Second Follow-On Offering.
- FUNO issues its first 10-year bond in its debut in local bond markets; introducing yet a new opportunity of unsecured financing.
- Acquisition of Apolo, G30, R15 and Vermont portfolios, as well as Parque Empresarial Cancun and Colorado portfolio (Centro Bancomer).
- The acquisition of Apolo is the largest real estate transaction in Mexico. FUNO invested 23 billion Pesos.
- FUNO creates HELIOS, the first real estate development vehicle of its type, in order to seize large-scale development opportunities for mixed-use projects.
- Migration to the Oracle system concludes.
- Acquisition of Mitikah, Kansas, Indiana, Florida, Oregon and Alaska portfolios.
- First FIBRA to obtain a dual-currency line of credit.



FUNO's Footprint in 2015



FINANCIAL & OPERATING SUMMARY

Financial Indicators	2015	2014	2013	▲ % '14 vs '15
Property income	9,723.2	7,114.1	3,566.6	36.7%
Total revenues	10,724.9	7,822.0	3,904.1	37.1%
Net operating income (NOI)	8,645.6	6,404.7	3,267.9	35.0%
NOI margin	80.6%	81.9%	83.7%	-0.012
Funds from operations	5,763.2	3,983.0	2,902.7	44.7%
FFO margin	59.3%	56.0%	81.4%	0.032
Distribution per CBF1	1,9957	1,8246	1,7104	9.4%
Assets				
Cash & equivalents	8,296.5	20,029.3	2,088.4	-58.6%
Current assets	13,715.8	24,047.2	6,700.2	-43.0%
Investment properties	155,463.8	117,806.3	92,145.3	32.0%
Total assets	171,301.2	144,142.9	101,330.0	18.8%
Liabilities and Equity				
Short-term debt	10,123.6	1,791.9	7,032.0	465.0%
Long-term debt	44,209.4	34,128.7	27,270.4	29.5%
Current liabilities	12,769.1	4,304.8	15,352.4	196.6%
Total liabilities	57,942.8	39,067.5	43,115.8	48.3%
Total equity	113,358.4	105,075.5	58,214.2	7.9%
Operating Indicators				
CBFIs outstanding (million)	3,197.6	2,878.4	1,809.0	59.1%
Gross leasable area (sqm)	7,079,274	5,951,241	4,949,403	20.2%
Gross leasable area under development (sqm)	957,536	1,162,249	954,000	21.8%
Total occupancy	95.0%	95.3%	95.1%	0.002
Industrial	96.9%	97.5%	97.9%	-0.004
Retail	93.2%	94.8%	93.7%	0.011
Office	92.9%	90.9%	86.8%	0.041

Figures in million pesos except per CBF1 and GLA information





OUR PORTFOLIO

In FUNO we consider that we have the best property portfolio in Mexico. Our portfolio is the largest, the most diversified and has the best locations in the country. We have maintained high occupancy levels and we are the best real estate solution because of our scale, diversification, and the excellent long-lasting relations we have with tenants and key industry suppliers.

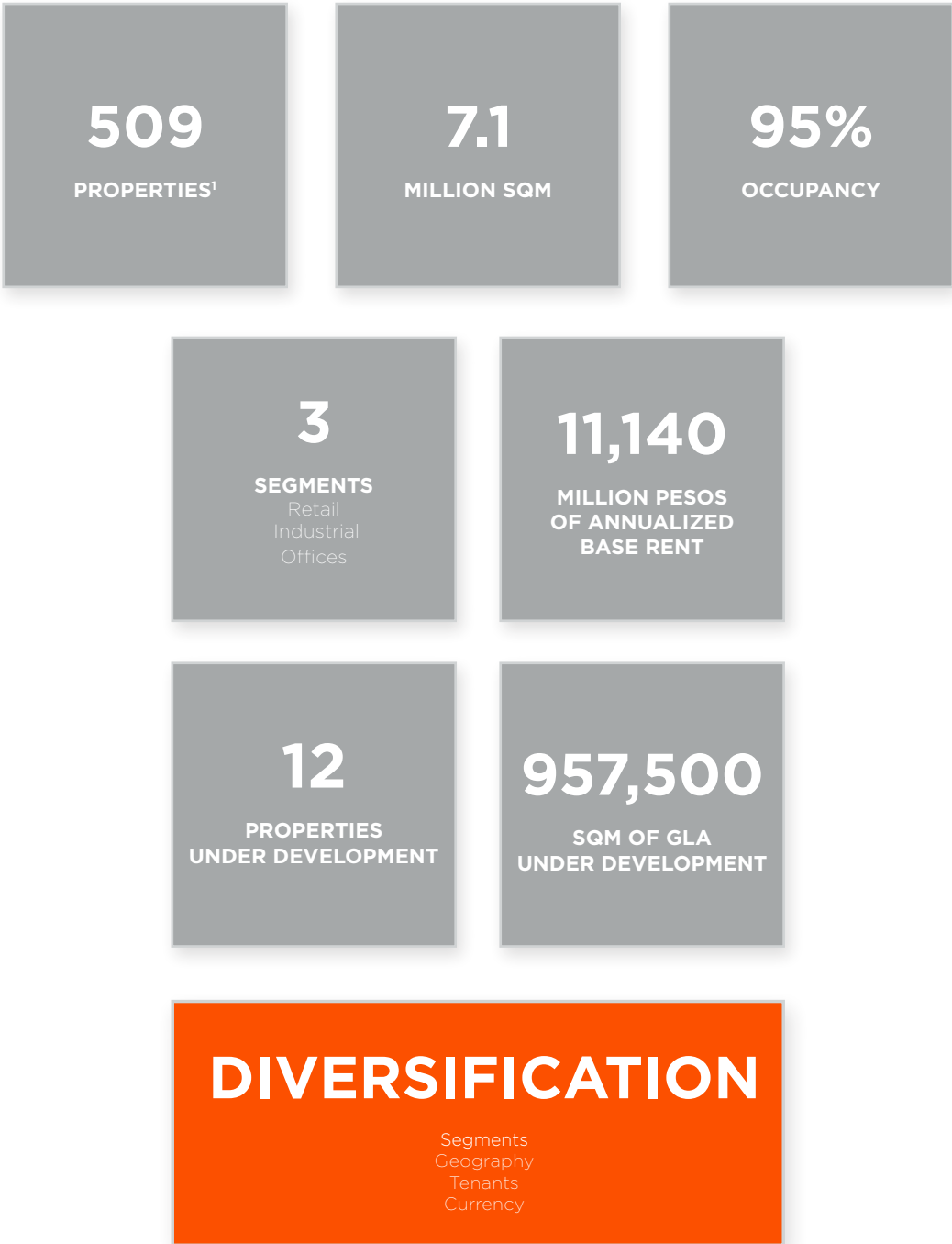
FUNO ended 2015 with a portfolio of 488 properties that totaled 7,079,274 sqm of GLA and an occupancy of 95%. In terms of annualized base rent, as of December 31, 2015, the breakdown was 55.7% retail, 24.4% industrial, and 19.9% offices.

During 2015, FUNO added more than 1.1 million sqm of GLA to its portfolio. In terms of development, FUNO ended 2015 with more than 957,000 sqm of GLA under development. Over 200,000 sqm that were under development during 2014 became operational in 2015. We expect to conclude and start operating more than 360,000 sqm of developments during 2016.

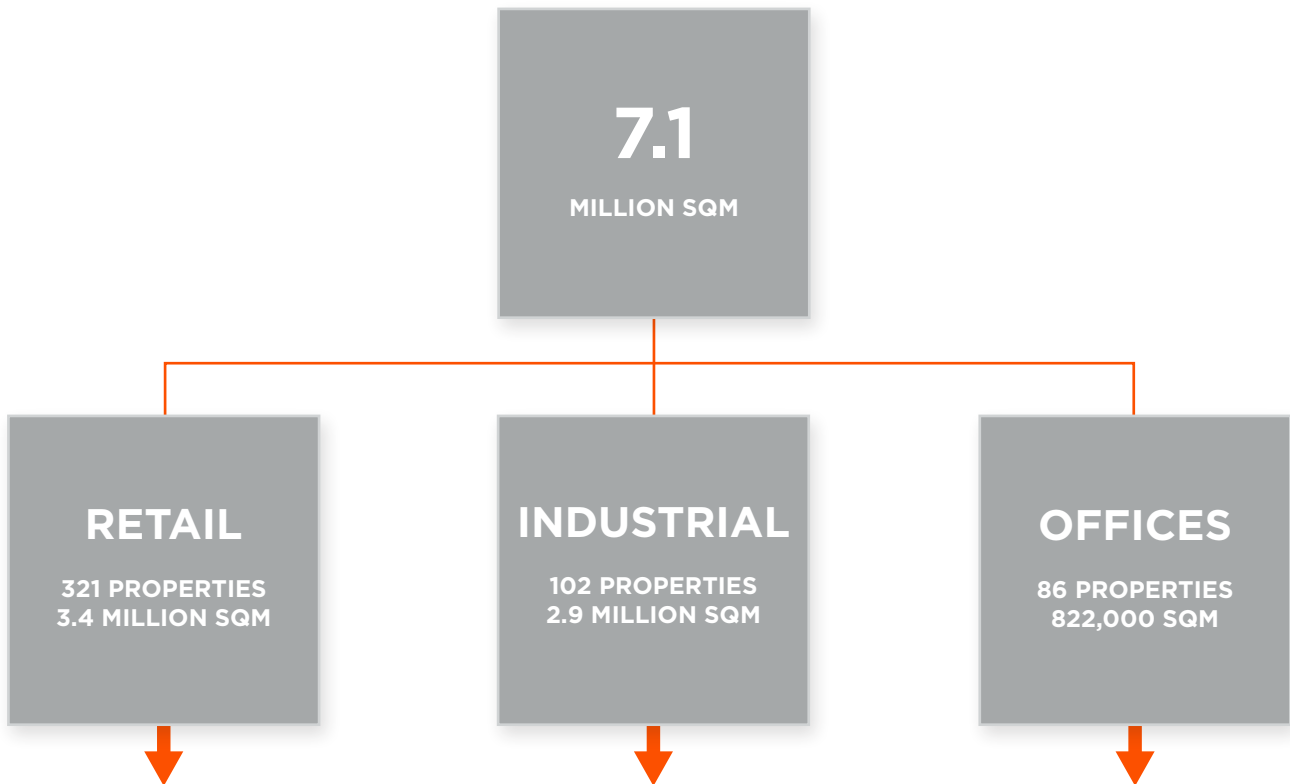
PROPERTY P



PROPERTY PORTFOLIO



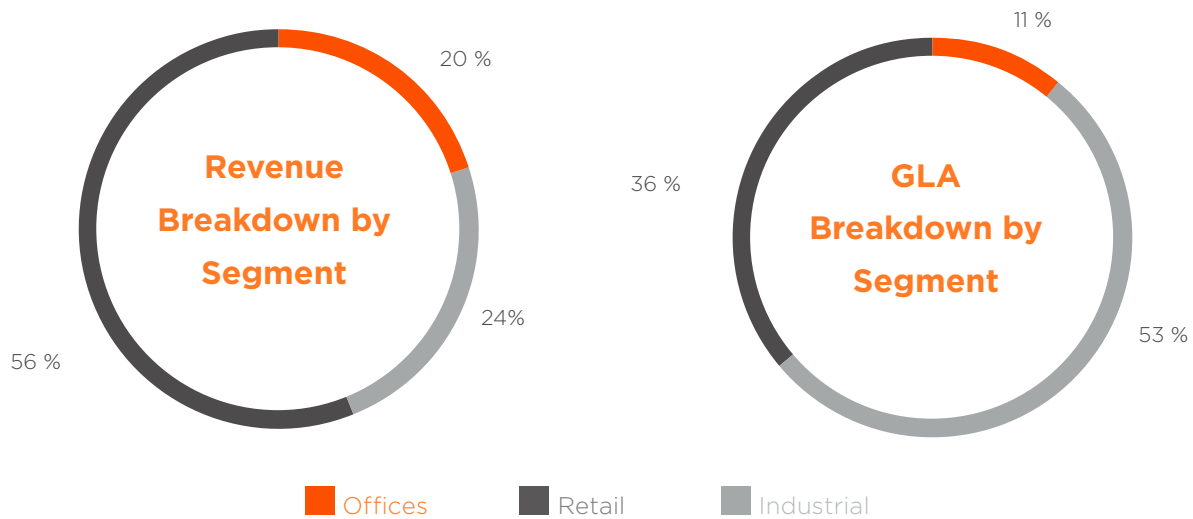
¹ FUNO's portfolio is integrated by 498 properties that have 509 operations given that some properties have more than one segment.



Equivalent to 17% of total Class A retail GLA in the country.²

Equivalent to 5.8% of total industrial GLA in Mexico.²

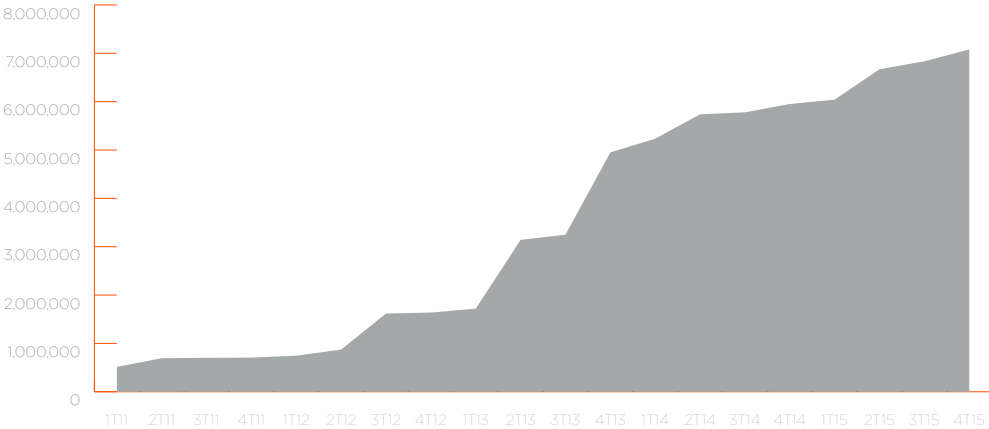
Equivalent to 10x of Torre Mayor's GLA and to 16.1% of total national Class A/A+ inventory.²



² Source: CBRE Outlook Mexico: Industrial, Retail and Offices; Mexico Retail Report - Colliers International.

GLA Evolution

13.8X
GLA
GROWTH



“Location, location, location”

Andre El-Mann

Chief Executive Officer, FUNO

Corporativo Santa Fe, Mexico City

Portfolio	Properties	Operational GLA (sqm)	Occupied GLA (sqm)	Occupancy Rate
Adana Aguascalientes	1	22,495	17,251	76.7%
Alaska	6	124,404	123,270	99.1%
Apolo	45	880,635	832,588	94.5%
Azul	23	125,681	124,613	99.2%
Blanco	1	44,641	44,641	100.0%
California	29	348,394	301,640	86.6%
Campus Guadalajara	1	163,000	163,000	100.0%
Colorado	1	102,000	102,000	100.0%
Corporativo San Mateo	1	5,440	5,440	100.0%
Florida	1	24,358	24,358	100.0%
G30	28	1,646,091	1,611,666	97.9%
Gris	1	77,351	76,854	99.4%
Grupo Posadas	1	4,835	2,950	61.0%
Hotel Centro Historico	1	40,000	40,000	100.0%
Indiana	17	256,161	256,161	100.0%
Inicial	17	709,677	680,890	95.9%
Kansas	12	349,808	278,459	79.6%
La Viga	1	22,538	16,352	72.6%
Maine	6	152,841	151,275	99.0%
Mitikah	1	4,793	4,749	99.1%
Morado	16	541,742	489,997	90.4%
Oregon	3	34,339	33,072	96.3%
P12	10	91,132	85,155	93.4%
Pace	2	43,593	43,593	100.0%
Parque Empresarial Cancun	1	18,000	18,000	100.0%
R15	3	174,719	151,153	86.5%
Rojo	219	173,884	173,884	100.0%
Samara	1	134,304	128,807	95.9%
Torre Mayor	1	83,971	83,971	100.0%
Utah	1	16,347	16,347	100.0%
Verde	1	118,658	117,786	99.3%
Vermont	34	521,099	502,728	96.5%
Villahermosa	1	22,341	19,222	86.0%
	488	7,079,274	6,721,875	95.0%

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MANAGEMENT TEAM

The most important operative component of FUNO is indeed its management team and operating platform. FUNO has grown significantly during almost 5 years, while maintaining occupancy levels and excellent operating and financial metrics, an especially challenging task given the size and scale that FUNO has gained.

FUNO has the best executives for each of its different areas. FUNO's administrative platform has three main pillars: the team, the processes, and the technology. During 2014, FUNO was able to successfully integrate its platform, enhancing significantly FUNO's administrative capabilities. All of this is supported by a state-of-the-art Oracle system and other high-tech platforms.

Thanks to that, FUNO has today the ability to considerably grow the size of its portfolio with a modest increase in human resources. On the other hand, we operate a matrix-style management structure and manage our real assets by exception; which enables us to channel resources exactly where they are needed, maximizing efficiency.

FUNO has a long-term, result-oriented compensation scheme, with career plans based on meritocracy and continuous training.

MANAGEMENT



MANAGEMENT COMMITTEE

Andre El-Mann

Chief Executive Officer

Mr. El-Mann is FUNO's Chief Executive Officer and member of the Technical Committee. He has more than 30 years of experience in the real estate sector. He is co-founder of E-Group, one of the largest and most important real estate groups in Mexico. He has extensive expertise in operating all the real estate segments, in raising capital to fund large-scale projects, and in acquiring real estate projects and properties. He is currently member of the board of each of the companies that integrate E-Group. Mr. El-Mann has been member of the Metropolitan Council of BBVA Bancomer, is member of the board of directors of The TechnoWise Group, and is independent member of the board of Grupo Financiero Actinver.

Isidoro Attie

Executive Vice President, Strategy and Finance

Mr. Attie is member of our Technical Committee and Executive VP of Strategy and Finance. He is a renowned businessman with broad experience of more than 30 years in the retail sector and more than 20 years in real estate. Mr. Attie was CFO and CEO of Grupo Melody, a women's apparel retail business founded by his father in the 60s and that was sold to a private equity firm in 2007. Since Mr. Attie joined E-Group, he has been actively involved in the development and acquisition of real estate projects in Mexico. Since then, Mr. Attie has been key to the growth and success of the E-Group, and played a significant role during the process and promotion of FUNO's initial public offering in March, 2011.

Gonzalo Robina

Deputy Chief Executive Officer

Gonzalo Robina is FUNO's Deputy Chief Executive Officer. He has more than 30 years of experience in real estate. Currently serves as the first Chairman of the AMEFI (Mexican Real Estate FIBRAs Association). Formerly, he was President of Fenix Capital Group, a Deutsche Bank subsidiary with more than 7,000 properties and 14,000 real assets under management. He was Chief Commercial Officer of GICSA and founder of MexFund, a real estate fund created in 2007, where he served as Chairman and CEO, and that was later acquired by FUNO in 2011. In the social arena, Gonzalo was founder of the Missionary Family movement and was its director for 15 years. Gonzalo has a Bachelors' Degree in Business Administration by Universidad Iberoamericana and earned his Masters' Degree in Finance from Instituto Tecnológico Autónomo de México (ITAM).

Gerardo Vargas

Vice President of Finance

Gerardo is FUNO's Vice President of Finance. He has a lengthy and successful career of more than 35 years in banking and finance. He has held key positions in several government agencies such as PEMEX, Banco de México and FOBAPROA. He was Chief Financial Officer of GRUMA. Also, he served in high-profile positions in financial institutions such as Banamex, Serfin, Santander and BBVA. In Serfin he was deputy CEO of Treasury and Wealth Management, and CEO of Operadora de Bolsa Serfin. Then he was deputy CEO of Corporate and Investment Banking of Santander and CEO of Markets and Promotion of BBVA for Mexico and LatAm. After that he was global CEO of Investment Banking for BBVA in Madrid. Prior joining FUNO, Gerardo was CEO of Products and Treasury of Grupo Monex. Gerardo holds a Bachelors' Degree in Economics from Instituto Tecnológico Autónomo de México (ITAM) and earned his Masters' Degree in Economics by the University of Chicago.

Ignacio Tortoriello

Vice President of Administration & IT

Ignacio is FUNO's Vice President of Administration & IT. He has more than 30 years of experience and has held key roles in structuring strategies and controls, and in creating efficient and committed teams, and has been consultant focused in business processes and information technologies. He has successfully implemented complex processes and administrative platforms in several corporations and has advised many others in corporate planning and administrative issues. He held key positions in companies such as CEMEX and Comex, and has advised others such as Chocolates Turin, Honeywell Automotive Mexico, Almex and SuKarne. Has been member of the board of Chocolates Turin, Opcion Proa, and Cables y Plasticos. Ignacio holds a Bachelors' Degree in Economics by Instituto Tecnologico Autonomo de Mexico (ITAM), and earned his MBA from Instituto Panamericano de Alta Direccion de Empresas (IPADE), and has several training courses in supply chain, logistics and planning at IPADE and GeorgiaTech, among others.

Javier Elizalde

Vice President of Treasury

Javier is FUNO's Vice President of Treasury. He has more than 13 years of experience in corporate banking. Formerly he was Director of Corporate Banking of BBVA Bancomer since 2002, and held several key positions within Bancomer's corporate division, where he actively participated in the funding structures of more than 100 real estate projects. Javier is in charge of FUNO's treasury since inception and was also FUNO's Chief Financial Officer until 2014. Javier holds a BA in Business Administration from Instituto Tecnologico de Estudios Superiores de Monterrey (ITESM) in Mexico City.

Jorge Pigeon

Vice President of Capital Markets & Investor Relations

Jorge is FUNO's Vice President of Capital Markets & Investor Relations. He has more than 23 years of experience in investment banking and capital markets. He has worked for James Capel, Violy, Byorum & Partners, and BBVA Securities in New York. He was also director of equity capital markets with BBVA Bancomer. Previous to joining FUNO he was Executive Director, Head of Equity Capital Markets with Santander, where he was in charge of FUNO's initial public offering and two of its follow-on offerings. Jorge has participated in several equity, debt and M&A deals in the United States, Mexico, Latin America and Europe, totaling more than 25 billion U.S. Dollars of aggregated transactions value. Jorge holds a BS in Civil Engineering from Universidad Iberoamericana and has several courses focused on corporate finance, valuation and investment banking.

Alfonso Arceo

Vice President of Operations

Alfonso is FUNO's Vice President of Operations. He has more than 20 years of experience in operations management and business development, and has held several top management positions. Prior to joining FUNO, Alfonso was VP of Operations with Mexico Retail Properties, where he developed and implemented a series of manuals and processes to achieve institutional management in more than 50 shopping centers. Formerly he was Director of New Businesses with Blockbuster Mexico, where he developed the first "Blockbuster Cinema" concept in the world. He was also CEO of Multimax, the fourth largest chain of movie theaters at that moment. Alfonso initiated his professional career in corporate banking with BBVA Bancomer. Alfonso holds a BA of Business Administration from Universidad Anahuac in Mexico City and earned his MBA from Instituto de Empresa in Madrid.

