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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Latam Logistic Properties, S.R.L.

Opinion

We have audited the accompanying consolidated financial statements of Latam Logistic Properties, S.R.L. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the consolidated statements of profit and loss and other comprehensive income, consolidated changes in shareholders' equity, and the consolidated cash flows for the years then ended and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Latam Logistic Properties, S.R.L. and its subsidiaries, as of December 31, 2018 and 2017, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for the Opinion

We conducted our audits in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Latam Logistic Properties, S.R.L. and its subsidiaries in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the Code od Ethic issued by the Costa Rican Public Accountants College. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the financial reporting process of Latam Logistic Properties, S.R.L. and its subsidiaries.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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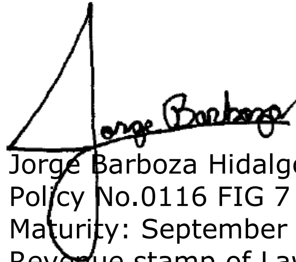
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Jorge Barboza Hidalgo - C.P.A. No.5079
Policy No.0116 FIG 7
Maturity: September 30, 2019
Revenue stamp of Law No.6663, ¢1.000, cancelled and paid

March 6, 2019

LATAM LOGISTIC PROPERTIES, S.R.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars of United States of America)

	Notes	2018	2017
ASSETS			
CURRENT ASSETS:			
Cash in bank accounts	7	US$ 12,943,682	US$ 10,503,702
Receivables net	8	1,190,631	3,310,872
Due from affiliates	20	2,583,550	784,050
Other current assets	9	2,216,670	4,651,148
Total current assets		18,934,533	19,249,772
NON-CURRENT ASSETS:			
Tenant notes receivable - long term	8	2,549,238	98,833
Investment properties	2k, 11	190,369,007	139,845,276
Vehicles, furniture and equipment, net	2i, 10	404,771	444,664
Deferred tax asset	19	1,638,732	477,453
Restricted cash	14	11,196,395	10,003,464
Due from affiliates	20		1,400,000
Total non-current assets		206,158,143	152,269,690
TOTAL		US$225,092,676	US$171,519,462
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	2e, 2n, 2o, 13	US$ 2,951,593	US$ 3,436,664
Due to affiliates	20		784,050
Long term debt-current portion	14	2,145,425	605,625
Total current liabilities		5,097,018	4,826,339
NON-CURRENT LIABILITIES:			
Long term debt	14	44,784,168	37,608,675
Due to affiliates	20		1,400,000
Deferred tax liability	19	17,841,882	9,019,118
Security deposits	15	697,128	922,863
Total non-current liabilities		63,323,178	48,950,656
Total liabilities		68,420,196	53,776,995
EQUITY:			
Capital quotes	2p, 16a	100	100
Additional paid-in capital	16b	117,642,696	96,142,696
Accumulated earnings		33,684,377	20,935,867
Adjustment for translation of financial statements	2d	(2,660,168)	663,804
Capital attributable to owners		148,667,005	117,742,467
Non-controlling interest	17	8,005,475	
Total equity		156,672,480	117,742,467
Total		US$225,092,676	US$171,519,462

The accompanying notes are an integral part of these consolidated financial statements.

LATAM LOGISTIC PROPERTIES, S.R.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in US Dollars of United States of America)