Alejandro Chico

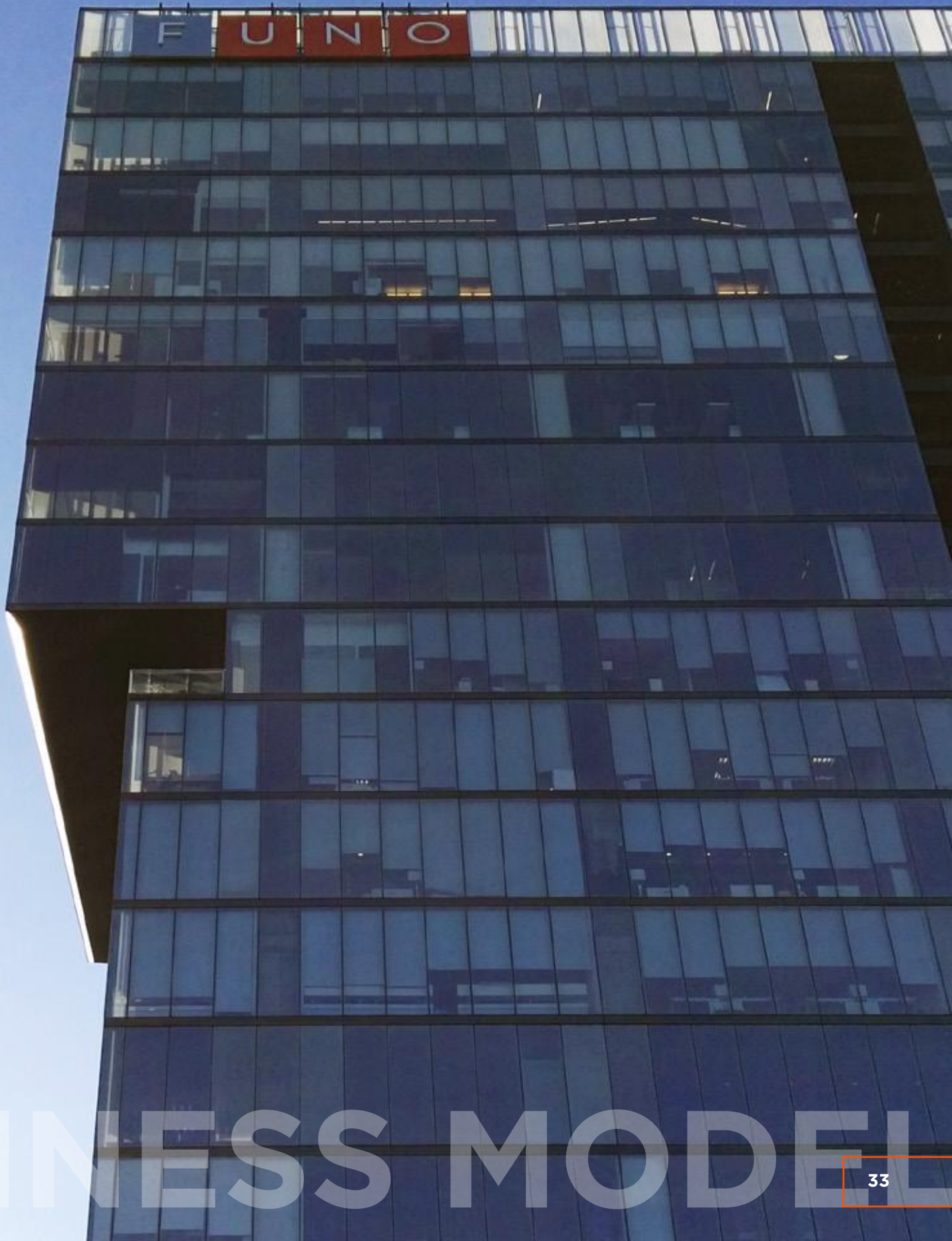
Vice President of Legal

Alejandro is FUNO's Legal Vice President. He has more than 20 years of experience and with a solid legal practice in domestic and international law firms as lawyer specialized on financial, banking and capital markets law. His practice has been focused on both equity and debt transactions in local and foreign markets. He has also advised clients on restructures, highly-complex real estate operations, and mergers and acquisitions. Alejandro was actively involved in the structuring and implementation of FUNO's initial public offering. Prior to joining FUNO, Alejandro was Partner of the law firm Jones Day in Mexico City. He has international experience in law firms such as Cleary, Gottlieb, Steen & Hamilton and Lathan & Walkins. He holds a law degree from Universidad Anahuac and earned his Master of Laws degree from University of Miami.

5

**STRATEGY &
BUSINESS MODEL**

STRATEGY & BU



BUSINESS MODEL

FOCUS ON CREATING SUSTAINABLE VALUE OVER TIME

The core to value creation is on acquiring, developing and operating the best properties for their location and features, which leads to substantial appreciation of the real estate over time. FUNO's growth model has several growth sources, both organic and inorganic.

Inorganic sources of growth:

- **Acquisitions of properties and real estate portfolios from third parties**

FUNO is constantly analyzing acquisition opportunities of both stabilized assets and potential developments through a methodology that ensures value creation, maximizing profitability and creating synergies within FUNO's operating platform.

- **Contribution of assets from the group of Founders**

The Founders of FUNO are the most experienced real estate group in Mexico. This ensures that all the real estate that is contributed to FUNO is of high-quality, in good locations and that comply with the highest industry standards worldwide. Additionally, FUNO has a Right-of-First-Refusal on all acquisitions and sale transactions of the group of founders (please refer to the Conflict of Interest Mitigation Mechanism in our webpage www.fibrauno.mx).

Organic sources of growth:

- **Developments**

Developments are a very important source of growth for FUNO. The broad experience of the management team and the long-term relationships that the group of Founders has with tenants and contacts with key industry suppliers ensure that FUNO has a robust development platform, and that such developments are executed in a timely and effective manner.

- **Redevelopments and reconversions**

Redevelopments and reconversions are an attractive source of growth and improvement for FUNO. The size, diversification and locations of our portfolio presents us with these opportunities constantly, and are supported by the natural growth of urban areas and the cycle of the real estate business.

- **Tenant expansions**

FUNO is committed especially with its tenants. Long-term relationships are key to FUNO's growth strategy since it has become the real estate solution for many of them in all the segments which FUNO operates. Our tenants' growth means growth for FUNO.

EFFICIENT OPERATION

FUNO's operation is based on the following pillars:

- **Diversification**

Diversification is a core component to FUNO's strategy. Our portfolio is diversified by segments, geographies, tenants and industries, with a healthy balance of currencies (Mexican Pesos and U.S. Dollars). Diversification contributes to mitigate risks associated to the business cycle and to generate growth opportunities within markets with diverse economic dynamics.

- **High occupancy levels**

To have high occupancy levels is essential to operate our portfolio. FUNO has been able to maintain high occupancy levels on its properties despite the tremendous growth it has experienced. This is achieved by having high-quality assets on key locations and with competitive rents in markets where FUNO operates.

- **Prudent use of leverage**

Debt is a strategic component for our business. FUNO has a policy of prudent use of leverage. FUNO's historic leverage profile has been relatively low. We seek to have leverage at around 35% of the value of our assets. FUNO has accessed the public debt markets under attractive conditions through a healthy balance among currencies, rates and terms, which translates in enhanced value for our investors. We have sought to extend the average maturity of our financing and to have fixed interest rates in order to mitigate financial risks and maximize sustainable value creation potential.



La Joya I y II

SUSTAINABLE VALUE CREATION MODEL

TENANT FOCUS

DIVERSIFIED
REAL ESTATE
PORTFOLIO

LOCATION,
LOCATION, LOCATION

COMPETITIVE RENTS

HIGH OCCUPANCY
LEVELS

PRUDENT
FINANCIAL STRATEGY

100% REAL ESTATE DRIVEN MANAGEMENT TEAM, AND A COMMITTED,
EXPERIENCED, AND FOCUSED GROUP OF FOUNDERS

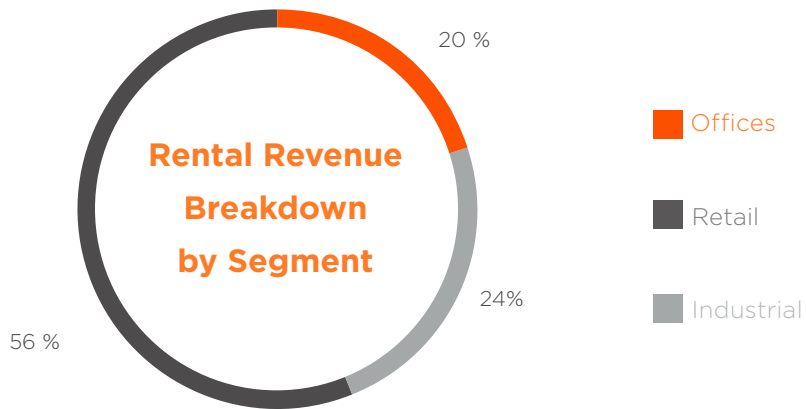
THE FOUNDATIONS

THE PILLARS

LONG-TERM, SUSTAINABLE BUSINESS

RESULTS FOR THE YEAR

During 2015, FUNO's portfolio generated \$9,723 million Pesos in rental revenue, which represents an increase of 36.7% compared to the previous year. This increase is mainly due to the income from the acquisitions of the Florida, Oregon, Utah, Kansas, Buffalo, Indiana, CuautiPark II and Alaska; additionally, there were several increases in lease renovations during the year, some increases on variable portions in some leases, and the exchange rate depreciation of the Mexican Peso in those USD-denominated contracts. Furthermore, we added over 200,000 sqm of GLA that were under development and became operational during 2015, which also contributed to additional revenue.



Cuautipark II, State of Mexico

- **Net Operating Income (NOI)**

FUNO posted an increase of \$2,241 million Pesos of NOI to reach \$8,645 million Pesos, an increase of 35.0% compared to 2014, and with a healthy margin of 80.6%. This increase is in line with that of revenues.

- **Funds from Operations (FFO)**

FUNO's FFO totaled \$5,763 million Pesos in 2015, an increase of \$1,780 million Pesos compared to 2014, which represents a growth of 44.7%, with a margin over total revenue of 59.3%, which is line with historic figures. This increase is mainly due to an increase in revenues. FFO/CBFI increased 12.8%, which is especially significant given that inflation in 2015 was on historic-low figures.

- **Interest Expense**

FUNO's net interest expense increased \$680 million Pesos in 2015 to total \$2,269 million Pesos, an increase of 42.9% with respect to the previous year. This increase is explained by (i) the issuance of a 10-year bond for \$300 million U.S. Dollars, (ii) a two-tranche issuance of bonds in Pesos: re-opening of FUNO13 for \$2,500 million, and the issuance of a 10.5-year bond for \$7,500 million, (iii) a \$2,000 million Pesos line of credit with Banco Inbursa, and (iv) the exchange rate depreciation of the Mexican Peso on the USD-denominated portion of our debt.



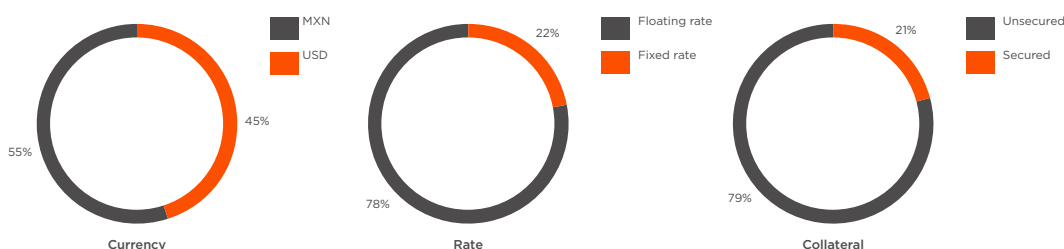
• **Debt**

FUNO’s total debt at the end of 2015 increased 51.3% compared to 2014. This increase is mainly due to the bond issuances for approximately \$15,000 million Pesos, and to the line of credit with Banco Inbursa for \$2,000 million Pesos. Moreover, there were debt payments made to GE, MetLife, and Banamex. The exchange rate depreciation of the Mexican Peso, which increased from 14.7348 to 17.3398 Pesos per U.S. Dollar, and an increase of approximately \$167 million Dollars also contributed to this increase.

Generally, during 2015 we improved significantly the profile of our debt; we extended the average term, improved the cost, and replaced bank loans with market debt under better conditions.

	2014	2015	Var % '14 vs '15
Short-term debt	1,791.9	10,123.6	465.0%
Long-term debt	34,128.7	44,209.4	29.5%
Total debt	35,920.6	54,333.0	51.3%

Figures in million Pesos



FUNO is Investment Grade rated; on the international scale, FUNO’s bonds have a Baa2 rating from Moody’s, and BBB rating by Fitch, both with stable outlook. On the local tranche, FUNO’s bonds have a AAAMx from both Fitch and HR Ratings.

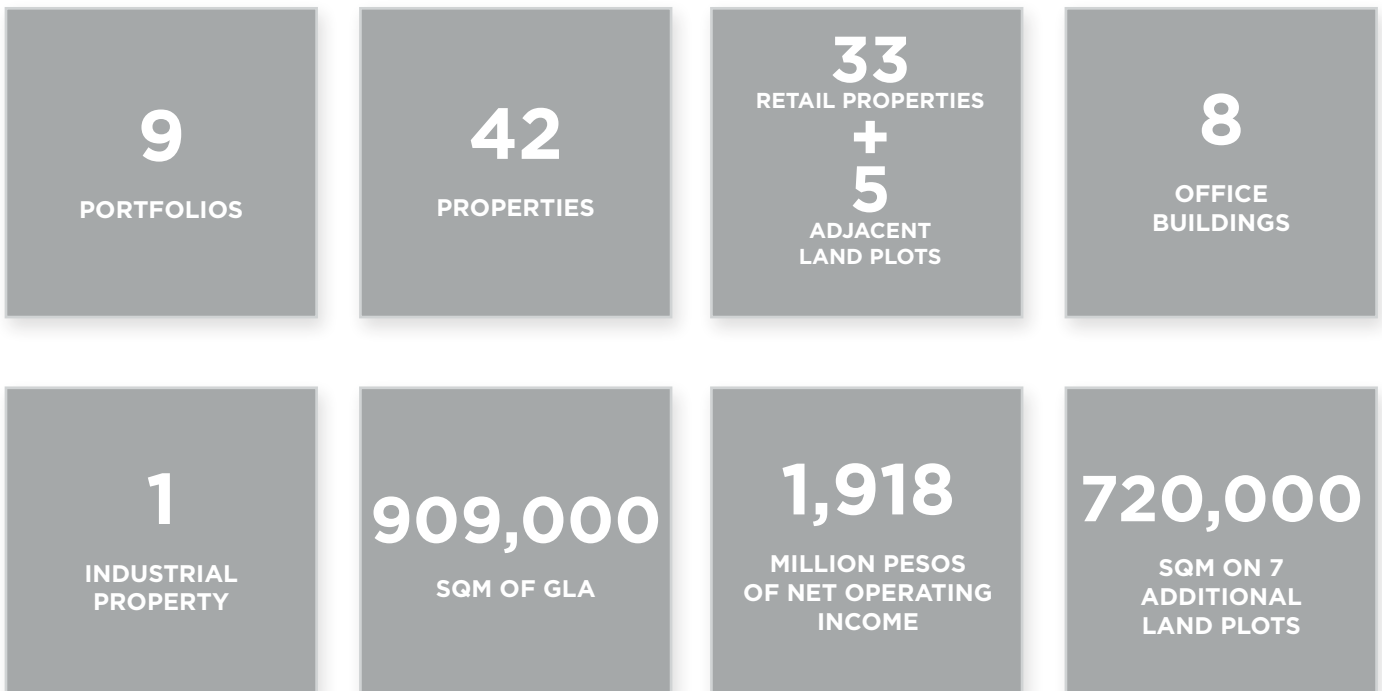
• **Distributions**

The following chart shows the historical distributions made by FUNO in Pesos per CBF1.

	2011	2012	2013	2014	2015
1Q	0.0343	0.1960	0.3700	0.4366	0.4921
2Q	0.3022	0.3000	0.4100	0.4014	0.4934
3Q	0.3779	0.4045	0.4504	0.4976	0.5005
4Q	0.3689	0.4216	0.4800	0.4890	0.5097
Total	1.0833	1.3221	1.7104	1.8246	1.9957

ACQUISITIONS

During 2015, FUNO acquired 9 property portfolios which included 42 properties, totaling more than 909,000 sqm of GLA, plus land plots adjacent to 5 shopping malls for future expansions, and 7 additional land plots for future development that total 720,000 sqm.



Alaska Portfolio

Portfolio of 6 office buildings on key locations within the best corporate corridors of Mexico City. Three of them are iconic buildings: the Torre Caballito in Paseo de la Reforma, Torre Mexicana on the Insurgentes Corridor, and Corporativo Cuspide in Periferico Sur. It includes a building on the Bosques de las Lomas Corridor, one in Santa Fe, and another building on the Reforma Corridor.

Properties: 6

Segment: Office

Location: Mexico City

GLA: 127,626 sqm

Occupancy: 99%



Kansas Portfolio

Portfolio of 12 shopping centers with 5 adjacent plots of land for immediate expansions, plus 7 other plots of land for future development. These shopping centers have an enormous potential given their low occupancy levels, that we think can be significantly improved once on FUNO's operative platform. These shopping centers are in excellent locations.

Properties: 12 stabilized + 5 adjacent plots for expansions

Segment: Retail

Additional plots: 7

Locations: Mexico City, Nuevo Leon, Tamaulipas, Sonora, Coahuila, Yucatan, Guerrero, Queretaro, Baja California Sur

GLA: 349,808 sqm + 165,000 sqm of additional land for expansions

Additional plots: 720,000 sqm

Occupancy: 80%



Utah Portfolio

An office building in the Reforma-Lomas Corridor, one of the best locations of the City.

Properties: 1

Segment: Offices

Location: Mexico City

GLA: 16,348 sqm

Occupancy: 100%



Buffalo Portfolio

This is a mixed-use, large-scale project for development that, added to the Colorado Portfolio, will result in the largest and most important development of Latin America, and that represents a paradigm shift in the southern part of Mexico City.

Properties: 1

Segment: Offices

Location: Mexico City

GLA: Potentially, up to 460,000 sqm



Indiana Portfolio

Portfolio of 13 urban-university campuses from Grupo ICEL. These properties represent an enormous potential for development and reconversion given their key locations. This transaction was a sale-and-lease-back, under a 10-year, triple-net contract.

Properties: 13

Segment: Retail

Locations: Mexico City, Cuernavaca, Guadalajara

GLA: 183,521 sqm

Occupancy: 100%



CuautiPark II

Industrial park located on the Cuautitlan area, within the most dynamic logistic corridor of Mexico City's Metropolitan Area, with access to highways and major roads to industrial centers, ports in both the Pacific Ocean coast and the Gulf of Mexico, the Bajio area and the northern part of the country. This acquisition is part of the R-15 Portfolio and is under stabilization process.

Properties: 1

Segment: Industrial

Location: Mexico City

GLA: 95,274 sqm

Occupancy: 90%





Florida Portfolio

An office building located in the Insurgentes Corridor; an icon in the area with a privileged location.

Properties: 1

Segment: Offices

Location: Mexico City

GLA: 21,755 sqm

Occupancy: 100%



Oregon Portfolio

Portfolio of three shopping centers on key locations in Mexico City in areas with favorable economic dynamics and high levels of traffic.

- Properties: 3
- Segment: Retail
- Location: Mexico City
- GLA: 34,103 sqm
- Occupancy: 96%

Lamar Portfolio

It is an addition to the Indiana Portfolio. There are 4 urban-university campuses from LAMAR on key locations of Guadalajara's Metropolitan Area. This transaction was a sale-and-lease-back, under a 10-year, triple-net contract.



- Properties: 4
- Segment: Retail
- Location: Guadalajara
- GLA: 76,295 sqm
- Occupancy: 100%

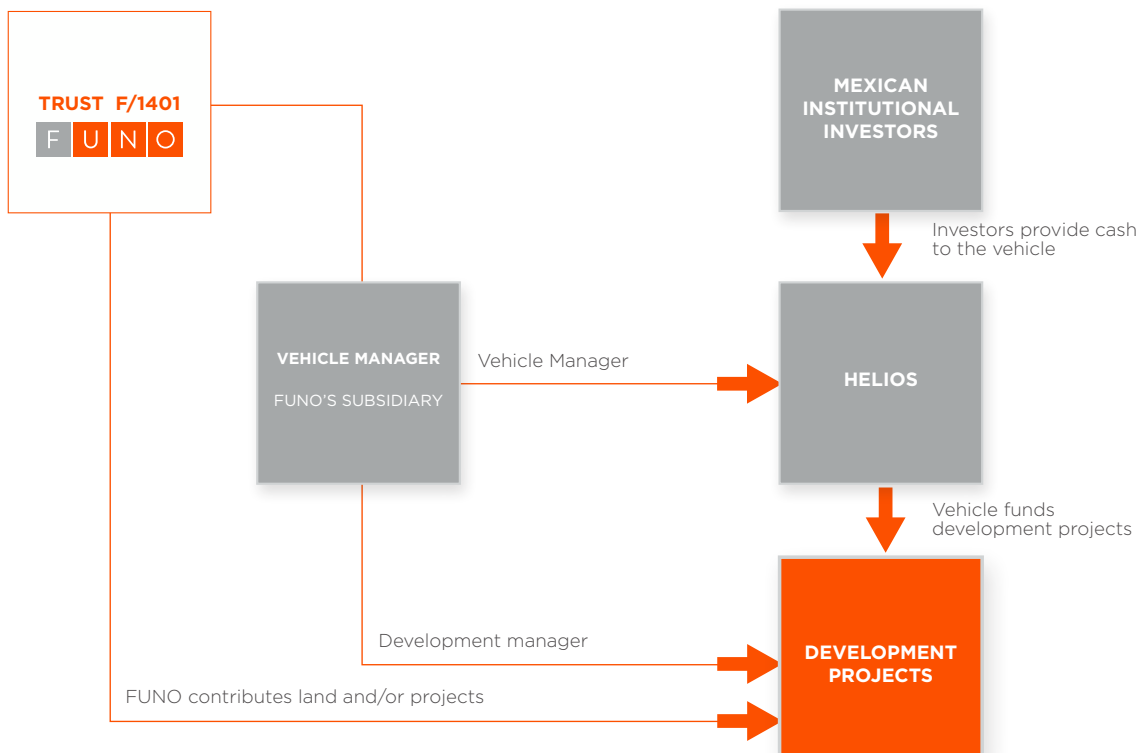
HELIOS DEVELOPMENT VEHICLE

We have several opportunities for unique large-scale real estate development projects in Mexico, which is why FUNO created a vehicle through which we can tackle these opportunities, enhancing FUNO’s growth capacity, minimizing dilution to current stakeholders, while maximizing returns and de-risking our balance sheet.

FUNO has always been the most innovative company in all aspects in the sector. With HELIOS, FUNO is the very first FIBRA or REIT to create an external vehicle whose purpose is to develop large-scale, mixed-use, long-term real estate projects. HELIOS uses resources provided by Mexican institutional investors, while FUNO co-invests in those projects and manages the vehicle.

FUNO will contribute projects or land, and HELIOS will provide the cash needed to fund the development. Through this structure, FUNO will enhance its potential return.

FUNO managed to structure and list this vehicle in a 6-month period, a record time for this type of vehicles.



HELIOS TERMSHEET

ISSUER / TICKER	FIDEICOMISO F/2353 / F1CC15
TRUSTEE	BANCO INVEX, S.A., INVEX GRUPO FINANCIERO
MANAGER	F1 ADMINISTRACION, S.C.
SECURITIES TYPE	CERTIFICADOS BURSATILES FIDUCIARIOS INMOBILIARIOS
OFFERING STRUCTURE	PUBLIC OFFERING IN MEXICO UNDER CAPITAL CALLS
AMOUNT / PROCEDURE	PS. 6,000 MM / CAPITAL CALLS
DATE	JUNE 26, 2015
EXPIRATION	10 YEARS
COMMON REPRESENTATIVE	MONEX

With HELIOS, FUNO demonstrates its value creation capabilities.

"HELIOS is the best news for FUNO since its IPO"

Andre El-Mann, FUNO's CEO

FUNO's PHILOSOPHY ON CORPORATE GOVERNANCE

FUNO's philosophy and that of its founders is to respect and treat fairly and equitably all of our tenants - large or small, those who have entrusted us with their capital, those with whom we conduct business, the communities where we operate our real estate, and all of our employees. We firmly believe in adhering to the highest ethical business standards in the manner in which we conduct our business. (please refer to our Code of Ethics in our website: www.fibrauno.mx).

Technical Committee

Our Technical Committee is the equivalent of a Board of Directors in a corporation. Currently, our Technical Committee is integrated by 12 members, of which 4 are independent; and we are currently searching for a fifth independent member.

In FUNO we understand that there is a growing trend towards Boards and Committees that are 100% independent in large-cap, world-class enterprises. However, we believe that the interests of all of FUNO's stakeholders are best served by having a combination of independent members and non-independent but seasoned real estate experts. This is particularly true given the budding nature of the Real Estate market in Mexico. The expertise of our non-independent Technical Committee members is one of the most important competitive advantages of our Company.

Corporativo Opcion Santa Fe II, Mexico City



Nonetheless, we are conscious that in absolutely fair and transparent transactions, conflicts of interest may arise; therefore, we created a mechanism to ethically and openly deal with potential conflicts of interest (please refer to the Conflict of Interest Resolution Mechanism section in our website: www.fibrauno.mx).

Member		Expertise
Moises El-Mann	Chairman	40 years in real estate
Andre El-Mann	CEO of FUNO	30 years in real estate
Max El-Mann		40 years in real estate
Abude Attie		40 years in real estate
Isidoro Attie		20 years in real estate
Elias Sacal		40 years in real estate
Jaime Kababie		Manufacturing, retail, real estate
Amin Guindi		30 years in real estate
Ruben Goldberg	Independent	Investment banking and Finance
Herminio Blanco	Independent	Public sector and government
Ignacio Trigueros	Independent	Economics
Alfredo Achar	Independent	Industrial and philanthropy

Moises El-Mann - Chairman

Mr. El-Mann is Chairman of our Technical Committee. He has more than 40 years of experience in the real estate sector. Is founding partner of E-Group, one of the largest and most important real estate groups in Mexico. During his administration, Mr. El-Mann has led E-Group through each and every project in which the Group has participated, and that currently has a vertically-integrated operating platform in the whole Mexican territory. Mr. El-Mann has developed more than 170 real estate projects in key locations and has had an extensive collaboration in capital raising processes to fund projects both in Mexico and abroad. Mr. El-Mann has performed essential roles in several charity and social projects. During more than 40 years, Mr. El-Mann has built a vast network of clients with whom he maintains long-lasting relationships that translate in being the best real estate solution for them.

Andre El-Mann

Mr. El-Mann is FUNO's Chief Executive Officer and member of the Technical Committee. He has more than 30 years of experience in the real estate sector. He is co-founder of E-Group, one of the largest and most important real estate groups in Mexico. He has extensive expertise in operating all the real estate segments, in raising capital to fund large-scale projects, and in acquiring real estate projects and properties. He is currently member of the board of each of the companies that integrate E-Group. Mr. El-Mann has been member of the Metropolitan Council of BBVA Bancomer, is member of the board of directors of The TechnoWise Group, and is independent member of the board of Grupo Financiero Actinver.

Max El-Mann

Mr. El-Mann is member of our Technical Committee. He is co-founder of E-Group and has almost 40 years of experience in the real estate sector. During his time with the group, Mr. El-Mann has focused his efforts in managing and operating industrial real estate, and on the acquisition of properties in all stages of the development process, and has led several large-scale projects in the industrial, retail, office and residential segments. Mr. El-Mann has also extensive experience in the retail sector, which has led him to play a relevant role in addressing the needs of clients in both the retail and industrial segments.

Abude Attie

Mr. Attie is member of the Technical Committee. He is a remarkable businessman and a distinguished philanthropist, with more than 50 years of experience in the retail, real estate, financial and energy sectors. Mr. Attie founded Grupo Melody, a company dedicated to women apparel retail in the 1960s decade, and that was sold to a private equity fund in 2007. Mr. Attie entered the real estate sector in the 1970s decade, participating in several projects in the industrial, retail, office and residential segments. During his career, Mr. Attie has promoted and created several businesses in different sectors and has been shareholder in companies such as SARE, CorpoFin, The TechnoWise Group, Insignia Life, Presencia en Medios, among other. Additionally, Mr. Attie has played an important role in several charity initiatives and projects.

Isidoro Attie

Mr. Attie is member of our Technical Committee and Executive VP of Strategy and Finance. He is a renowned businessman with broad experience of more than 30 years in the retail sector and more than 20 years in real estate. Mr. Attie was CFO and CEO of Grupo Melody, a women's apparel retail business founded by his father in the 60s and that was sold to a private equity firm in 2007. Since Mr. Attie joined E-Group, he has been actively involved in the development and acquisition of real estate projects in Mexico. Since then, Mr. Attie has been key to the growth and success of the E-Group, and played a significant role during the process and promotion of FUNO's initial public offering in March, 2011.

Elias Sacal

Mr. Sacal is member of our Technical Committee. Mr. Sacal has been part of E-Group since its foundation. He has more than 40 years of experience in the real estate sector. He has been responsible for the development and operation of different projects, especially in the retail segment. Mr. Sacal has played an important role in the development, marketing, operation and promotion of several retail projects. Mr. Sacal has a deep knowledge and grasp of the retail real estate segment, and has built an extensive network of clients that have been a significant part of both E-Group and FUNO's growth and success.

Jaime Kababie

Mr. Kababie is member of our Technical Committee. He has been partner of E-Group for more than 20 years. He has extensive experience in the real estate sector. Additionally, Mr. Kababie is a remarkable businessman with more than 40 years of experience in the polyethylene processing and plastic packaging industries.

Ruben Goldberg - Independent Member

Mr. Goldberg is an independent member of the Technical Committee. He is partner and managing director of Goldberg, Alerhand y Asociados, S.C., an investment banking firm and is Chairman of the Investment Committee of Galileo Total Return Fund. Mr. Goldberg has extensive experience in finance, and in corporate and investment banking. Previously he was Head of Corporate Banking with Bank of America Mexico, Country-Manager for Wells Fargo Bank in Mexico, and CEO of Investment Banking with HSBC. He was also President of N.M. Rothschild & Sons. (Mexico) and a director of the board of Grupo Collado. Mr. Goldberg holds a B.A. in Public Accounting from Universidad Nacional Autonoma de Mexico, and earned his M.B.A. from The Wharton School of University of Pennsylvania.

Herminio Blanco - Independent Member

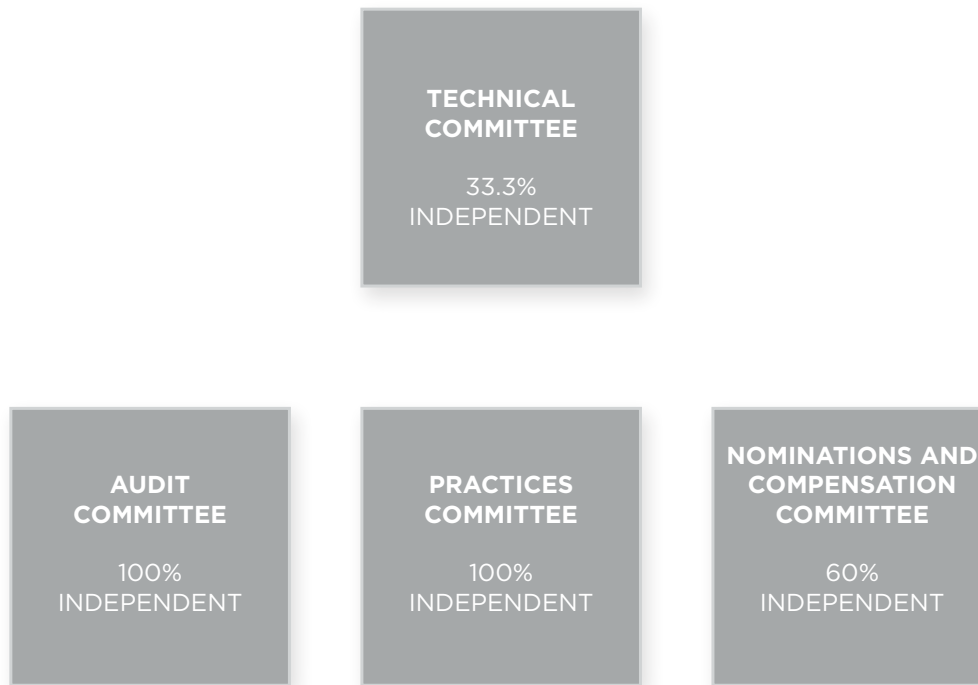
Mr. Blanco is an independent member of the Technical Committee. He is Chairman and CEO of Soluciones Estrategicas, a corporate consulting firm specialized in international trade matters. He has extensive experience in the public sector and in international trade. He is also Chairman of the Board of IQOM Inteligencia Comercial, the only day-to-day trade-analysis service available in Mexico and Latin America. Mr. Blanco was Minister of Trade and Industry during the Zedillo Administration and Chief Negotiator of the NAFTA during the Salinas Administration. He has held several key positions in committees and boards of companies such as CYDSA, Grupo Financiero Banorte, Bancomext, and Foreign Trade Bank of Latin America. He has academic experience in Rice University of Houston and in el Colegio de Mexico. Mr. Blanco holds a BS in Economics from Instituto Tecnologico de Estudios Superiores de Monterrey and holds a PhD. in Economics from University of Chicago.

Ignacio Trigueros - Independent Member

Mr. Trigueros is an independent member of the Technical Committee. He has a lengthy and renowned academic career and is a distinguished scholar. Mr. Trigueros is Director of the Economic Research and Analysis Center and a full-time Economics professor with the Instituto Tecnologico Autonomo de Mexico (ITAM). He is member of the board of Evercore Casa de Bolsa and is advisor to the Investment Committee of AFORE XXI. Mr. Trigueros is a prominent economist and researcher; he has served as advisor to many government agencies and has been granted with several awards. Mr. Trigueros holds a BS in Economics from Instituto Tecnologico Autonomo de Mexico (ITAM), and earned his Master's and PhD from University of Chicago.

Alfredo Achar - Independent Member

Mr. Achar is an independent member of the Technical Committee. He is a distinguished businessman and philanthropist with more than 50 years of experience. He is Chairman of the Board and Chief Executive Officer of Comercial Mexicana de Pinturas (Comex), a leading paint manufacturer. He serves on the Board of Directors of companies such as Banca Mifel, Banamex and Valorum. On the social arena, Mr. Achar has been a key element on the promotion of several social institutions. Among the most important are Fundacion ProEmpleo Productivo, Fundacion Activa, ProVivah, Camproduce. He has held several positions in charities and civil institutions and has been an active sponsor of social development in Mexico. Several thousand families have benefited by his initiatives, and has improved education and the development of small and mid-size enterprises.



Audit Committee

The Audit Committee is integrated 100% by independent members, and is in charge, among other things of: (i) evaluate external auditors and analyze their reports; (ii) analyze our financial statements, comment them with the adequate personnel and, based on that, evaluate their approval on behalf of the Technical Committee; (iii) inform our Technical Committee about its opinion regarding internal controls and internal audit systems, including any irregularity that may be detected; (iv) request and obtain independent expert opinions, (v) investigate any breaches in our operational and accounting guidelines; and/or in our internal controls or internal audit; (vi) inform our Technical Committee about any significant inconsistencies that may arise, and present corrective measures; (vii) call for CBFH Holders' Meetings and request that items on the agenda be added as it considers proper; (viii) verify that our Advisor complies with the resolutions adopted by the CBFH Holders on CBFH Holders' Meetings and by the Technical Committee; (ix) verify that internal control mechanisms are implemented and compliant with current law; (x) request to our property managers, tenant managers, trustee, or their executives, the development of reports and briefings describing financial statements; and (xi) maintain periodic meetings with relevant executives of our property managers, our Advisor, tenant managers, Common Representative, and trustee.

Our Technical Committee is in charge of appointing the Chairman and the members of the Audit Committee. By law, each of the members of the Audit Committee must be independent.

Ruben Goldberg	Chairman
Hermينو Blanco	
Ignacio Trigueros	

Practices Committee

Our Practices Committee is integrated 100% by independent members, in compliance with local regulation. Our Practices Committee is in charge, among other things, of: (i) provide opinions to our Technical Committee regarding transactions with related parties and relevant persons of the E-Group; (ii) provide opinions to the Technical Committee related to the value of the transactions on which our Technical Committee participates when performing its duties; (iii) provide recommendations to our Technical Committee regarding which reports and briefings should be requested to our Advisor when performing its duties; (iv) advise our Technical Committee when performing its duties in compliance with our Trust Agreement; (v) present before our Technical Committee any market analyses related to the sectors in which our properties belong and provide recommendations as it sees appropriate; and (vi) request and obtain independent expert opinions.

Our Technical Committee is in charge of appointing the Chairman and the members of the Practices Committee. The Practices Committee adopt its resolutions by majority.

Alfredo Achar	Chairman
Ignacio Trigueros	
Ruben Goldberg	

Nominations and Compensation Committee

Our Nominations and Compensation Committee is integrated 60% by independent members. During the Annual CBFH Holders' Meeting of 2014, it was agreed that a Compensation Committee be created in order to manage, among other things, the executive compensation plan approved in 2014 as well; and the Technical Committee was instructed to create such Committee. In March, 2015 the members of our Technical Committee authorized that all the authority, powers of attorney, and other activities planned for the Compensation Committee be delegated to the Nominations Committee, together with a change in the name of such Committee to the Nominations and Compensation Committee, ratifying each of the existing members during the Annual CBFH Holders' Meeting of 2015.

The Nominations and Compensation Committee is in charge, among other things, of (i) search, analyze and evaluate candidates for their selection and designation as Independent Members of our Technical Committee; (ii) present to the CBFH Holders' Meeting with those candidates that, on its judgement and based on the independency requirements provided in the Securities Market Law, should integrate our Technical Committee as independent members, or with those individuals that must be replaced as independent members; (iii) monitor and control all matters related to the independency of the independent members of our Technical Committee, or that imply a potential conflict of interest; (iv) present to the CBFH Holders' Meeting, or to the Technical Committee, depending on the case, the remuneration that should be paid to members of our Technical Committee; (v) present to the CBFH Holders' Meeting's consideration the removal of members of our Technical Committee, taking into consideration the opinion of the Audit Committee; (vi) regarding the authority and powers of attorney related to the executive compensation plan: (1) review and approve the relevant corporate goals and objectives for executive compensation according to the plan; (2) assess the performance of our executive team against those relevant corporate goals and objectives, and approve the compensation of such executives based on that assessment; (3) analyze and approve any future compensation or bonuses that are based on stock or CBFHs; and (vii) any other activities appointed by the CBFH Holders' Meeting or our Technical Committee.

The CBFH Holders' Meeting is in charge of appointing the Chairman and members of the Nominations and Compensation Committee, which is integrated by 5 members. The majority of the members of this Committee are independent members of the Technical Committee. The members of the Nominations and Compensation Committee will be in office for one year, or until the individuals appointed to replace them take charge, and could be reelected. The Nominations and Compensation Committee could meet at any moment, but shall be called personally, by e-mail, or by any other means agreed by its members, by the Chairman or the Secretary of the Technical Committee, or by any of its members. In order that sessions of the Nominations and Compensation Committee are considered valid, at least the majority of its members shall be present, and resolutions will be valid whenever they are adopted by the favorable vote of at least the majority of its present members.

Hermino Blanco	Chairman
Alfredo Achar	
Ruben Goldberg	
Andre El-Mann	
Isidoro Attie	

Related to the authority and powers of attorney regarding the executive compensation plan, the senior management team will present to the Nominations and Compensation Committee with the current annual compensation of the management team and of the employees of our management subsidiary. After proper consideration, the Nominations and Compensation Committee will recommend to the Technical Committee the assessed compensation level. The Technical Committee will review such recommendation and will approve the final compensation according to the proposed plan in 2014.

Executive Compensation Plan

FUNO's Executive Compensation Plan started in 2014. For that year, 53.7% of the goal was achieved, leaving a portion available for possible future catch-up. During 2015, FUNO grew FFO/CBFI by 107%, 936 bps above inflation, and increased Distribution per CBFI 12.8%, 1,064 bps above inflation; while CBFI Price performance versus the Mexican Stock Exchange Index was negative. Therefore, in line with the Executive Compensation Plan guidelines, the goals resulted in a yearly payout of 76% of the 2015 Plan, plus 36.1% resulting from the catch-up in FFO/CBFI due to its growth well in excess of the 2015 goal of 500 bps over inflation. This resulted in a total issuance of 18,261,112 CBFI for 2015.

City Center Merida, Yucatan



FUNO IN CAPITAL MARKETS

FIBRAs, by their nature and cycle, are frequent issuers on capital markets. FUNO has raised more than Ps. 105,000 million from such markets, through four equity offerings and three debt issuances. The high-quality of our assets and FUNO's management fulfillment of commitments have contributed significantly to FUNO's broad access to these markets.

Date	Type of Offering	Market	Amount (Ps. MM)
March, 2011	Initial Public Offering	Equity	3,615
March, 2012	Follow-On	Equity	8,876
January, 2013	Follow-On	Equity	22,050
December, 2013	MXN-denominated bonds	Debt	8,500
January, 2014	USD- denominated bonds	Debt	14,630
June, 2014	Follow-On	Equity	32,816
January, 2015	MXN-denominated bonds	Debt	10,000
December, 2015	USD- denominated bonds	Debt	5,400

For FUNO, financial markets activity is very important, as its access to these markets is an unparalleled competitive advantage, since this is a capital-intensive business. FUNO, besides raising fresh resources to grow, has conducted historical transactions, and has set several precedents by being the first FIBRA in doing an Initial Public Offering - which was conducted under a complex global landscape, and in conducting the very first equity follow-on among FIBRAs. Moreover, FUNO did one of the largest equity placements in the history of the Mexican Stock Exchange. In terms of debt, FUNO was the first in entering public debt markets, both local and international, issuing 10 and 30-year bonds, an unprecedented development for Mexican corporates debuting in debt markets.



2014 Follow-On Equity Deal of the Year

Ps. \$32.8 billion

"The largest ever Latin American real estate equity sale."



2014 Latin America Bond

Us. \$1.0 billion

"FUNO's US\$1bn dual-tranche offering opened yet another funding door for Mexican real estate investment trusts in 2014, marking a number of firsts for the evolving asset class and for the region as a whole."



INTRODUCTION

Since its early stages, FUNO positioned itself as the market leader for Real Estate in Mexico, thereafter, contributing to the country's development and enhancing the quality of life for many Mexicans who benefit directly or indirectly from FUNO's operations.

FUNO is an innovative company, which offers real estate solutions and the highest quality standards to its clients; while generating profitable investments for our CBFIs holders, providing excellent working conditions for our employees and creating shared social value for the communities we work with.

We unceasingly strive to maintain economic stability, diversification of our portfolio and prudence in the face of operational risks. With it all, we aim for the sustainability of our business in the long run.

SUSTAINABLE



BILITY



METHODOLOGY

Aiming at making our sustainability performance transparent and thorough, the present report was structured under the framework of the United Nations Sustainable Development Goals; all of which, Mexico endorsed in 2015. In this way, FUNO intends to describe how our operations contribute to community development and consequently to Mexico's progress.



We pretend to give the reader an extensive picture on our sustainability performance. We include 2015 data, events and activities, unless otherwise stated. For further information, please refer to our website and the financial section of this report.

SCOPE OF THE SUSTAINABILITY REPORT

The information provided in this first sustainability overview, includes qualitative and quantitative data from most of the properties we operate covering 2015.

We are committed with the transparency and consistency of this information, therefore in upcoming reports we mean to expand and audit the information we include. In subsequent years, we aim at increasing the number of economic, social and environmental indicators covered and reported.

Open as we are, to hear suggestions, feedback and any comment you may have; please use our different communication channels available at the end of this report or through our website.

Patio Santa Fe, Mexico City



SUSTAINABILITY STEWARDSHIP

Offering world class services to our clients is one of our main objectives. This requires the highest standards on health, safety, eco-efficiency and amenities; being forerunners in each of these areas, allows us to retain our clients and upkeep the value of our assets on the market, but also to uphold the reputation we have earned, along with increased marketing and affluence.

Our sustainability strategy is led by our CEO, monitored by the Vice-president of Investor Relations, as well as our Vice-president of Administration & IT; and implemented by the entire organization. By having such leaderships, our goal is to permeate our sustainability efforts into our operational efficiency, guaranteeing the viability of our business with a long term vision of creating socio-economic and environmental value.



Stakeholders

CBFI HOLDERS	<ul style="list-style-type: none">• Institutional investors• Private investor market
TENANTS: LOCAL, REGIONAL & NATIONAL	<ul style="list-style-type: none">• Offices & Industrial<ul style="list-style-type: none">· Multinationals· SME· Government• Retail<ul style="list-style-type: none">· Multinationals· National Franchises· SME
EMPLOYEES	
SUPPLIERS & SUBCONTRACTORS	<ul style="list-style-type: none">• Portfolio Managers• Services<ul style="list-style-type: none">· Cleaning· Safety· Others• Utilities<ul style="list-style-type: none">· Water· Electricity· Gas· Waste management• Other supplies
BANKS	
GOVERNMENT	<ul style="list-style-type: none">• Bank of Mexico• SAT• COFECE• Others
GUESTS	<ul style="list-style-type: none">• Employees of our clients, those who work at our properties• Visitors to our shopping malls• Any other passerby
COMMUNITIES IN WHICH WE OPERATE	

Stakeholder engagement

Group	Level	Means of Communication
CBFI Holders	O	<ul style="list-style-type: none"> • Investor Relations Office • FUNO day • Conference calls • Frequent meetings with analysts, banks, rating agencies and others. • Annual report • Press releases
Tenants	O, P, L	<ul style="list-style-type: none"> • Through our Portfolio Managers • On-site manager • Billing Office • Tenant Coordination Office • Social Networks • One on one meetings
Employees	O & L	<ul style="list-style-type: none"> • Open door policy • Bonding day and other activities • Human resources office • Email • One on one meetings • Personal interviews • Exit polls • Annual managers meeting
Suppliers & Subcontractors	O & L	<ul style="list-style-type: none"> • Procurement office • Staff members • Contracts • One on one meetings
Banks	O & P	<ul style="list-style-type: none"> • One on one meetings • Investor relations office • Vice presidents of Treasury and Financial Planning
Government	O & L	<ul style="list-style-type: none"> • FUNO Executives • General attorney office • On-site Managers
Guests	O, P & L	<ul style="list-style-type: none"> • Social networks • On-site managers • Suggestion Boxes • In-site marketing strategies
Communities	O & L	<ul style="list-style-type: none"> • Social networks • Web page

Levels: O - Organizational level, P - Portfolio level, L - Local level



CORPORATE GOVERNANCE

FUNO operates in strict adherence to all applicable regulations as a Public Trust, therefore, we have set up the appropriate audit, compliance and governance bodies. These practices strengthen our performance and decision making process, while minimizing risks. For further information, on the composition, mandates and activities of such bodies, please refer to the Corporate Governance section above or visit our website.

Business Ethics

We adhere to just, ethical and transparent business practices, as well as to all applicable laws and regulations, moreover we target bribery and extortion within our operations.