	Notes	2018	2017
REVENUES:	2q		
Rental revenue	4	US$ 6,529,209	US$ 2,727,299
Investment property valuation gain	11	24,844,615	35,079,873
Development fee income		141,733	147,920
Total revenues		31,515,557	37,955,092
COSTS AND OPERATING EXPENSES:	2r		
Investment property operating expense	5	834,794	237,534
General and administrative	18	3,850,087	3,524,084
Total costs and operating expenses		4,684,881	3,761,618
OTHER INCOME (EXPENSES):			
Interest income from affiliates	2s, 20	199,500	94,050
Interest expense from affiliates	2s, 20	(148,913)	(94,050)
Interest debt forgiveness from affiliates	20	242,963	
Depreciation and amortization	10	(68,987)	(52,516)
Foreign currency		410,841	(11,520)
Other income		70,990	12,288
Other expense		(77,047)	
Interest expense	2s	(2,706,035)	(937,878)
Deferred financing cost amortization		(34,122)	(16,933)
NET INCOME BEFORE TAXES AND DISCONTINUED OPERATIONS		24,719,866	33,186,915
INCOME TAX EXPENSE	2t, 19	(8,363,289)	(8,635,925)
NET OPERATING INCOME AFTER TAXES		16,356,577	24,550,990
DISCONTINUED OPERATIONS:			
(Loss) gain on sale of assets	12	(102,592)	1,659,715
NET INCOME		16,253,985	26,210,705
OTHER COMPREHENSIVE INCOME:			
Adjustment for translation of financial statements		(3,323,972)	92,780
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		US$12,930,013	US$26,303,485
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Group		US$12,748,510	US$26,210,705
Non-controlling interests	17	3,505,475	
Total		US$16,253,985	US$26,210,705

(Continues)

LATAM LOGISTIC PROPERTIES, S.R.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in US Dollars of United States of America)

	2018	2017
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Group	US$ 9,424,538	US$26,303,485
Non-controlling interests	3,505,475	
Total	US$12,930,013	US$26,303,485

(Concluded)

The accompanying notes are an integral part of these consolidated financial statements.

LATAM LOGISTIC PROPERTIES, S.R.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars of United States of America)

	Notes	Attributable to the Equity Holders of the Parent						
		Capital Quotes	Additional Paid-in Capital	Accumulated Earnings (Deficit)	Adjustment for Translation of Financial Statements	Capital Attributable to Owners	Non-controlling Interests	Total Equity
BALANCE AS OF DECEMBER 31, 2016	16a	US$100	US$ 90,142,640	US$(5,274,838)	US$ 571,024	US$ 85,438,926		US$ 85,438,926
Net income for the period				26,210,705		26,210,705		26,210,705
Adjustment for translation of financial statements	2d				92,780	92,780		92,780
Total comprehensive income for the period				26,210,705	92,780	26,303,485		26,303,485
Additional paid-in capital	16b		6,000,056			6,000,056		6,000,056
BALANCE AS OF DECEMBER 31, 2017	16a	100	96,142,696	20,935,867	663,804	117,742,467		117,742,467
Net income for the period				12,748,510		12,748,510	US$3,505,475	16,253,895
Adjustment for translation of financial statements	2d				(3,323,972)	(3,323,972)		(3,323,972)
Total comprehensive income for the period				12,748,510	(3,323,972)	9,424,538	3,505,475	12,930,013
Additional paid-in capital	16b		21,500,000			21,500,000	4,500,000	26,000,000
BALANCE AS OF DECEMBER 31, 2018	16a	US$100	US$117,642,696	US$33,684,377	US$(2,660,168)	US$148,667,005	US$8,005,475	US$156,672,480

The accompanying notes are an integral part of these consolidated financial statements.