We do not in the name of FUNO or personally, participate, order, authorize, promise, conspire, induce nor assist, someone practicing corruption; either directly or by means of a third party.

We do not in the name of FUNO or personally, give, accept nor compromise, any gifts, advantageous conditions, salaries, trips, commissions or any other way of compensation that influences business decisions.

We do not grant advantages nor inadequate benefits of any type, or practice extortion or bribery within our relationship towards tenants, suppliers, financial institutions, contractors, business, authorities or any other related party with whom we operate.

Bribery of any type, to induce an action or the lack of one in a government official, besides being illegal under national law, is a violation of FUNO's values and compromises; hence it is a fundamental disposition that we obey.

The violation of our ethical principles may be the cause for terminating any professional contract and could result in civil or penal sanctions for those involved.

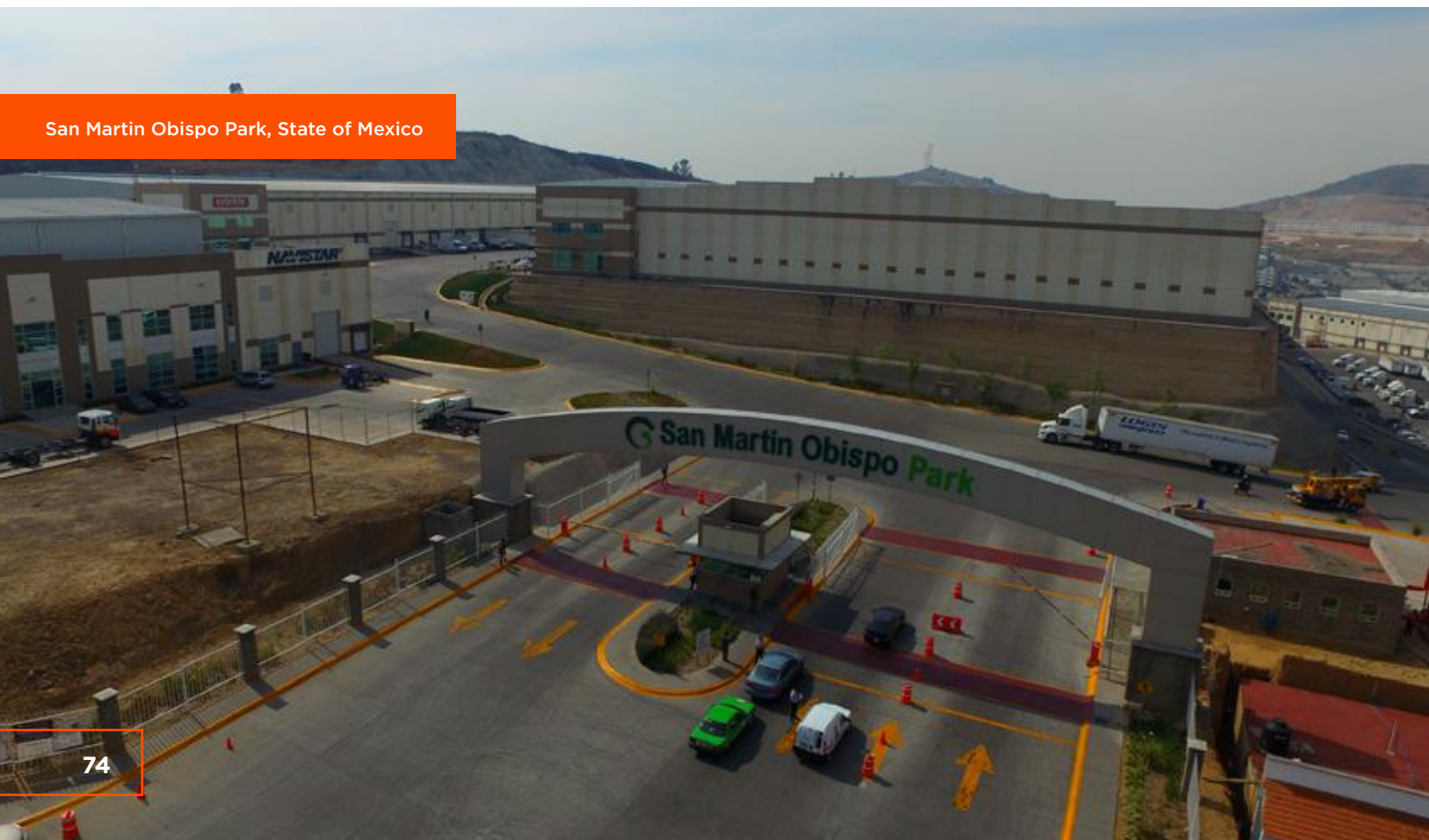
Competitive practices and behavior

Our success was built upon the premise of treating our partners and clients in an honest, equal and fair manner. At FUNO, we vigorously compete, observing all applicable laws and regulations; our Code of Ethics establishes amongst other things:

- We do not participate in any agreement that pretends to limit the free movement of market forces in which we operate and we will not use improper means to improve our competitive position in such markets.
- All employees who interact with competitors, will upkeep a professional attitude, in accordance with FUNO's values and principles.
- We avoid making statements or comments about our competitors, however, when it is the case, we do so in a just and objective manner.

As a result of our position towards fair play, FUNO has not been the object of any legal action for monopolistic practices nor for anticompetitive behavior. Moreover, we have not been fined, nor received any other action derived from breaching the law, or other anti-competitive regulations.

San Martin Obispo Park, State of Mexico



Risk management

Through internal supervision bodies, we constantly review possible risks, that may affect our operations. Amongst the main ones that we have identified are:



OVER LEVERAGE



NATURAL DISASTERS AND METEOROLOGICAL PHENOMENA MAY AFFECT OUR ASSETS



CHANGES IN APPLICABLE LEGISLATION AND PUBLIC POLICIES



MONEY LOSES DUE TO A POOR SUPPLIER SELECTION OR BAD PRACTICES IN OUR “OTHER INCOMES” SECTOR



RELIANCE ON NATIONAL ECONOMY; WHICH IN A SLUGGISH ECONOMIC SCENARIO MAY REDUCE OUR NUMBER OF CONTRACTS, RENOVATIONS AND FEE COLLECTION

Visit our website for a comprehensive list of our identified risks and opportunities.

At FUNO, we have designed action plans and response plans to the above mentioned risks and many others we identified.

It is also important to note, that our culture and the way we operate are designed to prevent, manage and mitigate risks. From our open door policy to the way our offices are structured; they are all a system that promotes immediate communication amongst different departments and team work in case of emergencies.

Operational risks are managed in a cross-cutting way; depending on the property and the activity.

In order to ensure a holistic risk assessment, multidisciplinary teams identify, evaluate and mitigate such risks. These teams are integrated by people from all hierarchical levels and whenever necessary, they are complemented with the operational, technical experience and knowledge of different departments, such as: maintenance, architecture and design, acquisitions, finance, law, marketing, tenant coordination, administration, fee collection, human resources amongst other specialists that are invited, depending on the case.

Additionally, we implemented operational manuals that are revised and updated regularly, in which we document the most recurring risks and operational processes; as well as the ways in which they must be tackled.

Torre Diana, Mexico City



Commitments and Strategy

Commitments

HOW WE PLAN TO MAKE IT HAPPEN

SUSTAINABILITY

- Strengthen and communicate our commitment towards sustainability.
 - Increase the transparency of our sustainability results as well as our performance.
 - Adhere to the best sustainability practices.
 - Conceptualize sustainability within FUNO.
- Institutionalizing sustainability within FUNO.
 - Beginning to measure and monitor our results and performance, regarding: environmental, social, ethics, risks, human rights, human resources, suppliers and other socio-economic practices.
 - Reporting and making publicly available our sustainability results under GRI methodology.
 - Offering to our stakeholders this information in a permanent way through our website.
 - Adhering to the United Nations, Global Compact.

CORPORATE GOVERNANCE

- Identify the main sustainability organizational risks.
 - Strengthen ethical practices at all organizational levels.
 - Comply with all applicable regulations and norms.
 - Safeguard and respect Human Rights within FUNO and in our interactions with other stakeholders.
 - Reject all discriminatory practices.
 - Maintain and continue working to upkeep, public spaces free of bribery and corruption.
- Internal assessment and gathering of existing sustainability information.
 - Interviews with some Stakeholders in order to know their expectations (employees, clients, CBFH holders, advisors, suppliers, etc.).
 - Materiality assessment. Identify priority issues, maturity and risks.
 - Develop and publish FUNO's Code of Ethics. Making it applicable to all our employees.
 - Training our employees on ethics, anticorruption practices and Human Rights.

Commitments	HOW WE PLAN TO MAKE IT HAPPEN
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> • Increase our operational efficiency in energy and water consumption. • Comply with all applicable regulations. • Prevent and mitigate environmental risks in our operations. • Making a positive social contribution, creating shared value with the communities we work at. 	<ul style="list-style-type: none"> • Collaborating with several government agencies at all levels, and complying with all legal and regulatory standards. • Measuring and monitoring environmental results in our properties. • Encouraging the implementation of innovative technological solutions, that will enhance our environmental performance and reduce consumption and waste. • Safeguarding and wherever possible enhancing the natural surroundings of our properties. • Using safe materials and promoting the use of recycled and certified supplies. • Endorsing environmentally friendly actions to further the well-being of the communities we work with.
<p>HEALTH AND SAFETY</p> <ul style="list-style-type: none"> • Provide safe, healthy and hygienic spaces for our employees. • Foster an organizational culture, in which safety, health and wellbeing are pillars to our operations. • Maintain social spaces free of violence and discriminatory practices. 	<ul style="list-style-type: none"> • Keeping all protection and emergency response equipment in the best possible conditions, to be used in case of emergencies. • Creating alliances with safety professionals to guarantee the best quality services. • Complying with applicable regulations. • Providing all necessary information, education, training, instruction and supervision, so that all FUNO employees, can accomplish their activities in a safely manner. • Implementing and verifying that all emergency and response protocols are applied and followed with precise techniques on our properties. • Continuously pursuing improvement opportunities. • Implementing processes that allow us to identify and prevent risks.
<p>SOCIAL RESPONSIBILITY</p> <ul style="list-style-type: none"> • Proactively foster activities in favor of the social, economic and cultural advance of the communities we work at. • Encourage a culture of respect, inclusion, peace and security. 	<ul style="list-style-type: none"> • Creating employment opportunities, with decent work and equitable remuneration. • Implementing strategies to reduce inequalities; using criteria such as personal merits and competencies, regardless of gender, age, race, ethnicity, etc.

Commitments

- Support social initiatives that promote infrastructure development and competitiveness in Mexico.
- Create socially responsible investment in our developments, with properties that are environmental and socially friendly.
- Invest in a responsible and positive way through our acquisitions; improving communities in the long run.

HOW WE PLAN TO MAKE IT HAPPEN

- Encourage our employees to advance in their careers, acquire new skills and give them trainings, so they can use their ideas and creativity in favor of FUNO and the communities we work with.
- Rejecting all types of forced and child labor.
- Requesting whenever possible and economically viable, that our new developments maintain the highest social and environmental standards; such as LEED certifications or others that promote good sustainability practices.

SUSTAINABLE CITIES & COMMUNITIES



At FUNO, we are committed with our employees, their interests and needs; correspondingly we try to maintain good relationships with the neighboring communities to our properties and, to collaborate with institutions and NGO´s that create social value.

FUNO contributes to community development through providing access to markets and services; not only commercial, but financial, recreational, and cultural. Similarly, since its early stages, FUNO is an innovative concept, breeding opportunities for small investors to access the stock market and the real estate business.

Thus, contributing to the personal, social, urban and community development through new opportunities. We also understand the social responsibility that comes inherent to our business, therefore we cautiously select the properties in which we invest; with the intention to improve the economic, social and cultural prospects the area has to offer.

In new developments, we strive to contribute positively through their architecture and design; focusing on avoiding the creation of future problems such as: traffic jams, communication and transport issues, safety matters, etc. We strive to comply with the highest construction and infrastructure standards even in the supply chain.

“FUNO’s main contribution to Mexico, has been the development and institutionalization of the Real Estate industry. Before, it was a business for small families or groups, rarely did they acquired debt or leverage for developments. We opened up the real estate market to pension funds, we brought to Mexico more than 100,000 million pesos that have been invested on infrastructure. With it, we create jobs, we develop communities, we buy land and build better infrastructure for the country”.

Gonzalo Robina.
Deputy CEO



Human Rights

FUNO is committed to operate under ethical and responsible standards. We respect and support all international principles that aim to protect Human Rights. We recognize that governments are the responsible entity to protect and guarantee Human Rights to its citizens.

However, FUNO assumes its compromise to promote respect for all Human Rights within our operations and within our possibilities. Our policy and culture is based on the fundamental respect for Human Rights.

- In accordance to Mexican laws, we respect the right of maintaining the privacy of information and data.
- In our activities, we reject all kinds of slavery, child labor and forced labor.
- We recognize the right to collective bargaining and freedom of association.
- We resist all employment and occupational discriminatory practices.
- We impugn any kind of sexual abuse or sexual harassment.

FUNO, is committed to the development of equitable and respectful communities. We strive to provide dignified work to our employees, and we avoid distinctions based on sex, race, sexual preference, ethnicity, age, etc. Every hiring, raise or upgrading decision is based exclusively on competences, skills and work performance.

Health and Safety

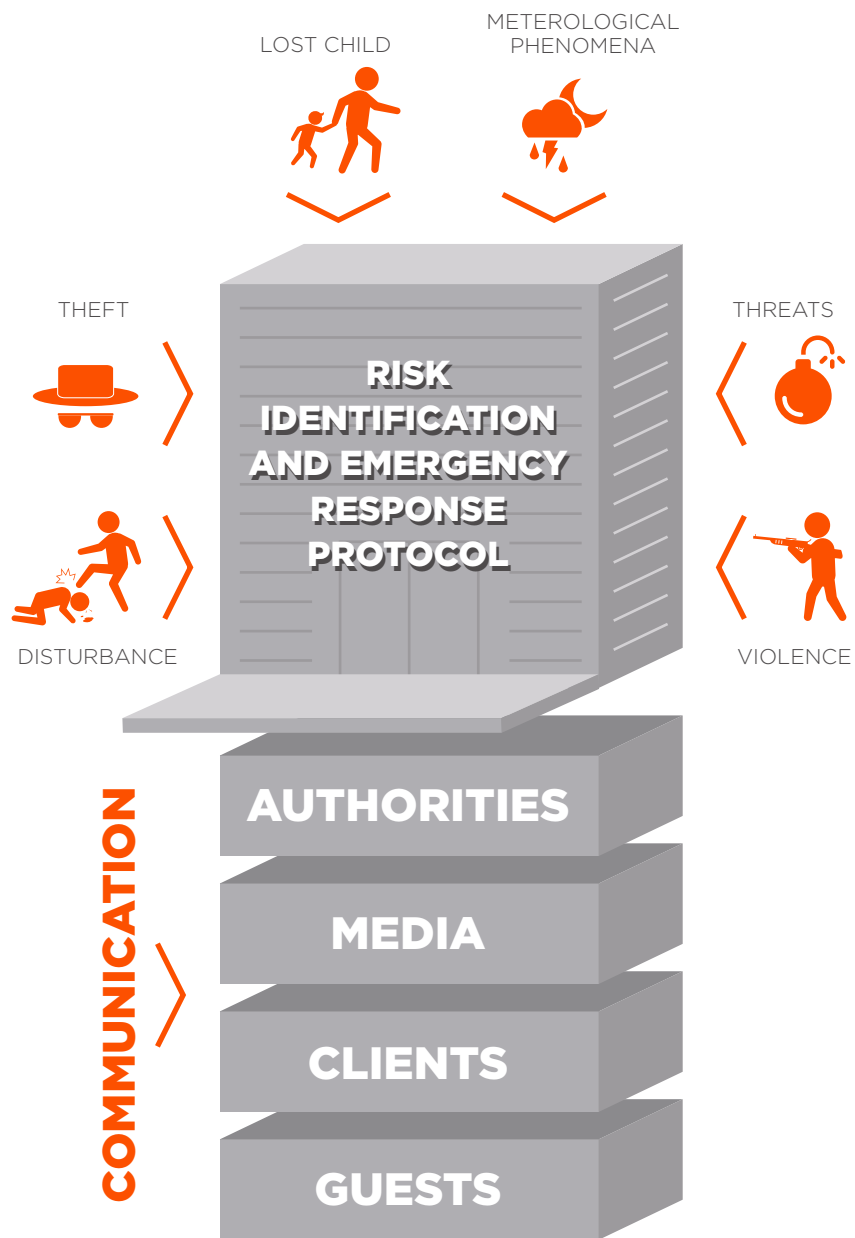
At FUNO, we recognize our duty to provide our employees, tenants, guests and all others who visit our estates with a healthy and safe environment. Hence we not only comply with all applicable regulation, but we also strive to go further, acquiring state of the art safety equipment and to maintain them in optimal conditions; additionally, we empower our teams with training, the right safety equipment and safety procedures. These are some of the measures we take towards guaranteeing our best response in case of emergencies

In order to safeguard our guests, we have several prevention and emergency response protocols set in place, these protocols are applicable to all our estates. Some of the main activities we perform are:

- **Emergency Response Protocols in all our shopping malls and mix use estates in case of:**
 - Medical emergencies
 - Natural disasters
 - Meteorological phenomena
 - Fire
 - Public safety issues

- **Drill performance**
- **Evacuation Plans**
- **Human Rights**
- **Trained Security Personnel**
- **Insurance for: employees, estates, third parties, etc.**

The protocols we have set in place, secure an accurate response to most crises that may occur; through our protocols, we have a risk identification phase after which we can deploy a precise handling strategy.



ENVIRONMENTAL PERFORMANCE



Maximize resource efficiency in order to reduce our consumption, minimize our waste, abate our emissions and mitigate our impacts on the natural environment, is a goal we keep since our early stages.

We recognize the impacts of our activities on the environment, on the well-being and the quality of life of the communities we work with. Consequently, our new developments go all-out to be eco-efficient, mainly regarding water and electricity consumption.

Our environmental strategy targets the following:

1. Increase our NOI, through sustainable buildings
2. Reduce our operational and maintenance costs
3. Improve tenant well-being
4. Continue to strengthen FUNOs reputation

Responsible operation & consumption

We know being efficient at resource consumption, is not only a responsibility with present and future generations, but it's also an operational and economical strategy.

Part of our environmental commitment, is to offer environmentally friendly services and products. Hence, FUNO, owns, operates and develops high performance buildings that aim to improve city resilience, our star assets on these criteria are:

- **Torre Mayor – Leed Gold since 2013**
- **Torre Diana – Pre-certified Leed Gold in 2015**
- **Torre Reforma Latino – Pre-Certified Leed Silver 2013**

Our shopping malls, upkeep high standards for sustainable consumption not only for us, but also for our tenants. For example, we request the use of non-toxic paints, and sometimes we ask for design optimization in order to reduce their energy consumption, while maximizing the use of natural light.

When remodeling or performing other important modifications to our estates, we search for locally produced supplies and materials (approximately 80% of our materials, come from local sources). This measure is not only cost-effective, but also boosts local economies.

Other criteria we have set for the purchasing of goods and services is their eco-efficiency; we are determined to implement technologies that not only reduce consumption, but also diminish the impact of our operations.

We also have climatic criteria in our procurement process; such as durability, maintenance, resistance to natural phenomena, acidity, corrosiveness, humidity, etc.

In portfolio or properties acquisitions, we have strict selection processes, which go beyond due diligence, in financial, fiscal, legal, architectural issues. We also audit, socio-environmental aspects, such as:

- **Land use and zoning**
- **Environmental Impact Assessment (Authorized)**
- **Generator and hazardous waste**

- Management of hazardous wastes (certificate of appropriate management, issued by an authorized company to collect, transport and dispose them)
- Water supply services
- Water emission discharges
- Environmental certificate for GHG emissions
- The existence or absence of PCBs and asbestos
- The existence or absence of environmental fines
- The existence or absence of soil leakage or other types of pollution.
- Traffic and mobility license
- Others



Availability and sustainable management of water and sanitation for all

Waste water treatment as well as water recycling on site, not only preserves a vital resource for our world, it also reduces operational and maintenance costs.

Our strategy to ensure an efficient use of water, includes:

- **Monitor and measure in detail, our consumptions; we cannot improve what we do not measure.**
- **Install individualized monitors, to measure the overall water consumption, and water consumption by tenant.**
- **Leakage control.**
- **Regulated flowmeters.**
- **Night irrigation, to reduce evaporation.**
- **Water emission analysis.**
- **The majority of our shopping malls have water treatment plants; all treated water complies with regulatory standards and is constantly monitored and used for irrigation or sent back into the municipal sewage system.**

Biodiversity

Mexico is a megadiverse country; therefore, we are all responsible for the conservation of its resources.

At FUNO, we contribute through planting and foresting our green spaces with local and endemic flora. The introduction of native species, favors our properties by giving identity to public spaces and creating stronger bonds between the place and our guests. Meanwhile, operational costs also see positive impacts, since local plants tend to adapt better to local climatic conditions, requiring less inputs for their optimal conservation.

As part of our efforts towards bio-cultural diversity, all the properties we directly operate and all of those which we own completely, are evaluated on their impact towards biodiversity, every time a permit renovation or modification is required for expansion projects or any other relevant infrastructure alteration.

Affordable, reliable, sustainable and modern energy for all

Currently, four shopping malls have a collaboration agreement with automotive companies to install electric car charging stations. The distribution of such stations is: 3 in Mexico City and 1 in Guadalajara. We are working on expanding this network.

ECONOMIC DIMENSION



Inherently our business contributes to growth and development in Mexico. Our shopping malls, in many ways perform as local economic drivers through which we attract investment, income, employment and development at large.

FUNO closely collaborates with the largest enterprises, supermarkets, cinemas, clothing stores, etc. As a result of this relationship, we have been able to summon them to become part of new developments in isolated communities; with it, FUNO transforms communities at large.

Value Chain

Our supply chain is perhaps one of the most significant operational variables that modifies our operational costs. Therefore, we have implemented a centralized purchasing system, through which we can minimize risks and optimize costs by creating synergies.

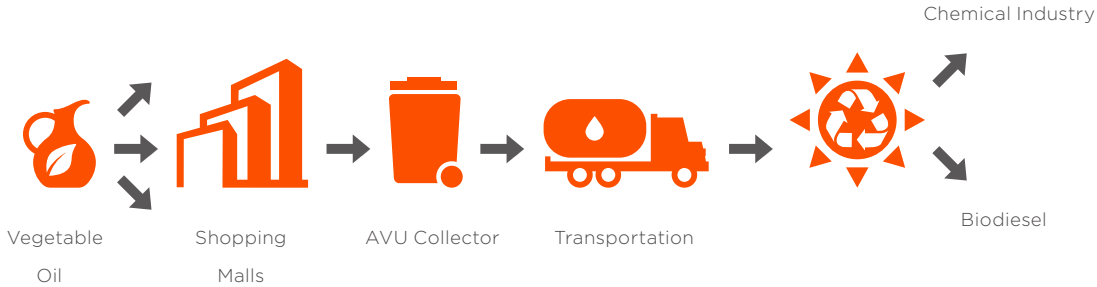
We believe in win-win business deals; as such, we work closely with our main suppliers to create value for Mexico. As a result of such efforts, in June 4th, 2015 we signed a General Agreement with Comision Federal de Electricidad (CFE), our only electricity supplier. With it, we were able to consolidate all our electricity payments from our entire portfolio; while also allowing CFE to have better control and single on time payments for its services. We believe this synergy will bring along greater innovations and energy efficiency in the short term.

Another success case, is where we endeavor to strengthen our work with strategic partners. Such is the case of SONNE Energeticos, with whom we collaborate in 4 shopping malls in the northern Mexican city of Monterrey.

SONNE is an enterprise dedicated to the collection of waste vegetable oils and animal fats; this waste is transformed into bioenergetics or used in the chemical industry, instead of polluting sewage waters. For this purpose, we have recommended a synergy amongst tenants, guests and the supplier; their containers have been installed inside our tenant's shops on every fast-food court.

This project resulted in:

- **Consolidating our compromise to the natural environment and backing environmentally friendly innovations.**
- **Minimizing pollution in sewage waters.**
- **Additional income for our tenants is created, which in return, increases their commercial viability while renting our properties.**



FUNO's main economic contribution to communities is through its supply chain; hence we always focus in finding not only the best price, but also the quality FUNO offers to tenants and guests.





FINANCIAL STATEMENTS

Fideicomiso Irrevocable No. F/1401 (Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015, 2014 and 2013, and Independent Auditors' Report Dated March 30, 2016

**Fideicomiso Irrevocable No. F/1401
(Deutsche Bank Mexico, S. A. Institucion de Banca Multiple,
Division Fiduciaria) and Subsidiaries**

**Independent Auditors' Report and
Consolidated Financial Statements for 2015, 2014 and 2013**

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Independent Auditors' Report of the consolidated financial statements

We have audited the accompanying consolidated financial statements of Fideicomiso Irrevocable No. F/1401 (Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and Subsidiaries (FUNO) which comprise the consolidated statements of financial position as of December 31, 2015, 2014 and 2013, and the consolidated statements of operations, changes in trustors' capital and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to FUNO's preparation and fair presentation of the consolidated financial statements 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 FUNO's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fideicomiso Irrevocable No. F/1401 (Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and subsidiaries as of December 31, 2015, 2014 and 2013, and their financial performance and their cash flows for the years then ended, accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Other matter

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

Galaz, Yamazaki, Ruiz Urquiza, S. C.

Member of Deloitte Touche Tohmatsu Limited

C. P. C. Miguel Angel del Barrio Burgos

Mexico City, Mexico

March 30, 2016

Fideicomiso Irrevocable No. F/1401

(Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2015, 2014 and 2013 (In thousands of Mexican pesos)

Assets	Notes	2015	2014	2013
Current assets:				
Total current assets		13,715,805	24,047,188	6,700,178
Non-current assets:				
Investment properties	9.	152,349,934	113,831,162	88,905,718
Advanced payment for the acquisition of investment property	10.	-	1,121,095	898,035
Investments in associates	11.	3,113,889	2,854,011	2,341,590
Other assets	12.	2,121,525	2,289,490	2,484,474
Total non-current assets		157,585,348	120,095,758	94,629,817
Total assets		\$ 171,301,153	\$ 144,142,946	\$ 101,329,995
Liabilities and Trustors' Capital				
Current liabilities:				
Borrowings	14.	\$ 10,123,627	\$ 1,791,924	\$ 7,032,036
Trade accounts payable and accrued expenses	15.	2,440,971	2,455,835	8,187,481
Deferred revenues		100,010	57,023	72,085
Due to related parties	17.	104,488	-	60,767
Total current liabilities		12,769,096	4,304,782	15,352,369
Borrowings	14.	44,209,408	34,128,710	27,270,390
Deposit from tenants		702,303	474,809	389,578
Deferred revenues - Long term	16.	261,968	159,174	103,445
Total liabilities		57,942,775	39,067,475	43,115,782
Trustors' capital:				
Trustors' capital	19.	97,742,580	93,500,173	49,914,979
Retained earnings		15,615,798	11,575,298	8,299,234
Total trustors' capital		113,358,378	105,075,471	58,214,213
Total liabilities and trustors' capitals		\$ 171,301,153	\$ 144,142,946	\$ 101,329,995

See accompanying notes to consolidated financial statements.

Fideicomiso Irrevocable No. F/1401

(Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and Subsidiaries

Consolidated Statements of Operations

For the years ended December 31, 2015, 2014 and 2013

(In thousands of Mexican pesos)

	Notes	2015	2014	2013
Revenue from:				
Leases	22.	\$ 9,574,616	\$ 6,989,751	\$ 3,566,311
Maintenance		963,377	707,842	237,479
Dividend revenues from beneficiary rights		148,573	124,387	100,312
Administration fee	17.	38,333	-	-
		10,724,899	7,821,980	3,904,102
Expenses from:				
Management fees		(612,928)	(490,832)	(328,187)
Operating expenses		(668,237)	(530,623)	(312,108)
Maintenance expenses		(1,065,230)	(807,394)	(240,042)
Amortization of administrative platform		(194,984)	(194,984)	-
Executive bonus	18.	(587,792)	(530,280)	-
Property tax		(258,801)	(155,104)	(57,308)
Insurance		(87,012)	(84,179)	(26,762)
		(3,474,984)	(2,793,396)	(964,407)
Interest expense		(2,681,540)	(2,019,111)	(757,588)
Interest income		412,083	430,494	680,573
Foreign exchange loss, Net		(3,878,142)	(2,222,097)	(16,426)
Other expenses, Net		-	-	(1,491,323)
Amortization of bank fees		(81,867)	(166,545)	-
Fair value adjustments to investment properties and investments in associates	9.	4,714,041	4,659,760	7,720,462
Consolidated net income for the year		\$ 5,734,490	\$ 5,711,085	\$ 9,075,393
Basic net income per CBF1 (real estate trust certificates) (in Mexican pesos)		\$ 1.9054	\$ 2.3264	\$ 5.7895
Diluted net income per CBF1 (in Mexican pesos)		\$ 1.6403	\$ 1.7517	\$ 4.4511

FUNO has not generated any other comprehensive income.

See accompanying notes to consolidated financial statements.

Fideicomiso Irrevocable No. F/1401

(Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and Subsidiaries

Consolidated Statements of Changes in Trustors' Capital

For the years ended December 31, 2015 and 2014

(In thousands of Mexican pesos)

	Number of CBFIs	Capital	Retained earnings	Total
Balance as of January 1, 2014	1,809,013,266	\$ 49,914,979	\$ 8,299,234	\$ 58,214,213
Equity contribution	1,069,373,660	45,432,735	-	45,432,735
Distributions to trustors	-	(1,847,541)	(2,435,021)	(4,282,562)
Consolidated net income for the year	-	-	5,711,085	5,711,085
Balance as of December 31, 2014	2,878,386,926	93,500,173	11,575,298	105,075,471
Equity contribution	319,192,212	8,452,063	-	8,452,063
Distributions to trustors	-	(4,209,656)	(1,693,990)	(5,903,646)
Consolidated net income for the year	-	-	5,734,490	5,734,490
Balance as of December 31, 2015	3,197,579,138	\$ 97,742,580	\$ 15,615,798	\$ 113,358,378

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2015, 2014 and 2013 (In thousands of Mexican pesos)

	2015	2014	2013
Operating activities:			
Net consolidated income for the year	\$ 5,734,490	\$ 5,711,085	\$ 9,075,393
Adjustments for non-cash items:			
Adjustment to fair value of investment properties and investments in associates	(4,714,041)	(4,659,760)	(7,720,462)
Unrealized exchange loss (gain)	4,022,379	2,030,618	(78,140)
Amortization of bank fees	81,867	166,545	-
Amortization of administrative platform	194,984	194,984	-
Executive bonus	587,792	530,280	-
Interest income	(412,083)	(430,494)	(680,573)
Interest expense	2,681,540	2,019,111	757,588
Total	8,176,928	5,562,369	1,353,806
Movements in working capital:			
(Increase) decrease in:			
Lease receivable and others	(34,146)	(31,275)	(573,677)
Due to related parties	-	125,609	(114,331)
Recoverable taxes, mainly value-added tax	(1,079,249)	653,489	(388,340)
Prepaid expenses	(315,021)	(153,973)	1,368
(Decrease) increase in:			
Trade accounts payable	(340,660)	(607,019)	698,369
Deferred revenues	145,781	40,667	83,608
Deposit from tenants	227,494	85,231	223,154
Due from related parties	104,488	(60,767)	(32,028)
Net cash flows provided by operating activities	6,885,615	5,614,331	1,251,929
Investing activities:			
Investment in development projects and acquisition expenses	(8,122,203)	(3,573,709)	(3,857,789)
Advanced payments for acquisitions of investment properties	-	(1,121,095)	(1,049,358)
Acquisition of investment properties	(16,818,476)	(6,067,057)	(5,876,310)
Acquisition of a business	-	-	(20,684,026)
Financial investments	17,227,850	(18,804,470)	963,121
Investments in trust rights	(138,564)	(248,970)	(1,469,976)
Interest received	412,083	430,494	680,573
Net cash flows used in investing activities	(7,439,310)	(29,384,807)	(31,293,765)

	2015	2014	2014
Financing activities:			
Payments of borrowings	(2,612,737)	(15,320,277)	(7,391,450)
Proceeds from borrowings	16,920,892	13,101,441	20,686,289
Distributions to trustors	(5,903,646)	(4,282,562)	(2,489,928)
Interest paid	(2,355,744)	(1,824,540)	(714,711)
Capital contribution	-	31,232,804	20,955,479
Net cash flows provided by financing activities	6,048,765	22,906,866	31,045,679
Cash and restricted cash			
Net increase (decrease) in cash and restricted cash	5,495,070	(863,610)	1,003,843
Cash and restricted cash at the beginning of the period	500,848	1,364,458	360,615
Cash and restricted cash at the end of the period	\$ 5,995,918	\$ 500,848	\$ 1,364,458

See accompanying notes to these consolidated financial statements.

Fideicomiso Irrevocable No. F/1401

(Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria) and Subsidiaries

Notes to Consolidated Financial Statements

For the year ended December 31, 2015, 2014 and 2013 (In thousands of Mexican pesos)

1. Activities

a. General information

- Fideicomiso F/1401 of Deutsche Bank Mexico, S. A. Institucion de Banca Multiple, Division Fiduciaria (“FUNO”) was established as a real estate trust on January 12, 2011 by FUNO Administracion, S. A. de C. V. (the “trustor”) and Deutsche Bank Mexico, S. A., Institucion de Banca Multiple, Division Fiduciaria (the “trustee”). FUNO started operations on March 2011 and was established mainly to acquire and own a variety of real estate properties for the purpose of leasing and developing commercial, industrial and mixed-use properties as well as office buildings and land in the Mexican market.
- FUNO, as a real estate investment trust (“FIBRA” for its initials in Spanish), qualifies to be treated as a pass-through entity for Mexican federal income tax purposes. Therefore, all revenue from conducting FUNO’s operations is attributed to the holders of its real estate trust certificates (“CBFIs” for their acronym in Spanish) and FUNO itself is not considered a taxable entity in Mexico according to Mexican Tax Laws and Regulations. In order to maintain FIBRA status, the articles 187 and 188 of the Mexican Income Tax Law have established that FIBRAs must distribute annually at least 95% of its taxable income to the holders of its CBFIs.

FUNO has entered into the following relevant agreements:

- i. An advisory services agreement with FUNO Administracion, S. A. de C. V. (“FUNO Administracion” or the “Advisor”, related party) for the Advisor to assist FUNO in establishing and implementing its investment and financial strategies.
- ii. A property management agreement with F1 Administracion, S. C. (“F1 Administracion”) and F1 Controladora de Activos, S. C. (“F1 Controladora de Activos”) (subsidiary entities) to conduct the day-to-day management of the operations of FUNO.
- iii. A services agreement with F1 Administracion, S. C. (“F1 Administracion”) (subsidiary entity) and Banco Invex, S. A. Institucion de Banca Multiple, Invex Grupo Financiero in its capacity as Fideicomiso F/2353 (“Fideicomiso F/2353”), to conduct the day-to-day management of the operations of Fideicomiso F/2353;
- iv. A services agreement with F2 Services, S. C. (“F2 Services”, related party) to perform certain leasing, billing and collection services on behalf of FUNO, subject to its oversight and supervision.
- v. An agreement for advisory and property management services, related to certain properties, signed with Jumbo Administracion, S. A. P. I. de C. V. (“Jumbo Administracion”, related party) under similar conditions as the aforementioned agreements.

- vi. A property management agreement signed with Finsa Holding, S. A. de C. V. to manage the day-to-day operations of the portfolio "Vermont".
- vii. A property management agreement signed with Hines Interest, S. A. de C. V. to manage the day-to-day operations of the portfolio "Maine".
- viii. A property management agreement signed with GP Servicios Industriales, S. A. de C. V. to manage the day-to-day operations of the portfolio "California".
- ix. A property management agreement signed with Consultora Centro Historico, S. A. de C. V. to manage the day-to-day operations of the portfolio "Hotel Centro Historico".

The address of the Trust is Quintana Roo No. 3 Despacho 303, Col. Roma Sur, Mexico City.

b. Acquisitions

Portfolio	Acquisition date	Acquisition type
Alaska Portfolio (i)	December 14, 2015	Investment properties
Lamar Portfolio (ii)	November 19, 2015	Investment properties
Artificios No. 40 (iii)	November 4, 2015	Investment properties
Cuautipark II (iv)	September 30, 2015	Investment properties
Oregon Portfolio (v)	June 11, 2015	Investment properties
Indiana Portfolio (vi)	June 2, 2015	Investment properties
Kansas Portfolio (vii)	April 30, 2015	Investment properties
Buffalo Portfolio (viii)	April 17, 2015	Development
Utah Portfolio (ix)	March 4, 2015	Investment properties
Florida Portfolio (x)	February 27, 2015	Investment properties
Samara (xi)	December 16, 2014	Investment properties
Insurgentes 476 (xii)	September 24, 2014	Investment properties
Insurgentes 1571 (xiii)	September 24, 2014	Investment properties
Christel House (xiv)	August 24, 2014	Development
La Viga (xv)	July 23, 2014	Investment properties
Peninsula Vallarta (xvi)	July 15, 2014	Investment properties
Galerias Guadalajara (xvii)	July 15, 2014	Investment properties
Hotel Centro Historico (xviii)	July 7, 2014	Investment properties
Corporativo San Mateo (xix)	June 25, 2014	Investment properties
California Portfolio (xx)	May 5, 2014	Investment properties
Maine Portfolio (xxi)	February 19, 2014	Investment properties
Portfolio P8 (xxii)	December 20, 2013	Investment properties
Portfolio Apolo (xxiii)	December 18, 2013	Business combination
Centro Bancomer (xxiv)	December 12, 2013	Investment properties
Portfolio Vermont (xxv, xxvi and xxvii)	November 4, 2013	Investment properties
Portfolio Delaware (xxviii)	October 23, 2013	Investment properties

Tanara Aguascalientes (xxix)	October 23, 2013	Investment properties
Portfolio Grupo Posadas (xxx)	October 1, 2013	Investment properties
Parque Empresarial Cancun (xxxi)	September 24, 2013	Investment properties
Universidad Autonoma de Guadalajara (xxxii)	September 3, 2013	
Investment properties	22 de marzo de 2013	Investment properties
Pace Industries (xxxiii)	March 22, 2013	Investment properties
Torre Mayor (xxxiv)	February 21, 2013	Investment in associates
Portfolio G30 (xxxv)	January 1, 2013	Investment properties

- i. On December 14, 2015, FUNO acquired the “Alaska” portfolio, in exchange for 148,327,000 CBFIs totaling \$5,246,766; 5% of these CBFIs will remain in an escrow account for one year, subject to any contingency that could occur with respect to the property. These shares will not have any voting or economic rights during this period. The portfolio is comprised of six office buildings.
- ii. On November 19, 2015, FUNO acquired the “Lamar” portfolio for cash consideration of \$2,295,000. The portfolio is comprised of 4 university buildings located in Guadalajara belonging to Grupo ICEL. The transaction consisted of a sale and leaseback, as part of this acquisition FUNO signed a lease agreement with Grupo ICEL, for a triple net lease with a duration of 10 years, allowing for a renewal of an additional 10 years.
- iii. On November 4, 2015, FUNO acquired an office building located in Mexico City, for cash consideration of \$52,950.
- iv. On September 30, 2015, FUNO acquired the “CautliPark II” industrial park. The total acquisition price was 19,806,720 CBFIs equivalent to \$783,500. The CautliPark II is located in the Mexico-Queretaro highway km 39, State of Mexico.
- v. On June 11, 2015, FUNO acquired the “Oregon” portfolio. The total acquisition price was 41,390,686 CBFIs equivalent to \$1,626,000. The Oregon Portfolio consists of three malls located in Mexico City.
- vi. On June 2, 2015, FUNO acquired the “Indiana” portfolio. The total acquisition price was \$3,190,000. The Indiana portfolio consists of 13 “Grupo ICEL” campuses. The operation is a sale-and-lease-back under a triple-net lease contract with the option of a 10-year extension.
- vii. On April 30, 2015, FUNO acquired the “Kansas” portfolio. The total acquisition price was \$10,452,127. The Kansas portfolio consists of 10 malls, five adjacent land plots for future expansions, two malls in stabilization process, and seven land plots for future expansion.
- viii. On April 17, 2015, FUNO acquired the “Buffalo” portfolio, which is a mixed-use development. The total acquisition price was US\$185 million, equivalent to \$2,820,418. The Buffalo

- portfolio includes the prestigious project known as “Mitikah”, and is located in Southern Mexico City. The project will have various uses and components such as offices, a shopping center, a hotel and apartment tower.
- ix. On March 4, 2015, FUNO acquired the “Utah” property, a corporate office building which is located in Mexico City on the Reforma-Lomas corridor. The total acquisition price was US \$67.9 million, equivalent to \$1,010,664.
 - x. On February 27, 2015, FUNO acquired the “Florida” corporate offices building. It is located in Mexico City on Insurgentes Sur Avenue, at the intersection with Barranca del Muerto Street. The total acquisition price was \$640,098.
 - xi. On December 16, 2014, FUNO acquired the corporate office and a shopping mall called Samara, located in Mexico City. The property has a gross leasable area of approximately 144,000 m2. The total acquisition price was \$5,586 million, assuming debt for \$1,232 million and a payment in CBFIs equivalent to \$4,165 million.
 - xii. On September 24, 2014, FUNO recorded the acquisition of the property called Insurgentes 476 as part of the portfolio P4 located in Mexico City. The property has a gross leasable area of approximately 9,691 m2. The total amount of acquisition was \$216 million.
 - xiii. On September 24, 2014, FUNO recorded the acquisition of the property called Insurgentes 1571 as part of the portfolio P4 located in Mexico City. The property has a gross leasable area of approximately 1,803 m2. The total acquisition price was \$64.3 million.
 - xiv. On August 24, 2014, FUNO recorded the acquisition of a piece of land called “Christel House” located in the Distrito Federal (Mexico City), for the development of educational facilities. The total acquisition price was \$34.2 million.
 - xv. On July 23, 2014, FUNO acquired Corporativo La Viga, located in Calzada de la Viga in Mexico City. The property has 22,538 m2 approximately. The total acquisition price was \$414.9 million and will generate an annual net operating income of approximately \$39.5 million.
 - xvi. On July 15, 2014, FUNO recorded the acquisition of the shopping mall Peninsula Vallarta as part of the portfolio R-15. It is located in Puerto Vallarta, Jalisco. The property has a gross leasable area of approximately 11,874 m2. The total acquisition price was \$260 million of which \$57.2 million were paid in cash and \$202.8 million were paid with CBFIs.
 - xvii. On July 15, 2014, FUNO recorded the acquisitions of the shopping mall Galerías Guadalajara, as part of the portfolio R-15, located in Guadalajara, in Jalisco. The property has approximately 72,492 m2. The total acquisition price was \$3,575 million, of which \$739 million were paid in cash and \$2,720 were paid with CBFIs.
 - xviii. On July 7, 2014, FUNO recorded the acquisition of a hotel operated by the hotel chain Hilton and other tenants. It is located in the Centro Historico, in downtown Mexico City. The

total acquisition price was US \$90 million, of which US \$59 million were paid with CBFIs, plus debt assumed as part of the acquisition for US \$31 million. The hotel has 458 rooms in approximately 40,000 m2 of construction.

- xix. On June 25, 2014, FUNO recorded the acquisition of a property called Corporativo San Mateo located in State of Mexico. The total acquisition price was \$121 million. The property has a gross leasable area of approximately 5,440 m2.
- xx. On May 5, 2014, FUNO recorded the acquisition of portfolio California, the total acquisition price was US \$274.8 million. To date FUNO has paid US \$92.6 million in cash and US \$176.2 million with CBFIs. FUNO will have to pay additional US 6 million if in the next 6 months the occupation increase to 15,550 m2 approximately.

The portfolio consists of 29 properties located in Chihuahua, Coahuila, Nuevo Leon, San Luis Potosi and Tamaulipas with a gross leasable area of 345,469 m2 approximately. Additionally, the portfolio has a piece of land of 274,035 m2 approximately reserved for future expansions that will generate approximately 137,800 m2 of gross leasable area for industrial use in Monterrey and San Luis Potosi.

- xxi. On February 19, 2014, FUNO closed the acquisition of 5 industrial properties and a retail property to Hines Mexico (also called Maine). The total amount of the acquisition was U.S. \$86.5 million and \$472.4 million of Mexican pesos, respectively.
- xxii. On June 6, 2013, FUNO and Inmobiliaria Insurgentes 553, S. A. de C. V. signed a promise of sale and purchase agreement to acquire the portfolio called "P8", which is comprised of the following properties: (i) a building of offices and a parking lot located on Avenida de las Americas, sector Hidalgo, in Guadalajara City, Jalisco; (ii) a building for offices and a commercial space, both located in the Roma Sur neighborhood, in Mexico City; (iii) a building with hotel components and offices located on Avenida Insurgentes, in Mexico City; (iv) Two hundred, twenty two private units (13 commercial spaces, 75 offices and 144 parking spaces) belonging to the building subject to an ownership in property in condominium located on Avenida Revolucion, Alvaro Obregon, in Mexico City; (v) an offices building located in Del Valle neighborhood, Benito Juarez, in Mexico City; (vi) a building located in Guadalupe Inn neighborhood; (vii) a building called Torre Prisma, located in Centro neighborhood, Cuauhtemoc, in Mexico City, and (viii) a building of offices with retail located in Guadalupe Inn neighborhood, Alvaro Obregon, in Mexico City. The total amount for the acquisition was \$2,411,500. The transaction was completed on December 20, 2013.
- xxiii. On August 14, 2013, an agreement was executed (which was subsequently modified on July 11, 2013), to acquire the commercial real estate portfolio, consisting of a sophisticated technology and administrative platform, executed between FUNO and Mexico Retail Properties Venture I, L. P., Mexico Retail Properties Venture II, L. P., Mexico Retail Properties Venture III, L. P. (collectively, "MRP") for the amount of \$20,684,026.
The "Apolo" portfolio consists of 43 commercial properties, two plots of land and four properties under development, which represent a total rentable space of approximately 1,000,000 m2.

As part of this transaction, FUNO or its designee, acquired a last-generation operating system designed and currently used by MRP, which will support and assist in the economic expansion plan of FUNO, as well as enhance its ability to identify and capture future investment opportunities arising in the Mexican real estate market. The acquisition closed on December 18, 2013.