LATAM LOGISTIC PROPERTIES, S.R.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars of United States of America)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		US$ 16,253,985	US$ 26,210,705
Adjustments for:			
Investment property valuation gain	11	(24,844,615)	(35,079,873)
Loss (gain) on disposition of assets		102,592	(1,659,715)
Unrealized foreign currency exchange gain		(486,663)	
Debt forgiveness from affiliates		(242,963)	
Deferred income tax	19	8,222,475	8,541,665
Current income tax	19	140,814	94,260
Rent leveling		(637,351)	(566,315)
Bad debt expense	5	109,208	
Depreciation, amortization and retirements		68,987	52,516
Deferred financing cost amortization		34,122	16,933
Interest expense		2,706,035	937,878
Changes in working capital:			
Accounts receivables		(517,664)	(3,197,069)
Other assets		(401,147)	(100,933)
Payables and accrued expenses		77,749	(95,514)
Due from affiliates		(2,340,587)	
Security deposits		297,036	297,545
Cash used in operating activities		(1,457,988)	(4,547,916)
Income tax paid		(197,218)	
Interest and commitment fee paid		(3,521,079)	(1,090,691)
Cash paid for raising debt		(9,804)	(1,142,922)
Net cash used in operating activities		(5,186,089)	(6,781,529)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	11	(25,207,457)	(45,435,972)
Additions to property, furniture and equipment		(29,094)	(265,026)
Acquisition and additions of assets held for sale			(238,169)
Income tax paid-sale of assets held for sale		(423,092)	(191,462)
Proceeds from sale of asset held for sale, net of closing costs			11,745,645
Net cash used in investing activities		(25,659,643)	(34,384,984)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions		21,500,000	6,000,056
Capital contributions from non-controlling partners		4,500,000	

(Continues)

LATAM LOGISTIC PROPERTIES, S.R.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars of United States of America)

	2018	2017
Long term debt borrowing	US$ 9,220,469	US$ 39,340,289
Long term debt repayment	(594,276)	
Restricted cash	(1,192,931)	(10,003,464)
Net cash provided by financing activities	33,433,262	35,336,881
NET INCREASE (DECREASE) IN CASH	2,587,530	(5,829,632)
CASH AT THE BEGINNING OF THE PERIOD	10,503,702	16,425,936
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(147,550)	(92,602)
CASH AT THE END OF THE PERIOD	US$ 12,943,682	US$ 10,503,702

(Concluded)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS

Latam Logistic Properties, S.R.L. ("the Group") was organized and incorporated under the laws of the Republic of Panama on May 4, 2015. The consolidated financial statements of the Group as of December 31, 2018 and 2017 and for the years then ended include the financial statements of the Group and its Subsidiaries (jointly referred to as "the Group" and individually as "Group entities"). The Group is a developer, owner and operator of industrial property focused on logistics warehouse facilities in Colombia, Perú, Costa Rica.

The Group is owned by JREP I Logistics Acquisition L.P. (87.7%). JREP GP LLC has exclusive management control over JREP I, which was engaged by Jaguar Growth Asset Management LLC to have full control over JREP l. The ultimate Group's capital partner is Jaguar Growth Partners LLC, a New York based private equity fund with ample experience in real estate developments throughout emerging markets.

The Group's website is www.latamlogisticproperties.com.

2. SIGNIFICANT ACCOUTING POLICIES

a. ***Basis of Accounting*** - The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

- **Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2** - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** - Inputs are unobservable inputs for the asset or liability, among others, statisct information, and own Group's information, in some instances based on the information provided by some independent experts.

The Group has a control framework established in relation to the measurement of fair values. This includes the supervision of management of all significant fair value measurements, including the fair values of level 3.

The Group's management regulary reviews the significant unobservable variables and the valuation adjustments. If a third-party information, such as broker quotes or pricing services, is used to measure fair values, supervision includes evidence obtained from third parties to support the conclusion that those valuations meet the requirements of IFRS, including the level within the hierarchy of fair value within these valuations should be classified.

The Group made transfers in the valuation of the investment properties that were operating and under development between the fair value of levels from level 2 to level 3 during the period. During the year ended December 31, 2017, the Group changed its valuation approach from observable prices for properties in similar condition to a the value based on a third party appraiser which includes discounted cash flow, comparable and replacement cost analysis.

For the invesment properties valuation at December 31, 2018, the Group uses the Income Capitalization technique, and Discounted Cash Flow, as the main assumptions used in this technique are a weighted average capitalization rate of 7.8%.