The reasonable value of the actives and passives acquired on December, 18th 2007 is presented below:

	Apolo
Investment properties	\$ 24,400,274
Construction in progress	334,943
Administrative platform	2,484,474
Recoverable value-added tax	1,799,643
Debt commission	16,854
Allowance CAPEX	74,904
Restricted cash	135,750
Account receivable	38,747
Borrowings	(5,795,039)
Reserves paid for maintenance	(12,500)
Lease advanced payments	(26,665)
Deposit from tenants	(78,389)
Accounts payable	(12,390)
Fair value of net assets acquired	23,360,606
Total consideration transferred and paid in cash	(20,684,026)
Adjustment to fair value of investment properties acquired (1)	\$ 2,676,580

1. The aforementioned fair value of the investment properties acquired as of December 18, 2013, was based on appraisals prepared by independent specialists by using a discounted cash flows method. The adjustment hereon represents a bargain purchase gain upon acquisition of the portfolio, which occurred as a result of the time that lapsed from when the acquisition price was agreed upon by the parties to when the acquisition was finalized, coupled with the behavior of the real estate market during that time. This amount was recorded within the fair value adjustments to property investments and in-

vestment in trust rights line item in the statement of comprehensive income. Had the aforementioned portfolio been acquired on January 1, 2013, revenues and net income for FUNO for the year ended December 31, 2013 would have been \$5,377,099 and \$10,199,463, respectively. Acquisition costs of business acquired as of December 31, 2013 were \$1,491,323, recognized within the other (expenses) income line item in the consolidated statements of comprehensive income.

- xxiv. On September 28, 2013, FUNO signed an agreement with Prudential Real Estate Investments to acquire the office building known as Centro Bancomer, located on Avenida Universidad, in Mexico City. The property has a gross leasable area of 101,348m² of offices and it is 100 % occupied by Grupo Financiero BBVA Bancomer through late 2015, with a possible six-month extension under a triple net lease agreement (NNN). The total acquisition price was US \$125 million and the estimated investment in the parking lot area is US \$35 million. The agreement was structured as the acquisition of 100% of the rights to the trust that holds the property. The transaction was completed on December 12, 2013, after receiving approval from the Federal Commission of the Economic Competition (or COFECO for its acronym in Spanish). As of December 31, 2013, FUNO has made payments of US \$22.5 million. During January 2014, FUNO closed the acquisition of Centro Bancomer.
- xxv. On August 15, 2013, FUNO executed an asset purchase and sale contract with FW Industrial Portafolio III, S. de R. L. de C. V., FW Industrial Partners I, S. de R. L. de C. V., FW Industrial Partners II, S. de R. L. de C. V., FW Industrial Partners III, S. de R. L. de C. V., and FW Industrial Partners V, S. de R. L. de C. V., (collectively, "Propiedades FW"). The total consideration paid by FUNO for the acquisition was US \$223.4 million. The transaction was completed on November 4, 2013.
- xxvi. On August 15, 2013, FUNO executed an asset purchase and sale contract with Finsa II Matamoros, S. de R. L. de C. V., Finsa II Reynosa, S. de R. L. de C. V., Finsa II Mexico, S. de R. L. de C. V., Finsa II Saltillo, S. de R. L. de C. V. and Finsa II Monterrey, S. de R. L. de C. V. (collectively, "Propiedad Finsa II"). The total consideration paid by FUNO for the acquisition was US \$107 million. The transaction was completed on November 4, 2013.
- xxvii. On August 15, 2013, FUNO executed an asset purchase and sale contract with Desarrollos Industriales Omega, S. de R. L. de C. V., Finsa Portafolios, S. de R. L. de C. V., Finsa III Morales, S. de R. L. de C. V. and Finsa Selective Assets, S. de R. L. de C. V. ("Propiedades Finsa III"). The total consideration paid by FUNO for the acquisition was US \$40.8 million. The transaction was completed on November 4, 2013.
- xxviii. On June 10, 2013, FUNO acquired the Delaware portfolio, which is a property being developed for offices and retail use, located on Insurgentes Avenue (in southern Mexico City) where the intention is to develop gross leasable area of approximately 70,000m². In relation to this portfolio, a third party contributed the land on which

FUNO will develop the property, to the assets of a trust, whose approximate value is US \$40 million. FUNO owns 100% of the rights to the trust and will take part in such trust as trustor/beneficiary by contributing the necessary resources to develop the project. As consideration FUNO will make a payment in kind equal to 16,000m2 of leasable space of the Delaware portfolio. The estimated investment for this portfolio is approximately US \$170 million. The transaction was completed on October 23, 2013.

- xxix. On May 27, 2013, an agreement for the assignment of 100% of the rights to Retail Development Property Management Trust was executed among Tiendas de Descuento Monterrey, S. A. de C. V. (“Soriana”), Inmobiliaria Imagen Vision, S. A. de C. V. (“Developer”) and FUNO. The Retail Development Property Management Trust holds the property located in Ejido Ojocaliente, Aguascalientes, in Aguascalientes. The Portfolio is denominated as a “Tanara, Aguascalientes”. The consideration paid by FUNO for the acquisition was \$50,000. The transaction was completed on October 23, 2013.
- xxx. On June 28, 2013, FUNO entered into a purchase-sale and leaseback agreement with Grupo Posadas, S.A.B. de C.V. and Posadas Mexico, S. A. de C. V. (together, “Posadas”), in which FUNO will acquire the Posadas portfolio, located at the intersection of Paseo de la Reforma and Periferico Avenues and will subsequently lease the property back to Posadas under an operating lease. This portfolio consists of an offices property with 4,815m2 approximately of gross leasable area with 100% occupancy as of June 30, 2013. The consideration for the acquisition of the Posadas portfolio is US \$14.9 million. The related lease agreement has a mandatory term of 10 years with respect to FUNO as lessor. This 10-year term is not mandatory for the lessee, who may terminate the lease with respect to the property outlined in the lease, but will be obligated to lease from the lessor the same number of square meters in another property of the lessor, and pay the minimum square meter price established in such lease agreement. The transaction was completed on October 1, 2013.
- xxxi. On September 24, 2013, FUNO and Banco Interacciones, S. A., Institucion de Banca Multiple, Grupo Financiero Interacciones, Division Fiduciaria, as trustor of the Trust No. 6795 signed an agreement to acquire the real estate development denominated Parque Empresarial Cancun, which is comprised of warehouse. The consideration paid by FUNO for the acquisition was \$177,500.
- xxxii. On September 3, 2013, an agreement for the contribution of property was signed by Universidad Autonoma de Guadalajara, A. C. (contributor), Bansi, S. A., Institucion de Banca Multiple (“Trust Bansi”) and Deutsche Bank, S. A. Institucion de Banca Multiple, Division Fiduciaria (“Trust acquirer”) as trustor of FUNO, in order to acquire the property located in west Guadalajara, Zapopan, in the state of Jalisco. The total amount of the acquisition was \$580,000. The agreement was structured as the acquisition of 100% by FUNO of the rights of the trust that hold the property.

- xxxiii. On March 22, 2013, FUNO entered into an asset acquisition agreement with Pace Industries de Chihuahua II, S. A. de C. V. and Pace Industries de Mexico, S. A. de C. V. (“Pace”); the total price of the acquisition was US \$17.7 million.
- xxxiv. On February 21, 2013, FUNO made the second payment equivalent to 90% of the purchase price of the 49% of the fiduciary rights related to the Conjunto Torre Mayor located on Paseo de la Reforma, Mexico City, at a price of US\$102 million, and will form part of the trust’s assets and formalized the transaction.
- xxxv. FUNO negotiated with the contributors of the Portfolio G30 that they would contribute to FUNO the rentals from the Portfolio G30 accrued as of January 1, 2013. They also negotiated an extension for the purchase up to June 30, 2013, for purposes of compliance with the COFECO Condition and the notarization of the Portfolio G30 to FUNO on September 30, 2013. These amendments would apply on the understanding that (i) the CBFIs to which the contributors of the stabilized properties of the Portfolio G30 are entitled, will be delivered by FUNO as such properties are notarized; and (ii) the CBFIs related to the development properties will be maintained in the treasury of FUNO and would not had any economic or corporate rights until either FUNO received at least 50% of rentals from the development properties, meaning, half of the leasable space was occupied, or until January 1, 2014, whichever occurred first. Through December 31, 2013, FUNO incurred in construction costs of \$5,162,540, included in construction in-process within investment properties. 182,731,741 CBFIs still remain in escrow, and have impacted diluted earnings per CBFI as discussed in Note 18.

C. Relevant events

- i. On December 15, 2015, FUNO prepaid the loan with Metlife for \$384,074. The loan accrued interest at a fixed rate of 10.11%.
- ii. On December 3, 2015, FUNO carried out a bond issuance in the international markets, issuing an unsecured bonds for US \$300 million (2026 Senior Notes) with a maturity of 10 years. These bonds mature on January 30, 2026 and accrue interest at a fixed rate coupon of 5.25%.
- iii. On November 26, 2015, FUNO entered into an unsecured loan with Inbursa, SA, Institution of Banca Multiple, Grupo Financiero Inbursa (Inbursa) for \$2,000,000 which accrues interest at a rate TIIE plus 2%. The loan has a maturity of November 26, 2016.
- iv. On November 10, 2015, FUNO signed the Terms and Conditions for the purchase of the “Torre Cuarzo” property located on Reforma, Mexico City in the amount of \$1,323,400 and 46,484,779 CBFIs.
- v. On July 29, 2015, FUNO executed a dual - currency unsecured committed revolving credit facility for 5 years. Banco Santander (Mexico), S. A. (Santander), is the administrator agent and BBVA Bancomer, S. A., HSBC Mexico, S. A., Bank of America, Credit Suisse AG, Goldman Sachs Bank USA and Itau Unibanco, S. A are the lenders. The total aggregate funding committed under the revolving

credit facility is \$7,000 million and U.S. 410 million. The agreement was amended to include Deutsche Bank. The interest rate, with respect to the peso tranche, is the Mexican Interbank Equilibrium Rate (TIIE) plus a margin between 1.25 and 1.5 points; and with respect to the U.S. dollar tranche is the London Interbank Offered Rate (LIBOR) plus a margin between 1.25 and 1.5 points. As of December 31, 2015 FUNO has not drawn against the credit line.

- vi. On June 26, 2015, FUNO completed the process of raising capital for a real estate investment vehicle through the issuance of CBFIs in the form of capital calls not subject to the taxation of a FIBRA. The total amount of committed capital is \$6,000,000, with an initial capital call of \$1,200,000. FUNO will be a co-investor in all projects of this vehicle with at least a 30% ownership stake. F1 Administracion, S. C., a subsidiary of FUNO will act as Trustor and Administrator of the vehicle. As of December 31, 2015 FUNO had not made any contribution to the vehicle.
- vii. On June 17, 2015, FUNO signed a current credit line with Banco Actinver, S. A, Institution of Banca Multiple (“Actinver”) Actinver Financial Group, for up to \$400 million a TIIE + 1.80 rate %, which has a maturity at 17 July 2016. As of December 31, 2015, FUNO has not made any drawdowns.
- viii. On April 1, 2015, FUNO made a prepayment on the U.S. dollar-denominated loan entered into with Metlife, in connection with FUNO’s acquisition of the Hilton Historic Center for \$30.4 million. The loan accrued interest at a fixed rate of 7.5%.
- ix. On February 4, 2015 FUNO issued bonds in two tranches in the Mexican market for a total amount of \$10,000 million. The first one for an amount of \$7,500 million, named FUNO 15, accrues interest at a fixed rate of 6.99% and has a maturity of 10 years. The second one was the reopening of the FUNO 13 issuance for an amount of \$2,500 million; this tranche accrues interest at the rate of TIIE plus 0.80%. The total amount of this tranche totals \$6,850 million.
- x. On December 18, 2014, a purchase-sale agreement was signed between FUNO and Opcion Volcan S. A. de C. V. to acquire the Portafolio called (“Utah”). The total amount of acquisition was US \$67 million. As of December 31, 2014, the transaction has not been concluded.
- xi. On August 26, 2014, a memo of understanding between FUNO and PREI Administradora, A. C. for the acquisition of the Portfolio called (“Kansas”), the total acquisition price was \$10.5 million. As of December 31, 2014, the transaction has not been concluded.
- xii. On June 10, 2014, FUNO made its fourth offering of CBFIs in the amount of 800,400,000 CBFIs at a price of \$41.00 pesos each, equivalent to \$32,816.4 million including over-allocation option and especial offering. The total amount of the certificates are presented net of issuance costs in the consolidated statements of changes in trustors’ capital. With the resources from this offering FUNO prepaid loans for \$4,214 million.
- xiii. On December 16, 2014, FUNO recorded the acquisition of a piece of land located

in Cancun, Quintana Roo, for the development of a shopping mall. The total acquisition price was \$407.9 million.

- xiv. On January 23, 2014, FUNO issued stock certificates in a global offering in two tranches, under the "Senior Notes" program; the first for an amount of US \$600 million for 10-year term, bearing interest at a fixed rate of 5.25%, and the second tranche for an amount of US \$400 million, for a 30-year term, bearing interest at a fixed rate of 6.95%. The principal for both issuances will be paid at maturity.
- xv. With the resources from the issuances mentioned above, during January and February 2014 FUNO made the full payment of the following credit lines:
 - 1. On February 5, 2014, a payment was made related to the loan agreement with Banamex in Mexican pesos, which accrued interest at TIIE rate plus a margin of 1.5 % with maturity on March 21, 2014 for principal and interest of \$349,755 and \$770, respectively.
 - 2. On February 4, 2014, the current loan with Actinver for principal and interest of \$300,000 and \$1,722, respectively, were paid in full.
 - 3. On February 4, 2014, an advanced payment was made related to the loan agreement (credit line), pledged by a mortgage guarantee with Inbursa for principal and interest of \$807,269 and \$5,799, respectively.
 - 4. On January 31, 2014, an advanced payment was made related to the loan with Banorte in Mexican pesos, which accrued interest at the TIIE rate plus a margin ranging from 1.7 % to 1.85 % with maturity on June 25, 2020 for principal and interest of \$3,339,846 and \$18,355, respectively.
 - 5. On January 31, 2014, an advanced payment was made related to the loan with Santander which accrued interest on unpaid balances at the 28-day TIIE rate plus a margin of 1.90% for principal and interest of \$650,000 and \$3,185, respectively.
 - 6. On January 30, 2014, FUNO made a payment under the loan with Deutsche Bank AG London Branch for principal and interest of US \$250 million and US \$795, respectively.
 - 7. On January 28, 2014, a payment was made a payment under the loan with BBVA Bancomer, which in Mexican pesos accrued interest at a TIIE rate plus a margin ranging from 1 to 1.3 % with maturity on April 28, 2020 for principal and interest of \$521,942 and \$2,122, respectively.
- xvi. On December 13, 2013, FUNO completed a public offering of long-term stock certificates in three tranches for an revolving loan of \$25,000,000 authorized by the National Banking and Securities Commission (CNBV for its acronyms in Spanish), from which 8,500,000 were withdrawn as of December 31, 2013 (see Note 14).
- xvii. On October 16, 2013, an agreement of terms and conditions was signed between

FUNO, HCM Comercial 3, S. de R. L. de C. V., and HCM Comercial 7, S. de R. L. de C. V. to acquire the portfolio denominated "Maine", which is comprised of the following: (i) a portion of the property identified as "Terminal Intermodal Guadalajara" of Ferrocarriles Nacionales de Mexico; (ii) the Private Unit UP/1 and Private Unit UP/2 which consists of two warehouses denominated "Parque Industrial Tecnológico III", located in the municipal of Tlaquepaque, in Jalisco; (iv) a lot located in the Industrial Condominium Casto del Rio, in Irapuato, Guanajuato; (v) a lot located in the Industrial Park San Francisco, located in San Francisco de los Romo, Aguascalientes; (vi) a mall known as Parte Uno located in Merida, Yucatan; and (vii) a lot located in the Condominium Industrial Park Logistic Fraction II in San Luis Potosi, San Luis Potosi. The total amount of the acquisition of the industrial properties is US \$86.5 million and the total amount for the acquisition of the mall is of \$439,500. As of December 31, 2013, the transaction had not been concluded and FUNO has made advance payments for \$311,000, as shown in the advanced payments for acquisition of investment property account (see Note 10).

- xviii. On September 9, 2013 an asset purchase contract was executed between FUNO and Premier Inmobiliaria Cuatro, S. de R. L. de C. V. to acquire the portfolio denominated ("California"). The total amount for the acquisition is US \$21.7 million. As of December 31, 2013 the transaction had not been concluded.
- xix. On September 9, 2013, an asset purchase contract was executed between FUNO and GP Bienes Inmuebles, S. A. de C. V., Desarrollos Integrales para la Edificacion, S. A. de C. V., and Interchange Park Partners Inc. to acquire the portfolio denominated ("California"). The total amount for the acquisition is US \$253 million. As of December 31, 2013 the transaction had not been concluded.
- xx. On July 1, 2013, a purchase contract was executed between FUNO and Citicapital, S. A. de C. V. to acquire the property denominated "Galerias Guadalajara" located in Guadalajara, Jalisco. As of December 31, 2013 the transaction had not been concluded and FUNO had made advanced payments of \$450,922, as shown in the advance payments for the acquisition of investment properties (see Note 10).
- xxi. On July 14, 2013, FUNO signed an asset purchase agreement to acquire the portfolio called "La Viga", which is integrated of one property and two plots of land located in Iztapalapa. The total amount for the acquisition is US \$33 million. As of December 31, 2013 FUNO has made advanced payments of US \$10 million, as shown in the advanced payments for acquisitions of investment properties. The remainder of the acquisition cost was paid upon transfer of title (see Note 10).
- xxii. On July 11, 2013, an agreement of terms and conditions between FUNO and Interindy, S. A. de C. V., Intersik, S. A. de C. V., Inmobiliaria Interpres, S. A. de C. V., Operadora Hotel Centro Historico, S. de R. L. de C. V. was signed to acquire the rights to the trust which holds the Hotel Centro Historico operated by Hilton, located in the Mexico City historic downtown. The amount of the acquisition was US \$31.7 million plus a payment in kind pursuant to the delivery of 21,775,000 CBFIs issued by FUNO, as a price of \$35 each, totaling \$762,125.
- xxiii. On May 2013, FUNO entered into an agreement to acquire the fiduciary rights

to 50% of a trust that will hold the assets related to the Torre Diana portfolio of investment properties. The assets in the trust are to be used to implement a development project, in which Reichmann International and Grupo Farca (each of which has a 25% share) participate with FUNO as trustors/beneficiaries. The total investment in this project is estimated to be approximately US \$164 million, of which up to US \$100 million will be contributed by the aforementioned trustors/beneficiaries and the rest through a bank loan payable by such trust. This portfolio is under development and FUNO estimates such project will have a total rentable space of 63,000m², of which it is expected that 50,000m² will be offices space and the remaining 4,000m² commercial areas. The project is expected to be complete in the first quarter of 2016. As of December 31, 2013, FUNO has made advanced payments for the development of Torre Diana of US \$24.5 million.

xxiv. On January 29, 2013, FUNO made its third offering of CBFIs in the amount of 444,444,444 CBFIs at a price of \$36.75 each, equivalent to \$16,333,333, as well as 66,666,667 CBFIs related to the overallotment option equivalent to the amount of \$2,450,000, and 88,888,889 CBFIs of the special offering, equivalent to the amount to \$3,266,666. The total amount of the certificates is 600,000,000 CBFIs and the total amount of the resources is \$22,050,000 and they are presented net of their issuance costs in the consolidated statements of changes in trustors' capital.

2. Basis of presentation

a. Reclassifications - Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2014 and 2013 have been reclassified to conform to the presentation in 2015.

3. Application of new and revised International Financial Reporting Standard

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

In the current year, FUNO has applied a number of amendments to IFRSs and new Interpretation issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2015.

b. New and revised IFRSs in issue but not yet effective

FUNO has not applied the following new and revised IFRSs that have been issued but are not yet effective::

IFRS 9	Financial Instruments ²
IFRS 14	Regulatory Deferral Accounts ¹
IFRS 15	Revenue from Contracts with Customers ²
IFRS 16	Leases ³

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to IAS 1	Disclosure Initiative ¹
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization ¹
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 10, IFRS 12 and IAS 18	Investment Entities: Applying the Consolidation Exception ¹ and IAS 28
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle ¹

- ¹ Effective for the annual periods starting from January, 1st 2016, allowing early application.
- ² Effective for the annual periods starting from January, 1st 2018, allowing early application.
- ³ Effective for the annual periods starting from January, 1st 2019, allowing early application.

The management of the FUNO do not anticipate that the application of these amendments will have a material effect on the Entity's consolidated financial statements.

4. Significant accounting policies

a. Statement of compliance

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

b. Basis of measurement

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

i. Historical Cost

The historical cost is usually based on the fair value of the consideration given in exchange for assets..

ii. Fair Value

Fair value is defined as the price that an entity would receive for selling an asset or that would be paid to transfer a liability in an orderly transaction among market participants in the market at the date of valuation.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of FUNO and its

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

Entity	Participation			Activity
	2015	2014	2013	
F1 Administracion	99.99%	99.99%	99.99%	Management services and necessary functions to operate FUNO's business.
F1 Controladora de Activos	99.99%	99.99%	99.99%	Administration, coordination and supervision and collection services to FUNO.
Fideicomiso F/00181 "Los Cabos, Baja California Sur"	100%	100%	100%	Real estate leasing
Fideicomiso F/00186 "Culiacan, Sinaloa"	100%	100%	100%	Real estate leasing
Fideicomiso F/00220 "Ayotla, State of Mexico"	100%	100%	100%	Real estate leasing
Fideicomiso F/00221" Parques Polanco, Mexico City"	100%	100%	100%	Real estate leasing
Fideicomiso F/00236 "Tepeji del Rio, Hidalgo"	100%	100%	100%	Real estate leasing
Fideicomiso F/00246 "Ixtapaluca, State of Mexico"	100%	100%	100%	Real estate leasing
Fideicomiso F/00257 "Juarez I Panamericana, Chihuahua"	100%	100%	100%	Real estate leasing
Fideicomiso F/00263 "Coatzacoalcos, Veracruz"	100%	100%	100%	Real estate leasing
Fideicomiso F/00276 "Pachuca, Hidalgo"	100%	100%	100%	Real estate leasing
Fideicomiso F/00277 "Poza Rica, Veracruz"	100%	100%	100%	Real estate leasing
Fideicomiso F/00312 "Juarez II Zaragoza, Chihuahua"	100%	100%	100%	Real estate leasing
Fideicomiso F/00468 "Galerias Diana, Acapulco Guerrero"	100%	100%	100%	Real estate leasing
Fideicomiso F/231274 "Tulancingo, Hidalgo"	100%	100%	100%	Real estate leasing
Fideicomiso F/233218 "Centrika, Monterrey, Nuevo Leon"	100%	100%	100%	Real estate leasing
Fideicomiso F/00493 "Fashion Mall, Chihuahua"	100%	100%	100%	Real estate leasing
Fideicomiso F/00478 "Texcoco, State of Mexico"	100%	100%	100%	Real estate leasing
Fideicomiso F/00561 "Aguascalientes, Aguascalientes"	100%	100%	100%	Real estate leasing
Fideicomiso F/00738 "Huehuetoca, State of Mexico"	100%	100%	100%	Real estate leasing

Fideicomiso F/00761 "Santa Fe, Mexico City"	100%	100%	100%	Real estate leasing
Fideicomiso F/00781 "Plaza del Lago, Cuautitlan, State of Mexico"	100%	100%	100%	Real estate leasing
Fideicomiso F/00740 "Centro Bancomer"	100%	100%	100%	Office real estate leasing
Fideicomiso 435/2004	100%	100%	100%	Industrial real estate leasing
Fideicomiso 547/2005	100%	100%	100%	Industrial real estate leasing
Fideicomiso 631/2005	100%	100%	100%	Industrial real estate leasing
Fideicomiso 635/2004	100%	100%	100%	Industrial real estate leasing
Fideicomiso 700/2006 "San Jose Segunda Etapa"	100%	100%	100%	Industrial real estate leasing
Fideicomiso 721/2006 "Ecatepec"	100%	100%	100%	Industrial real estate leasing
Fideicomiso 722/2006	100%	100%	100%	Industrial real estate leasing
Fideicomiso 1480/2014 "Parques Cuautitlan"	100%	100%	100%	Real estate leasing
Fideicomiso 1487/2014 "Queretaro"	100%	100%	100%	Industrial real estate leasing
Fideicomiso 1527/2014	100%	100%	100%	Industrial real estate leasing
Operadora CVC	100%	100%	-	Administrative services for the administration of domestic real estate
F1 Administracion	100%	-	-	Administrative services for the administration of F/2353

All intercompany balances and transactions have been eliminated.

The significant accounting policies follow by FUNO are:

d. Business combinations

- Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Trust, liabilities incurred by the Trust to the former owners of the acquiree and the equity interests issued by the Trust in exchange for control of the acquiree. Acquisition-related costs are generally recognized in statements of comprehensive income as incurred.
- At the acquisition date, all the identifiable assets acquired and all the liabilities assumed are recognized at their fair value.

e. Financial instruments

- Financial assets and financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instrument.
- Financial assets and financial liabilities are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability (other than financial assets and liabilities that are recognized at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets

or financial liabilities at fair value through profit or loss are recognized immediately in income.

- Subsequent measurement of financial instruments depends on the accounting category in which they are classified. Detail of the categories of financial instruments can be found in Note 12 and the accounting treatment for each category of financial instruments can be found in the accounting policies described below.

Cash

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

Restricted cash

- Restricted cash consists of cash in the custody in various trusts. Its use is restricted to the payment of the current debt service and interest under the loan agreement with Banco Nacional de Mexico, S. A. Institucion de Banca Multiple, Grupo Financiero Banamex (“Banamex”) and Blackstone (formerly “GE Real Estate Mexico”). Once payments are settled, funds remaining in these accounts will be released and may be used for the operation of FUNO.

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

- Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL.
- A financial asset is classified as held for trading if:
 - It has been acquired principally for the purpose of selling it in the near term; or
 - On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
 - It is a derivative that is not designated and effective as a hedging instrument.
- A financial asset other than a financial asset held for trading may be designated as of FVTPL upon initial recognition if:
 - Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
 - The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
 - It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.
- Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other income (expense), net, line item. Fair value is determined in the manner described in Note 13. The Investments in securities are trading and are recorded and valued as FVTPL.

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 sheet 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

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

Classification as debt or equity

- Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.
- The key feature in determining whether a financial instrument is a liability is the existence of a contractual obligation of FUNO 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 FUNO'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 FUNO receives contributions or acquires properties which do not constitute a business, in return for its equity instruments, the transaction is recorded as a payment to third parties (other than employees) payable with share-based equity instruments, which are valued at the fair value of the assets received, except where the value cannot be estimated reliably. The effects on the financial position are recorded in the statement of changes in trustors' capital as "equity contributions" and do not impact current earnings. The fair value of the properties is estimated as described in Note 9.

Financial liabilities

- Financial liabilities are classified as either financial liabilities at "FVTPL" or "other financial

liabilities". FUNO does not hold any financial liabilities at FVTPL.

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

Derecognition of financial liabilities

- FUNO derecognizes a financial liability when its obligations are discharged, canceled or expire.

Derivative financial instruments

- Financial instruments issued by FUNO, 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.

Embedded derivatives

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

f. 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 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 described below.
- Subsequent to initial recognition, investment properties are measured at fair value. Fair values are determined by independent appraisals recorded at the following times:
 - i. at the time an indicator 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 statement of 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 FUNO 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.
- The management of FUNO applies its judgment when determining whether an acquisition of an investment property or a portfolio of investment properties is a business combination or acquisition of assets. Particularly, the following criteria are considered:
 - i. The number of properties of land and buildings acquired.
 - ii. The extent to which significant processes are acquired and in particular the extent of ancillary services provided by the acquirer (e.g., maintenance, cleaning, security, bookkeeping, other property services, etc.).
 - iii. Whether the acquiree has allocated its own staff to manage the property and/or to deploy any processes (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information).

g. Investments in associates

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

h. Intangible assets

1. Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The administrative platform, the Trust's most significant intangible asset acquired in a business combination, is amortized on a straight-line basis over a period of 20 years.
2. Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the FUNO reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have

suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the FUNO estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

j. Borrowing costs

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

k. CBFIs based payment

1. Share-based payment transactions of FUNO

Equity-settled share-based payments to employees and others providing similar services to FUNO are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled CBFIs based transactions are set out in Note 18.

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

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

For cash-settled CBFIs-based payments, a liability is recognized for the goods or services

acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

l. Provisions

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

m. Deposits from tenants

FUNO 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 above) and are initially recognized at fair value. If a relevant difference from the fair value and the cost at which the liability was initially recorded arises, it would be considered as an initial rent payment and consequently, it would be amortized over the lease term. The deposit would subsequently be measured at amortized cost.

n. Rental revenue

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

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

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

o. Income taxes

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

p. Foreign currency

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

q. Statement of cash flows

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

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of FUNO's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgments in applying accounting policies

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

Lease classification

- As explained in Note 4, leases are classified based on the extent to which risks and rewards incidental to ownership of a leased asset lie with FUNO or the tenant, depending on the substance of the transaction rather than the form of the contracts. FUNO 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.

Business combinations

- Management of the Trust applies its judgment when determining whether an acquisition of an investment property or a portfolio of investment properties is a business combination or an asset acquisition. Particularly, the following criteria are considered:
 - i. The number of properties of land and buildings acquired.
 - ii. The extent to which significant processes are acquired and in particular the extent of ancillary services provided by the acquiree (e.g., maintenance, cleaning, security, bookkeeping, other property services, etc.).
 - iii. Whether the acquiree has allocated its own staff to manage the property and/or to deploy any processes (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information).

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

b. Key sources of estimation uncertainty

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

Valuation of investment properties

- In order to estimate the fair value of the investment properties, management, with the assistance of an independent appraiser, selects the appropriate valuation techniques given the particular circumstances of each property and valuation. Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, and maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and recent investment property prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially.
- There have been no changes to valuation techniques during 2015, 2014 and 2013. The management of FUNO considers that valuation techniques and critical assumptions used are appropriate to determine the fair values of its investment properties.

6. Cash and restricted cash

	2015	2014	2013
Cash	\$ 5,777,368	\$ 181,675	\$ 789,675
Restricted cash:			
Financial reserve for bank loans	218,550	319,173	574,783
Total cash and restricted cash	\$ 5,995,918	\$ 500,848	\$ 1,364,458

7. Financial investments

	2015	2014	2013
Trading investments - Government securities	\$ 2,300,596	\$ 19,528,446	\$ 723,976

8. Lease receivables and others

	2015	2014	2013
Lease receivables	\$ 856,497	\$ 722,986	\$ 542,179
Allowance for doubtful accounts	(105,151)	(59,483)	(18,270)
	751,346	663,503	523,909
Other receivables	46,523	100,220	208,539
	\$ 797,869	\$ 763,723	\$ 732,448

a. Lease receivables and credit risk management

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

On a combined basis, and considering only the figures during 2015, 2014 and 2013, Wal Mart and Santander tenants represents 12.70%, 13% and 7% of lease revenue, respectively.

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

FUNO estimates an allowance for doubtful accounts to provide for unrecoverable amounts receivable. The estimation consist of 100% of past due accounts in legal procedure, 20% of past due accounts under extrajudicial processes and 100% of impairments approved by the Collection Committee. The allowance is reviewed on a periodic basis

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

Currently, FUNO holds monthly collection levels equal to its monthly billing period; business practices and negotiation allow FUNO to maintain its accounts receivable with maturities of no greater than 90 days. Accounts receivable that are in extrajudicial process are not significant, for which no reserve of uncollectible amounts has been recognized.

9. Investment properties

Fair Value	2015	2014	2013
Investment property for leasing	\$ 137,830,327	\$ 102,889,460	\$ 76,667,511
Investment property under development	12,115,917	8,538,012	9,834,517

Property interests held under operating leases	2,403,690	2,403,690	2,403,690
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	\$ 152,349,934	\$ 113,831,162	\$ 88,905,718
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	Type	Number of properties	2015	2014	2013
Balance at the beginning of the period			\$ 113,831,162	\$ 88,905,718	\$ 29,853,455

Acquisitions:

Kansas Portfolio	Offices	12	10,452,127	-	-
Alaska Portfolio	Offices	6	5,246,766	-	-
Indiana Portfolio	Retail	13	3,190,000	-	-
Buffalo Portfolio	Development	1	2,820,418	-	-
Lamar Portfolio	Retail	4	2,295,000	-	-
Oregon Portfolio	Retail	3	1,626,000	-	-
Utah Portfolio	Offices	1	1,010,664	-	-
Cuatipark II	Industrial	1	783,500	-	-
Florida	Oficinas	1	640,098	-	-
Artificios No. 40	Oficinas	1	52,950	-	-
Samara	Mixto	1	-	5,586,000	-
R-15 Portfolio	Comercial	2	-	3,835,434	-
California Portfolio	Industrial	29	-	3,638,928	-
Maine Portfolio	Mixto	6	-	1,673,636	-
Centro Historico Hotel	Comercial	1	-	1,173,506	-
La Viga	Oficinas	1	-	414,870	-
P4	Oficinas	2	-	280,300	-
Corporativo San Mateo	Oficinas	1	-	120,979	-
Apolo Portfolio	Comercial	49	-	-	24,400,274
G30 Portfolio	Mixto	30	-	-	10,865,473
Vermont Portfolio	Industrial	34	-	-	4,820,737
P8 Portfolio	Oficinas	8	-	-	2,411,500
Centro Bancomer	Oficinas	1	-	-	1,633,150
Universidad Autonoma de Guadaluajara	Comercial	1	-	-	580,075
Delaware Portfolio	Mixto	1	-	-	514,852
Pace Industries	Industrial	1	-	-	226,728
Edificio Corporativo Posadas	Oficinas	1	-	-	195,018
Parque Empresarial Cancun	Industrial	1	-	-	177,500

Tanara Aguascalientes	Comercial	1	-	-	50,000
Morado Portfolio	Mixto	16	-	-	1,620
Villa Hermosa	Comercial	1	-	-	9,315
Construction in progress			5,808,522	3,805,582	8,684,236
Fair value adjustments to investment properties (1)			4,592,727	4,396,209	4,481,785

Balance at the end of the period	\$ 152,349,934	\$ 113,831,162	\$ 88,905,718
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Significant assumptions utilized in determining fair value are as follows:

- a. CAP rate** - This is a rate of profitability of a real estate investment property based on the expected income that the property will generate. The capitalization rate has been used to estimate the potential investor return on its investment, and is obtained by dividing the income generated from the properties, after fixed costs and variable expenses, by the total property value. CAP rates used in the Trust's discounted cash flows range from 7.75% to 9.25% in retail properties, from 7.25% to 9.00% in industrial properties and from 7.75% to 9.75% in offices. The CAP rate is determined by property, considering the geographic location, occupancy and/or vacancy percentage, remaining lease term, use and type of real estate, quality of the tenants, open and competitive market prices for in similar real estate properties in terms of use and type, income in dollars or pesos (both cases), country risk, inflation, and rental periods or terms. As of December 31, 2015, 2014 and 2013, a change of +25 basis points in the CAP rate used for the valuation of the properties would result in a decrease in the fair value of investment properties and investment in associates of approximately \$4,403,859, \$3,504,335 and \$2,920,244, respectively.
- b. Value per square meter in average leases (GLA)** - This is obtained based on the use and construction classification of the property, bearing in mind its useful 2,920,244 and rentable area. Value in Mexican Pesos per square meter for average rentals used in the Trust's discounted cash flows range from \$41 to \$994 in retail properties, from \$15 to \$261 in industrial properties and from \$56 to \$711 in offices. An increase in value per square meter for average rentals would result in an increase in the fair value of investment properties, while a decrease would have the opposite effect.
- c. Discount rate** - Is obtained from considering the geographic location, occupancy and/or vacancy percentage, remaining lease term, use and type of real estate, quality of the tenants, open and competitive market prices for in similar real estate properties in terms of use and type, income in dollars or pesos (both cases), country risk, inflation, and rental periods or terms. Discount rates used in the Trust's discounted cash flows range from 7.25% to 9.25% in retail properties, from 7.25% to 9.00% in industrial properties and from 7.75% to 9.75% in offices. An increase in the discount rate would result in a lower fair value of the Trust's investment properties, while a decrease would have the opposite effect.

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

All the investment properties of FUNO are held under absolute control.

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

Management considers different valuation techniques under the income, market and cost approaches, to estimate the fair value of investment properties and selects the most appropriate considering the particular circumstances of the property and availability of information, seeking to maximize the use of observable data. First, FUNO considers whether current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts are available. However, in most cases, it uses a discounted cash flows technique given the availability of information.

The discounted cash flows valuation technique requires the projection of future estimated cash flows from a property in operation or under development. Future estimated cash flows include revenues taking into account occupancy rates and uncollectibility, less operating expenses. These cash flows are discounted at an appropriate discount rate, derived from market participants' assumptions to determine the present value of the cash flows, which represent fair value.

10. Advanced payment for the acquisition of investment property

	2015	2014	2013
Fideicomiso F/249688	\$ -	\$ 506,736	\$ -
PREI Administradora, S. C.	-	400,000	-
Opcion Volcan, S. de R. L. de C. V.	-	188,755	-
Portafolio Florida	-	25,604	-
Citicapital, S. A. de C. V.	-	-	450,922
HCM Comercial 3, S. de R. L. de C. V.	-	-	311,000
Others	-	-	136,113
	\$ -	\$ 1,121,095	\$ 898,035

11. Investments in associates

	Participation %	2015	2014	2013
Torre Mayor (1)	49%	\$ 2,416,838	\$ 2,295,524	\$ 2,032,073
Torre Diana	50%	697,051	558,487	309,517

\$ 3,113,889 \$ 2,854,011 \$ 2,341,590

(1) The Trust accounts for this investment under equity method, as required by IFRS, given the nature of the investment.

12. Other assets

	2015	2014	2013
Administrative platform (1)	\$ 2,043,674	\$ 2,043,674	\$ 2,043,674
Implementation fees	440,800	440,800	440,800
Accumulated amortization	(392,949)	(194,984)	-
Others	30,000	-	-
	\$ 2,121,525	\$ 2,289,490	\$ 2,484,474

(1) The acquired administrative platform includes staff, technology and processes.

13. Financial instruments

Categories of financial instruments

	2015	2014	2013
Financial assets:			
Cash and restricted cash		\$ 500,848	\$ 1,364,458
Investment in government securities	2,300,596	19,528,446	723,976
Lease receivables	797,869	763,723	732,448
Due from related parties	-	-	125,609
Financial liabilities:			
At amortized cost -			
Trade accounts payable	\$ 2,006,558	\$ 1,458,916	\$ 7,959,361
Due to related parties	104,488	-	60,767
Borrowings	54,815,515	36,311,306	34,442,020
Deposit from tenants	702,303	474,809	389,578

Capital management

- FUNO manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to partners through the optimization of the debt and equity balances.
- FUNO's capital consists of debt and trustors' capital. FUNO's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable CBF distributions, to fund leasing costs and capital expenditure requirements, and to provide for resources needed to acquire new properties.
- Management uses certain financial ratios related to debt, equity and earnings distributions to ensure capital adequacy and monitor capital requirements. The primary ratios used for

assessing capital management are the Loans to Value (“LTV”) and the Debt Service Coverage ratios (“DSCR”). These indicators assist FUNO in assessing that the debt level maintained is sufficient to provide adequate cash flows for unit holder distributions and capital expenditures, and for evaluating the need to raise funds for further expansion.

- FUNO’s Trust Agreement limits its borrowings to the minimum amount between an LTV ratio of 50% and a DSCR ratio of 1.2. For the year ended December 31, 2015, 2014 and 2013 FUNO’s LTV and DSCR were 32%, 25% and 30% , 2, 4.4 and 8.36 times, respectively.

Financial risk management objective

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

Market risk management

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

Interest rate risk management

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

Interest rate sensitivity analysis

- The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.
- If interest rates had been 100 basis points higher/lower and all other variables were held constant, FUNO’s net income and trustors’ capital for the year ended December 31, 2015, 2014

and 2013, would have decreased/increased by approximately \$528 million, \$363 million and \$344 million, respectively.

Foreign currency risk management

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

a. The foreign currency monetary position is as follows:

	2015	2014	2013
US dollars (thousands):			
Monetary assets	341,769	66,473	74,548
Monetary liabilities	(1,760,346)	(1,712,729)	(746,209)
Net monetary liability position	(1,418,577)	(1,646,256)	(671,661)
Equivalent in Mexican pesos	\$ (24,597,841)	\$ (24,257,253)	\$ (8,775,385)

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

	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2016
US dollars	\$ 17.3398	\$ 14.7348	\$ 13.0652	\$ 17.4015

Foreign currency sensitivity analysis

- As of December 31, 2015, in the opinion of the management, the current exchange rate risk as a function of US dollar-denominated debt service is not significant, given a natural hedge provided by revenues also denominated in that currency. As of December 31, 2015, FUNO obtained three borrowings in US dollars from different financial institutions. As of December 31, 2014, FUNO obtained three borrowings in US dollars from different financial institutions. As of December 31, 2013, FUNO obtained six borrowings in US dollars from different financial institutions.
- If exchange rates had been one Mexican peso per US dollar higher/lower and all other variables were held constant, the Trust's net income and trustors' capital for the year ended December 31, 2015, 2014 and 2013 would have decreased/increased by \$1,418,577, \$1,646,256 and \$671,661, respectively.

Credit risk management

- Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to FUNO. Substantially all FUNO 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 tenants fail to make rental payments when due or close their businesses or declare bankruptcy.
- As of December 31, 2015, 2014 and 2013, 10 largest tenants occupied approximately 27.1%, 25% and 30% of the total leasable area, respectively, and represented approximately 26.6%, 22%

and 28% of revenues attributable to the Trust's investment property portfolio for the years then ended, respectively. In addition, as of December 31, 2015, one tenant occupied 708,114 of 6,637,904 m² of the total leasable area of FUNO, which represents approximately 8.6% of the total leasable area and approximately 9.5% of the rental revenues for the year the ended. As of December 31, 2014, one tenant occupied 715,389 of 5,951,200 square meters of the total leasable area of FUNO, which represents approximately 12% of the total leasable area and approximately 11% of the rental revenues for the year the ended. As of December 31, 2013, one tenant occupied 709,399 of 4,949,403 square meters of the total leasable area of FUNO, which represents approximately 14% of the total leasable area and approximately 15% of the rental revenues for the year the ended.

- FUNO has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.
- Credit risk arises from balances of cash and cash equivalents, accounts receivable, and amounts due from related parties and financial investments. The maximum exposure to credit risk is the balance of each of those accounts as shown in the statement of financial position.

Liquidity risk management

- Liquidity risk represents the risk that FUNO 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 FUNO's Technical Committee, which has established an appropriate liquidity risk management framework for the management of FUNO's short-, medium- and long-term funding and liquidity management requirements. FUNO 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 FUNO's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which FUNO may be required to pay such obligations. The tables include cash flows related to both interest and principal. To the extent that interest is based on a variable rate, the undiscounted amount is derived from the spot interest rates at the end of the reporting period.

	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2015				
Trade accounts payable	\$2,006,558	\$ -	\$ -	\$ 2,006,558
Due to related parties	104,488	-	-	104,488

Borrowings	13,039,925	22,132,729	50,215,965	85,388,619
Deposit from tenants	133,436	379,244	189,623	702,303

	\$ 15,284,407	\$ 22,511,973	\$ 50,405,588	\$ 88,201,968
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	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2014				
Trade accounts payable	\$ 1,458,916	\$ -	\$ -	\$ 1,458,916
Borrowings	3,737,182	21,852,532	31,789,727	57,379,441
Deposit from tenants	-	275,389	199,420	474,809
	\$ 5,196,098	\$ 22,127,921	\$ 31,989,147	\$ 59,313,166

	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2013				
Trade accounts payable and accrued expenses	\$ 7,959,361	\$ -	\$ -	\$ 7,959,361
Due to related parties	60,767	-	-	60,767
Borrowings	7,560,182	25,018,267	9,582,898	42,161,347
Deposit from tenants	-	225,955	163,623	389,578
	\$ 15,580,310	\$ 25,244,222	\$ 9,746,521	\$ 50,571,053

- On December 31, 2015 and 2014, the interest payable in future periods, based on the terms of the outstanding loan contracts, amounts to slightly over \$30,573 million pesos, \$21,068 million pesos and \$7,719 million pesos, respectively and should be considered in addition to the amounts indicated in the table of maturities.

Fair value of financial instruments

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

Financial assets/financial liabilities	Fair value as of			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/15	31/12/14	31/12/13				
Investment in government values	\$		\$ 723,976	Level 1	Market value. The fair value of these investments is measured with quoted prices (unadjusted) in active markets for identical 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) are of a short-term nature and, in some cases, bear interest at rates tied to market indicators. Accordingly, FUNO believes that their carrying amounts approximate their fair value. Further, deposits from tenants approximate their fair value since the discount rate used to estimate their fair value upon initial recognition has not changed significantly.
- The following table presents the carrying amounts and fair values of borrowings:

	December 31, 2015		December 31, 2014		December 31, 2013	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
Senior notes	\$ 22,541,740	\$ 22,529,533	\$ 14,734,800	\$ 15,721,231	\$ -	\$ -
Long-term CBFIs	18,640,824	18,125,493	8,593,654	8,826,091	8,500,314	8,500,314

Blackstone (formerly GE Real Estate Mexico)	8,866,400	9,062,159	9,354,298	8,584,888	10,678,256	8,578,817
Inbursa	2,000,000	2,029,817	-	-	-	-
Bancomext	1,335,043	1,419,785	1,190,423	1,209,384	1,102,768	1,102,436
HSBC	1,214,184	1,303,375	1,231,663	1,354,829	-	-
Met Life	-	-	848,294	949,074	403,302	441,855
Banamex	217,324	229,533	358,174	349,763	2,457,448	2,439,820
Deutsche Bank	-	-	-	-	3,266,300	3,266,300
Banco Mercantil del Norte	-	-	-	-	3,259,169	3,367,016
BBVA Bancomer	-	-	-	-	2,524,193	2,492,687
Banco Inbursa	-	-	-	-	1,300,270	1,433,596
Actinver	-	-	-	-	300,000	300,000
Santander	-	-	-	-	650,000	600,140

\$ 54,815,515 \$ 54,699,695 \$ 36,311,306 \$ 36,995,260 \$ 34,442,020 \$ 32,522,981

- On December 31, 2015 and 2014, the amounts of the costs of transaction were \$482,480, \$390,672 and \$139,594, respectively, (see Note 14).