The Group management believes that all adjustments and reclassifications that are required for a proper presentation of the financial information are incorporated in these consolidated financial statements.

b. ***Functional and Presentation Currency*** - These consolidated financial statements are presented in U.S. dollars (US$), which is the functional currency of Latam Logistic Properties, S.R.L. and its Subsidiaries, except for the Colombian subsidiaries of Latam Logistic COL OpCo, S.A.S. and Latam Logistic COL PropCo Cota I, S.A.S, for which the local currency (Colombian peso), for which has been defined as their functional currency, based on the economic and market environment in which they operate. Exchange rate differences originated from the settlement of assets and liabilities denominated in foreign currency and from the adjustment of balances at the closing date are recorded against income of the period in which they occurred. At December 31, 2018 and 2017, the sell-exchange rates for a US$1.00 are the following:

	2018	**2017**
Costa Rican Colon	¢ 611,75	¢ 574,13
Peruvian Sol	S/ 3,379	S/ 3,245
Colombian Peso	COP3,250	COP2,984

c. ***Foreign Currency*** -

- **Foreign Currency Transactions** - Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

  Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

- **Foreign Operations** - The assets and liabilities of foreign operations, for which a functional currency other than the U.S. dollar has been defined, are translated into U.S. dollars at exchange rates in effect at the date of the consolidated statement of financial position. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions. Components of property and equity are translated into U.S. dollars at the historical exchange rates.

  Foreign currency differences are recognized in other comprehensive income (OCI) and accumulated in a separate line item in the equity section under "Adjustment for translation of financial statements" (ATFS), except to the extent that the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the TRFS account related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

d. ***Use of Judgements and Estimates*** - In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Actual results may differ from these estimates.

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- **Judgments** - Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements.

- **Assumptions and Estimation Uncertainties** - Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2018 and 2017 are include in notes to the consolidated financial statements.

- **Capitalization of Borrowing Costs** - The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets.

- **Significant Increase in Credit Risk** - ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

- **Deferred Taxation on Investment Properties** - For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. As a result, the Group has recognised any deferred taxes on changes in fair value of investment properties.

- **Control over Latam Parque Logístico Coyol II** - Note 17 describes that the Group entered in a real estate partnership for the development and operation of Latam Parque Logístico Coyol II in Costa Rica. The partnership includes two entities that the Group has only a 50 per cent ownership interest. The Group has complete responsibility, power and discretion in the day-to-day management of the partnership.

e. ***Basis of Consolidation*** - The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 December each year. Control is achieved when the Group:

- has the 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 affects its returns.

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

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the

changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial .Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

The consolidated financial statements include the financial information of Latam Logistic Properties, S.R.L. (parent company) and its subsidiaries:

		Ownership Interest	
Entities	**Country**	**December 31, 2018**	**December 31, 2017**
Latam Logistic Property Holdings LLC	United States	100%	100%
Latam Logistic COL HoldCo I, S de R.L.	Panamá	100%	100%
Latam Logistic CR HoldCo I, S de R.L.	Panamá	100%	100%
Latam Logistic CR HoldCo II, S de R.L.	Panamá	100%	100%
Latam Logistic Pan HoldCo S de R.L. (1)	Panamá	100%	100%
Latam Logistic PAN PropCo Pacora I, S. de R.L.	Panamá	100%	100%
Latam Logistic Pan Holdco El Coyol II S de R.L.	Panamá	50%	n/a
Latam Logistic PER OpCo, S.R.L.	Perú	100%	100%
Latam Logistic PER PropCo Lurin I, S. de R.L.	Perú	100%	100%
Latam Logistic PER PropCo Lurin II, S. de R.L.	Perú	100%	100%
Latam Logistic PER PropCo Lurin III, S. de R.L.	Perú	100%	100%
Latam Logistic COL OpCo, S.A.S.	Colombia	100%	100%
Latam Logistic COL PropCo Cota I, S.A.S.	Colombia	100%	100%
Latam Logistic CR OpCo, S.R.L.	Costa Rica	100%	100%
Latam Logistic CR PropCo Heredia I LLPH, S.R.L.	Costa Rica	100%	100%
Latam Logistic CR PropCo Alajuela I, S.R.L.	Costa Rica	100%	100%
Latamcr Propco El Coyol Dos S de RL	Costa Rica	50%	n/a
Latam Propco Bodegas Aurora S de RL	Costa Rica	100%	n/a