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using actual transaction prices from observable markets and quotes for similar instruments. In particular, the fair value of long-term debt, which is considered a Level 3 measurement as per below, was determined using a discounted cash flow model using estimates of current market rates based on observable future curves for TIIE and a credit spread estimated from observable credit spreads for similar entities adjusted as needed.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices

included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

14. Borrowings

Summary at December 31, 2015						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	G-30 Banamex (Izt Ps.) 173.8 million FID 547	MXN	TIIIE + 1.90%	February, 2021	\$ 157,223	-
Mortgage	G-30 Banamex (Izt Us.) US 4 million FID 547	USD	Libor + 1.90%	February, 2021	-	3,466
Mortgage	G-30 Blackstone (for- merly GE) Fid. 721/722 \$1,480 million	MXN	7.75%	October, 2016	1,366,756	-
Mortgage	Morado Blackstone (formerly GE) US 254.2 million	USD	3.40%	July, 2016	-	238,943
Mortgage	Morado Blackstone (formerly GE) US 179 million	USD	Libor + 2.70%	July, 2016	-	42,703
Mortgage	Morado Blackstone (formerly GE) \$864.8 million	MXN	6.46%	July, 2016	831,632	-
Mortgage	Morado Blackstone (formerly GE) \$898 million	MXN	6.46%	July, 2016	864,468	-
Mortgage	Finsa Bancomext US 84.7 million	USD	4.89%	October, 2020	-	76,993
Mortgage	Finsa Blackstone (for- merly GE) US 58.7	USD	Libor + 3.45%	July, 2018	-	53,049
Mortgage	HSBC Samara	USD	Libor + 2.0%	September, 2021	-	15,301
Mortgage	HSBC Samara	MXN	TIIIE + 2.0%	September, 2021	948,868	-
Mortgage	Inbursa	MXN	TIIIE + 2.0%	November, 2016	2,000,000	-
Debt bonds	Nacional	MXN	8.40%	December, 2023	2,000,000	-
Debt bonds	Nacional	MXN	TIIIE + 0.80%	June, 2019	6,850,058	-
Debt bonds	Nacional	MXN	6.99%	July, 2025	7,500,000	-
Debt bonds	Nacional	UDIS	5.09%	December, 2028	2,290,766	-
Debt bonds	International	USD	5.25%	January, 2024	-	600,000
Debt bonds	International	USD	6.95%	January, 2044	-	400,000
Debt bonds	International	USD	5.25%	January, 2026	-	300,000
December 31, 2015					\$ 24,809,771	1,730,455

Exchange rate

\$ 17.3398

\$ 30,005,744

Total equivalent in Mexican pesos	54,815,515
Current	(10,123,627)
Non-current	44,691,888
Debt issuance costs	(482,480)

\$ 44,209,408

Summary at December 31, 2014						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	Banamex \$173.8 million (G-30 FID 547 Izt)	MXN	TIIE + 1.90%	February, 2021	\$ 163,617	-
Mortgage	Banamex USD 4 million (G-30 FID 547 Izt)	USD	Libor + 1.90%	February, 2021	-	3,671
Mortgage	Banamex USD 10 million (G-30 FID 909 Tranche Tultipark)	USD	Libor + 1.80%	July, 2015	-	9,531
Mortgage	MetLife \$450 million (G-30 FID 435)	MXN	10.11%	February, 2016	393,368	-
Mortgage	GE Capital Real Estate USD 19.5 million (G-30 Tultipark)	USD	Libor + 1.80%	July, 2015	-	18,501
Mortgage	GE Capital Real Estate \$1,480 million (G-30 Fid. 721/722)	MXN	7.75%	October, 2016	1,404,873	-
Mortgage	GE Capital Real Estate USD 254.2 million (Morado)	USD	3.10%	July, 2016	-	243,940
Mortgage	GE Capital Real Estate USD 179 million (Morado)	USD	Libor 2.5875%	July, 2016	-	105,260
Mortgage	GE Capital Real Estate \$864.8 million (Morado)	MXN	6.16%	July, 2016	842,818	-
Mortgage	GE Capital Real Estate \$898 million (Morado)	MXN	6.16%	July, 2016	875,858	-
Mortgage	Bancomext USD 84.7 million (Finsa)	USD	4.89%	November, 2020	-	80,801
Mortgage	GE Capital Real Estate USD 58.7 (Finsa)	USD	Libor + 3.45%	July, 2018	-	55,148
Mortgage	Metlife USD 31.1 million (Hotel Centro Historico)	USD	7.50%	July, 2015	-	30,874
Mortgage	HSBC USD 16.1 million (Samara)	USD	Libor + 2.0%	September, 2021	-	16,043
Mortgage	HSBC \$997.7 million (Samara)	MXN	TIIE + 2.0%	September, 2021	995,278	-
Debt bonds	National	MXN	8.40%	December, 2023	2,000,000	-
Debt bonds	National	MXN	TIIE + 0.80%	June, 2019	4,350,058	-
Debt bonds	National	UDIS	5.09%	December, 2028	2,243,613	-
Debt bonds	International	USD	5.25%	December, 2024	-	600,000

Debt bonds	International	USD	6.95%	January, 2044	-	400,000
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December 31, 2014					\$ 13,269,483	1,563,769
Exchange rate						\$ 14.7348
						\$ 23,041,823
Total equivalent in Mexican pesos						36,311,306
Current						(1,791,924)
Non-current						34,519,382
Cost of transaction						(390,672)
						\$ 34,128,710

Summary at December 31, 2013						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	Banamex \$173.8 million (G-30 FID 547 lzt)	MXN	TIIE + 1.90%	February, 2021	\$ 334,166	-
Mortgage	Banamex USD 4 million (G-30 FID 547 lzt)	USD	Libor + 1.90%	February, 2021	-	3,872
Mortgage	Banamex USD 10 million (G-30 FID 909 Tranche Tulti-park)	USD	Libor + 1.80%	July, 2015	-	9,813
Quirographer	Inbursa (G-30)	MXN	TIIE + 3.95%	May, 2020	493,000	-
Mortgage	MetLife \$450 million (G-30 FID 435)	MXN	10.11%	February, 2016	403,302	-
Mortgage	GE Capital Real Estate USD 19.5 million (G-30 Tultipark)	USD	Libor + 1.15%	July, 2015	-	19,018
Mortgage	GE Capital Real Estate \$1,480 million (G-30 Fid. 721/722)	MXN	9.93%	October, 2016	2,112,004	-
Mortgage	GE Capital Real Estate USD 254.2 million (Morado)	USD	2.20%	July, 2016	-	248,588
Mortgage	GE Capital Real Estate USD 179 million (Morado)	USD	Libor 1.80%	July, 2016	-	147,364
Mortgage	GE Capital Real Estate \$864.8 million (Morado)	MXN	6.52%	July, 2016	857,362	-
Mortgage	GE Capital Real Estate \$898 million (Morado)	MXN	6.52%	July, 2016	890,680	-
Mortgage	Bancomext USD 84.7 million (Finsa)	USD	4.89%	November, 2020	-	84,405
Mortgage	GE Capital Real Estate \$36.4 millones (Finsa)	MXN	Libor + 4.0%	January, 2016	36,431	-
Mortgage	GE Capital Real Estate USD 104.1 (Finsa)	USD	Libor + 4.0%	July, 2018	-	104,102
Quirographer	Deutsche Bank AG, London Branch	USD	Libor + 2.50%	December, 2014	-	250,000
Quirographer	Banorte (Apolo)	MXN	TIIE + 1.85%	June, 2020	3,259,169	-
Quirographer	Bancomer (Apolo)	MXN	TIIE + 1.3%	January, 2015	524,193	-
Quirographer	Banamex (Apolo)	MXN	TIIE + 5.2855%	March, 2015	1,944,486	-
Quirographer	Bancomer	MXN	TIIE + 1.20%	September, 2014	2,000,000	-

Mortgage	Inbursa	MXN	TIIIE + 3.95%	May, 2020	807,269	-
Mortgage	Santander	MXN	TIIIE + 1.90%	December, 2018	650,000	-
Quirographer	Actinver	MXN	TIIIE + 1.28%	June, 2014	300,000	-
Debt bonds	National	MXN	8.40%	December, 2023	2,000,000	-
Debt bonds	National	MXN	TIIIE + 0.80%	June, 2019	4,350,000	-
Debt bonds	National	UDIS	5.09%	November, 2028	2,150,313	-

December 31, 2013

\$ 23,112,375

867,162

Exchange rate	\$ 13.0652
	\$ 11,329,645
Total equivalent in Mexican pesos	34,442,020
Current	(7,032,036)
Non-current	27,409,984
Cost of transaction	(139,594)

\$ 27,270,390

The Trust's loan agreements contain various affirmative and negative covenants, for which FUNO was in compliance as of the date of issuance of the accompanying consolidated financial statements. The most significant covenants are described below:

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

The maturities of long-term portion of long-term debt at December 31, 2015 are

2017	\$ 182,609
2018	990,392
2019	7,001,742

2020	1,107,715
2021	1,076,914
2022 y años posteriores	34,332,516

\$ 44,691,888

15. Trade accounts payable and accrued expenses

	2015	2014	2013
Accounts payable for acquisition of investment property	\$ 1,373,899	\$ 1,083,134	\$ 6,950,133
Trade accounts payable	86,945	112,277	940,294
Accrued expenses	434,413	996,919	228,120
Interest payable	545,714	263,505	68,934
	\$ 2,440,971	\$ 2,455,835	\$ 8,187,481

16. Deferred revenues

On November 2013, FUNO received a thirty-six month advanced payment related to a lease, ending on October 2016, from FW Industrial Partners II, S. de R. L. de C. V., which will be amortized in \$285 per payment. The amounts of long-term deferred revenues at December 31, 2015, 2014 and are \$261,968, \$159,174 and \$103,445, respectively.

17. Transactions and balances with related parties

Balances and transaction between FUNO and its subsidiaries, which are related parties of FUNO, have been eliminated of the consolidation and are not disclosed within this note. Further, the transactions with other related parties are detailed below

a. Transactions with related parties were as follows:

Income:	2015	2014	2013
F1 Administracion:			
Administration fees 1.25% (1)	\$ 38,333	\$ -	\$ -

Expenses:**FUNO Administracion:**

Capitalized acquisition fees 3% (2)	\$ 828,116	\$ 949,263	\$ 969,075
Management fees 0.5% (2)	\$ 533,224	\$ 370,869	\$ 225,778
Acquisition fees 3% (2)	\$ -	\$ -	\$ 769,830

Parks Desarrolladora, S. A. de C. V.:

Capitalized received services (5)	\$ 1,801,200	\$ 880,810	\$ 881,097
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Coordinadora de Inmuebles Industriales, S. A. de C. V.:

Capitalized received services	\$ 855,943	\$ 689,000	\$ 321,401
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Jumbo Administracion:

Real Estate management services (4)	\$ 433,513	\$ 352,480	\$ -
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F2 Services: Administrative services (3)	\$ 395,400	\$ 305,114	\$ 131,200
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E- Administracion y Construcion, S. A. de C. V.

Capitalized received services	\$ 207,607	\$ 134,357	\$ 62,776
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Luxe Administracion y Control Inmobiliario, S. A. P. I. de C. V.

Services received (6)	\$ 89,657	\$ 44,837	\$ 42,186
	\$ 2,375	\$ 3,038	\$ 1,734

Cabi Inver, S. A. de C. V.

Services received (6)	\$ -	\$ 742	\$ 1,734
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1. FUNO pays an administration fee in an amount equal to 1.25% of the maximum amount of investment.
2. FUNO pays an annual fee in an amount equal to 0.5% of the trustors' capital and a 3 % of the total value of acquired properties or contributed by other third parties, plus any applicable value-added taxes in exchange for advisory services.
3. FUNO pays a monthly fee in an amount equal to 2% of the lease payments received, plus any applicable value-added taxes in exchange for administrative services.
4. FUNO pays for real estate management services at an amount equivalent to 3% of monthly revenues collected related to rent, uses of spaces (kiosks or islands), management and maintenance fees, advertising and income from parking from the Morado portfolio.
5. FUNO executed a real state oversight services agreement. Fee is payable based on the construction progress.
6. FUNO pays to Cabi Inver, S. A. de C. V. and to Luxe Administracion y Control Inmobiliario, S. A. P. I. de C. V. the equivalent of 5% of the rental amount under each new lease agreement (not including renewals or extensions of existing lease agreements) that it enters into as a result of their involvement, for a period of five years, beginning on the effective date of the lease agreement.

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

b. Balances with related parties are as follows:

	2015	2014	2013
Due from related parties:			
Jumbo Administracion	\$ -	\$ -	\$ 107,218
GICSA, S. A. de C. V.	-	-	18,391
	\$ -	\$ -	\$ 125,609
Due to related parties:			
FUNO Administracion	\$ 88,951	\$ -	\$ 56,250
Jumbo Administracion	14,555	-	4,517
Parks Mantenimiento, S. C.	982	-	-
	\$ 104,488	\$ -	\$ 60,767

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

18. CBFIs-based payments

At the annual Trustee Committee Meeting held on April 4, 2014, the trustee approved a long term executive compensation plan payable through a grant of 162,950,664 CBFIs payable in 10 years and granting no more than the 10% per year, except in the case that in previous years has not been granted the 10%, then it will be able to grant up to 20% per year. FUNO records as expense on a straight-line basis during the vesting period, an estimate of the CBFIs that eventually will be vested. At the end of the year FUNO will revise and adjust the estimate of the number and amount of CBFIs that expects will be awarded, by the support of valuations made by independent qualified experts. The effect of the revision of original estimates could differ significantly. For the years ended December 31, 2015 and 2014, compensation cost totaled \$587,792 and \$530,280; respectively. During 2015, 8,734,156 CBFIs were issued as part of this plan.

19. Trustors' capital

Contributions

- a. FUNO was established by an initial contribution from the trustors of \$1 plus the resources obtained from issuance of CBFIs.
- b. As of December 31, 2015 there were 3,197,579,138 CBFIs outstanding, as of December 31, 2014 there were 2,878,386,926 CBFIs and as of December 31, 2013 there were 1,809,013,266 CBFIs outstanding and 486,099,534, 805,291,746 and 524,056,406, respectively in treasury not in circulation.
- c. During 2014, FUNO agreed and paid off accounts payable for the acquisition of investment properties through the

issuance of CBFIs in the amount of \$3,912,267.

- d. On January 29, 2013, FUNO made its third offering of CBFIs in the amount of 444,444,444 CBFIs at a price of \$36.75 each, equivalent to \$16,333,333, as well as 66,666,667 CBFIs related to the overallotment option equivalent to the amount of \$2,450,000, and 88,888,889 CBFIs of the special offering, equivalent to the amount to \$3,266,666. The total amount of the certificates is 600,000,000 CBFIs and the total amount of the resources is \$22,050,000 and is shown net of the issued expenses in the consolidated statements of changes in trustors' capital.
- e. During 2013, and as part of the acquisition of the Portfolio G-30, properties were contributed in exchange for 202,899,497 CBFIs valued at \$28.1004 each, based on the fair value of the property contributed, for an amount of \$5,701,557, and 33,802,435 CBFIs valued at \$28.0157 per CBFI, based on the fair value of the property contributed, for an amount of \$946,999.

Distributions

FUNO's Technical Committee has approved and paid distributions out of tax revenue accounts to CBFI holders as follows:

Distribution date	Distributions
November 9, 2015	\$ 1,525,891
August 7, 2015	1,499,273
May 11, 2015	1,470,961
February 16, 2015	1,407,521
Total December 31, 2015	\$ 5,903,646
November 7, 2014	\$ 1,432,474
August 11, 2014	1,154,948
May 9, 2014	826,813
February 13, 2014	868,327
Total December 31, 2014	\$ 4,282,562
November 11, 2013	\$ 814,771
July 23, 2013	738,256
May 9, 2013	581,786
January 31, 2013	355,115
Total December 31, 2013	\$ 2,489,928

Net income per basic CBFI was calculated by dividing the net income for the period between the weighted average number of CBFIs with economic rights outstanding amounting to 3,009,889,913 CBFIs, 2,454,936,157 and 1,567,549,974 CBFIs for 2015, 2014 and 2013, respectively. Diluted net income per CBFI considered dilutive shares, as if the shares have been outstanding as of the date they were issued. Weighted average CBFIs considering dilutive CBFIs amounts to 3,495,989,347 CBFIs, 3,260,227,903 CBFIs and 2,038,903,083 CBFIs, respectively.

20. Income taxes

In order to maintain FIBRA status, the tax authority "SAT" has established, per articles 187 and 188 of the Mexican Income Tax Law, that FUNO must annually distribute at least 95% of its taxable income to the holders of its CBFIs. There are permanent and temporary differences between the comprehensive income displayed in the accompanying financial statements, and the fiscal result that serves as base to

make distributions to the holders of the CBFIs. Accordingly, the administration made reconciliation between the two bases to determine the amount to be distributed. Most relevant differences are: (i) the fair value adjustment to properties investment, (ii) the inflationary adjustment, and (iii) the tax depreciation.

As of December 31, 2015, 2014 and 2013 the Trust has distributed \$5,903,646, \$4,282,562 and \$2,489,928; respectively, as an advance from its taxable income accounts and reimbursement of trustor's capital and management has expressed their intention of making the supplemental payments needed to comply with the aforementioned percentage and the related tax obligations.

21. Future minimum lease payments

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

Period	Retail property	Industrial	Offices	Total
Up to 1 year	\$ 4,859,534	\$ 2,506,048	\$ 1,367,126	\$ 8,732,708
1 to 5 years	15,735,942	6,394,906	2,924,259	25,055,107
More than 5 years	9,621,635	1,321,741	1,792,087	12,735,463
	\$ 30,217,111	\$ 10,222,695	\$ 6,083,472	\$ 46,523,278

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

22. Revenues

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

a. Revenues by geographical region

Revenues by geographical region are as follows:

State	Revenues		
	2015	2014	2013
Mexico City	\$ 3,235,767	\$ 1,877,328	\$ 854,294
State of Mexico	2,016,062	1,977,598	1,037,615
Jalisco	809,825	530,272	262,849
Nuevo Leon	744,238	381,564	207,228
Quintana Roo	697,447	700,933	370,034
Chihuahua	295,784	210,469	110,612
Tamaulipas	289,805	181,836	100,792
Coahuila	201,726	53,651	29,329
Guerrero	154,938	82,322	45,155
Veracruz	145,385	176,124	98,429
Sonora	115,139	79,739	43,566
Hidalgo	99,036	89,367	46,928
Yucatan	88,051	45,989	1,971
Nayarit	77,322	91,230	50,619

Baja California Sur	73,974	1,720	941
Aguascalientes	70,426	33,738	6,256
Guanajuato	68,069	83,724	38,644
Queretaro	62,547	2,564	1,403
Tabasco	53,340	52,635	29,005
Chiapas	52,397	68,371	37,856
Tlaxcala	48,270	51,435	28,007
Puebla	35,023	38,162	20,718
San Luis Potosi	27,426	29,213	7,213
Oaxaca	26,355	27,873	12,956
Durango	22,871	26,282	14,364
Morelos	19,130	6,747	3,688
Colima	15,769	22,611	12,270
Baja California	13,577	45,654	82,297
Sinaloa	12,617	17,114	9,365
Michoacan	1,231	2,184	1,195
Campeche	1,069	1,302	712
	\$ 9,574,616	\$ 6,989,751	\$ 3,566,311

b. Revenues by industry

The following information presents revenues of the Trust by industry:

Retail

The portfolio is composed of 321 investment properties with a stabilized client base; as of December 31, 2015 the gross leasable area is approximately 2,857,000 m2.

Industrial

The portfolio is composed of 102 investment properties with a client base stabilized, as of December 31, 2015 the gross leasable area is approximately 3,401,000 m2.

Office

The portfolio is composed of 86 investment properties with a client base stabilized, as of December 31, 2015 the gross leasable area is approximately 822,000 m2.

2015			
Use of property	Value of investment properties	GLA	Revenues
Retail	\$ 34,217,357	2,857,000	\$ 5,463,229
Industrial	80,670,009	3,401,000	2,542,576
Office	25,346,651	822,000	1,568,811
	\$ 140,234,017		\$ 9,574,616

2014			
Use of property	Value of investment properties	GLA	Revenues
Retail	\$ 31,058,106	2,164,835	\$ 3,355,080
Industrial	59,341,055	3,136,000	2,096,925

Office	14,893,989	650,406	1,537,746
	\$ 105,293,150		\$ 6,989,751

2013			
Use of property	Value of investment properties	GLA	Revenues
Retail	\$ 51,472,191	2,548,626	\$ 1,547,962
Industrial	18,962,405	2,026,295	1,109,367
Office	8,636,605	374,482	908,982
	\$ 79,071,201		\$ 3,566,311

c. Revenues from tenants

- Revenues from the Trust's two most significant clients in the following industries were as follows:

Tipo	2015	2014	2013
Retail	\$ 907,684	\$ 681,311	\$ -
Financial Institution	388,022	270,391	275,759
	\$ 1,295,706	\$ 951,702	\$ 275,759

23. Commitments and contingencies

- Except as noted otherwise, neither the Trust nor its assets are subject to any type of legal action, other than those stemming from its routine operations and activity.
- As part of the formation transactions, FUNO acquired certain properties which were partially paid for from the proceeds of its initial public offering. A portion of the acquisition price of these properties is contingent upon the completion of construction of certain of the properties as well achieving a designated occupancy rate. As these contingencies have not yet occurred, FUNO has not paid these amounts and has recognized a liability under the caption "Accounts payable for acquisition of investment property".
- On February 2016 the FUNO Technical Committee approved (under previous authorization of the majority of the independent members) distributions of the net tax result accounts up to \$1,629,778. This distribution was paid by FUNO on February 11, 2016.
- At the Ordinary Trustee Committee Meeting on April 23, 2013, the trustee approved the inception of "Fundacion FUNO" (the "Foundation") whose purpose will be performing not-for-profit social activities related to the real estate industry in Mexico. For this purpose, FUNO will donate 0.25 % of its revenue and the financial advisor will donate \$0.50 for each peso contributed by FUNO. As of December 31, 2015 and 2014, FUNO has reserved the required amount to be contributed for the Foundation's equity for \$49,953 and \$26,840, respectively.
- As part of the agreement for the acquisition of the Portfolio G-30, FUNO is required to pay the necessary costs for the conclusion of certain constructions that are in progress, for an amount

approximately of \$5,700,000, of which \$4,146,753 have been paid.

24. Transactions that did not affect cash flows

Investment properties in 2015 increased by \$5,246,766 with respect to the acquisition of the Alaska Portfolio, \$1,626,000 in relation with Oregon Portfolio and \$700,741 with respect to the acquisition of the Cuautipark II Portfolio, which were financed through the issuance of CBFIs. Additionally, investment properties increased by \$1,121,095 as a result of advanced payments made in 2014 that were applied to investment properties in 2015.

25. Subsequent events

- a. On February 29, 2016, FUNO closed the acquisition of the Puerta de Hierro Hospital located in Guadalajara, Jalisco. The Hospital has a gross leasable area of 24,946 m². The operation is a sale and lease back where FUNO subsequently leased the Hospital Puerta de Hierro, under triple lease contract with the option of 10-years extension, consisting of two extensions of five years. The acquisition price was \$700 million which was paid in cash.
- b. On February 26, 2016, FUNO paid an advance of \$100,000 for the acquisition of the Torre Cuarzo located in Reforma, Mexico City.
- c. On February 23, 2016, FUNO signed a private contribution contract for the acquisition of the El Salto Jalisco building located in Guadalajara, Jalisco.
- d. On February 18, 2016, FUNO recovered \$1.026 million of value-added tax in cash.
- e. On February 8, 2016, FUNO entered into a credit line with Actinver for an amount of \$400 million accruing interest at TIIE + 1.80%, which has a maturity of July 17, 2016.

26. Approval of financial statements

The accompanying condensed consolidated financial statements were authorized for issuance on March 30, 2016 by Lic. Gerardo Vargas Ateca, Finance vice president of FUNO, in accordance with the Committee approval consequently do not reflect events occurring after that date. These consolidated financial statements are subject to the approval at the trustors' meeting, where they may be modified. Consequently, these financial statements do not reflect events after this date.



Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del **Pacto Mundial de las Naciones Unidas**.

Agradecemos cualquier comentario sobre su contenido.

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