(1) Formerly known as Latam Logistic PAN OpCo, S. de R.L.

f. ***Noncontrolling Interests*** - Noncontrolling interests represent the share of consolidated entities owned by third parties. The Group recognize each noncontrolling holder’s respective share of the estimated fair value of the net assets at the date of formation or acquisition. Noncontrolling interests are subsequently adjusted for noncontrolling holder’s share of additional contributions, distributions and their share of the net earnings or losses of each respective consolidated entity. The Group allocate net income to noncontrolling interests based on the weighted average ownership interest during the period.

The net income that is no attributable to the Group is reflected in the line item Net Earnings Attributable to Noncontrolling Interests. The Group do not recognize a gain or loss on transactions with a consolidated entity in which the Group do not own 100% of the equity.

g. ***Financial Instruments*** - All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets - Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

i. *Amortised Cost and Effective Interest Method* - The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future

cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is cognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. *Debt Instruments Classified as at FVTOCI* - The bank debt held by the Group are classified as at FVTOCI. The bank debt are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these bank debt as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Impairment of Financial Assets - The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on inancial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated

using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

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

   - an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

   - significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost,

   - existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

   - an actual or expected significant deterioration in the operating results of the debtor;

   - significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

– The financial instrument has a low risk of default,

– The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

– Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ii. *Definition of Default* - The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

v. *Measurement and Recognition of Expected Credit Losses* - The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expectsto receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of Financial Assets - The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities - All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL - Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability 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 IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other income and expenses line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to

retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

Financial Liabilities Measured Subsequently at Amortized Cost - Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of Financial Liabilities - The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Derivative Financial Instruments - As of December 31, 2018 and for the years then ended, the Group holds no derivative financial instruments.

h. ***Vehicles, Furniture and Equipment*** -

- **Recognition and Measurement** - Items of vehicles, furniture and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

  If significant parts of an item of vehicles, furniture and equipment have different useful lives, then they are accounted for as separate items (major components) of vehicles, furniture and equipment.

  Any gain or loss on disposal of an item of furniture and equipment is recognized in profit or loss.

- **Subsequent Expenditure** - Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

- **Depreciation** - Items of vehicles, furniture and equipment are depreciated from the date they are available for use, or in the case of self-constructed assets, from the date that the asset is completed and ready for use.

  Depreciation is calculated to write off the cost of items of vehicles, furniture and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

  The estimated useful lives of furniture and equipment for current and comparative periods are as follows:

Vehicles, Furniture and Equipment	Estimated Useful Lives
Computer equipment	5 years
Office furniture and equipment	10 years
Vehicles	10 years
Leasehold improvements	3-5 years

  Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

i. ***Leases*** -

- **Determining Whether an Arrangement Contains a Lease** - At the inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

  At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements based on their relative fair values.

  If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; the liability is subsequently reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

- **Lease Assets** - Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, assets are accounted for in accordance with the accounting policy applicable to that asset.

  Assets held under other leases are classified as operating leases and are not recognized in the Group's consolidated statement of financial position.

- **Lease Payments** - Payments made under operating leases are recognized in profit or loss on a straight- line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

j. ***Investment Property*** - Investment properties are buildings and lands held to obtain rent, surpluses, or both. Investment properties are initially registered at cost, and they are subsequently valued at fair value. Fair value is determined between the lower value resulting from comparing the amount of the appraisal to identify the commercial value of each real property, performed by an independent professional, and the financial assessment, which corresponds to the value of each real property calculated as the present value of the net cash flows that are expected in the future direct capitalization for operating poperties and properties under development and comparables for land. The differences between the fair value and the recorded amount is recognized in the profit and loss of the year.

   An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from used and no future economic benefits are expected form the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

k. ***Assets Held for Sale*** - Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

   Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on measurement are recognized in profit or loss.

   Once classified as held for sale, property, plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

l. ***Impairment*** -

- **Non-Derivative Financial Assets** - Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.
  Objective evidence that financial assets are impaired includes:

  - Default or delinquency by a debtor;
  - Restructuring of an amount due to the group on terms that it would not consider otherwise;
  - Indications that a debtor or issuer will enter bankruptcy;
  - Adverse changes in the payments status of borrowers or issuers;
  - Disappearance of an active market for a security because of financial difficulties, or
  - Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial Assets Measured at Amortized Cost - The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

- **Non-Financial Assets** - At each consolidated statement of financial position, the Group reviews the carrying amounts of its non-financial assets, and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

  For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU (Cash Generating Units).

  The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

  An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

  An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

m. ***Employee Benefits*** -

Short-term Employee Benefits - Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be estimated reliably.

Statutory Christmas Bonus - Pursuant to regulations in effect in certain countries where the Group operates, the Subsidiaries are required to pay a Statutory Christmas bonus to its employees (employee benefit).Accordingly, the Group follows the policy of establishing a monthly accrual to cover future disbursements associated with that benefit.

Vacations - In accordance with the legislation in each of the jurisdictions where the Group operates, the Group follows the policy of accruing vacation days based on a study performed by the Human Resources Department, which quantifies the amount of that obligation for employees who, at year-end, have not used that benefit. Such obligation is accounted for as a provision for vacation.

n. ***Provisions*** - A provision is recognized if, as result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

o. ***Equity*** -

Capital Quotes - Capital quotes are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Legal Reserve - According to the legislation in effect in several countries in which the Group operates, subsidiaries must appropriate between 10% to 20% of each year's net earnings to a legal reserve.

p. ***Revenue Recognition*** -

Investment Property Rental Income - The Group lease their operating properties under agreements that are classified as operating leases. The Group recognize the total minimum payments provided for under the leases on a straight-line basis over the term of the lease. Generally, under the terms of the leases, the majority of the rental expenses are recovered from the customers. Amounts recovered from customers as revenue in the period that the applicable expenses incurred. The Group make a provision for possible loss if the collection of a receivable balance in considered doubtful. As of December 31, 2018 the Group recorded an allowance for doubtful receivables of US$109,208.

Development Fee Income - Development fees are determined in accordance with the terms specific to each arrangement with its customers. The fees are recognized as revenue when they are earned under the agreement with the customers.

We also earn fees from ventures that we consolidate. Upon consolidation, these fees are eliminated from the earnings and the third-party share of these fees are recognized as a reduction of Net Earnings Attributable to Noncontrolling Interest.

q. ***Borrowing Costs*** - The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets.

r. ***Finance Income and Finance Costs*** - The Group's finance income and finance costs include: interest income, bank commissions the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognized using the effective interest method.

s. ***Income Tax*** - Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

- **Current Tax** - Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years.

  The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted as of the date of the consolidated statement of financial position. Current assets and liabilities are offset only if certain criteria are met.

- **Deferred Tax** - Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognized for:

  - Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

  - Temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that it will not reverse in the foreseeable future; and,

  - Taxable temporary differences arising on the initial recognition of goodwill.

  Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume the economic benefits embodied in the investment properties through different strategies that may include sale of assets. As a result, the Group has recognized deferred taxes on changes in fair value of the investment properties.

3. ADOPTION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRSs)

a. ***Adoption of New and Revised Standards*** - New and amended IFRS Standards that are effective for the current year.

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

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

  IFRS 9 introduced new requirements for:

  - The classification and measurement of financial assets and financial liabilities,
  - Impairment of financial assets, and
  - General hedge accounting.

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

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

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

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

  i. debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;

  ii. debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

  iii. all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

  Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

  i. the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and

  ii. the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

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

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

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

i. the Group's investments in redeemable notes were classified as available-for-sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement. The notes have been reclassified as financial assets at amortized cost because they are held within a business model whose objective is to collect the contractual cash flows and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding;

ii. the Group's investment in corporate bonds that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTOCI because they are held within a business model whose objective is both to collect contractual cash flows and to sell the bonds, and they have contractual cash flows that are solely payments of principal and interest on principal outstanding. The change in the fair value on these redeemable notes continues to accumulate in the investment revaluation reserve until they are derecognized or reclassified;

iii. the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;

iv. there is no change in the measurement of the Group's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

v. financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The change in classification of the investment in redeemable notes has resulted in the fair value gain on available-for-sale financial assets of CU (net of tax) accumulated in revaluation reserve being reclassified to the carrying value of the redeemable notes on January 1, 2017 and similarly the subsequent changes in the fair value of CU (net of tax) that were recognized in other comprehensive income during 2017 were reversed, were there a material impact. The remaining amount accumulated in revaluation reserve of CU (2017: CU) that used to be subsequently reclassified to profit or loss was split into two parts:

i. Those arising on equity investments designated as FVTOCI that will not be subsequently reclassified to profit or loss of CU (2017: CU); and

ii. Those arising from investment in corporate bonds measured at FVTOCI that may be subsequently reclassified to profit or loss of CU (2017: CU).

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

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

Specifically, IFRS 9 requires the Group to recognize a loss allowance for expected credit losses on:

i. Debt investments measured subsequently at amortized cost or at FVTOCI;

ii. Lease receivables;

iii. Trade receivables and contract assets; and

iv. Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

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

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

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

  Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

  The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

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

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

  IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue", however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

The Group’s accounting policies for its revenue streams are disclosed in detail in Note 2. Apart from providing more extensive disclosures for the Group’s revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

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

- **IFRS 2 (Amendments) - Classification and Measurement of Share-based Payment Transactions** - The Group has adopted the amendments to IFRS 2 for the first time in the current year. The amendments clarify the following:

  - In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

  - Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee’s tax obligation to meet the employee’s tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a ‘net settlement feature’, such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

  - A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

    i. the original liability is derecognized;

    ii. the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date;

    iii. and any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

- **IAS 40 (Amendments) Transfers of Investment Property** - The Group has adopted the amendments to IAS 40 Investment Property for the first time in the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in

IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

- **Annual Improvements to IFRS Standards 2014 - 2016 Cycle** - The Group has adopted the amendments to IAS 28 included in the Annual Improvements to IFRS Standards 2014–2016 Cycle for the first time in the current year. The amendments clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition.

- **Amendments to IAS 28 - Investments in Associates and Joint Ventures** - In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

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

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

b. ***New and Revised IFRS Standards in Issue but not Yet Effective*** - The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standard or Interpretation	Effective for the Annual Periods Starting on or after
IFRS 16 - *Leases*	January 1, 2019, with earlier application permitted.
IFRS 17 - *Insurance Contracts*	January 1, 2021, with earlier application permitted.
Amendments to IFRS 9 - Prepayment Features with Negative Compensation	January 1, 2019, with earlier application permitted.
Amendments to IAS 28 - *Long-term Interests in Associates and Joint Ventures*	January 1, 2019, with earlier application permitted.

(Continues)

Standard or Interpretation	Effective for the Annual Periods Starting on or after
Annual Improvements to IFRS Standards 2015-2017 Cycle - *Amendments to IFRS 3 - Business Combinations, IFRS 11 - Joint Arrangements, IAS 12 - Income Taxes and IAS 23 - Borrowing Costs*	January 1, 2019, with earlier application permitted.
Amendments to IAS 19 - Employee Benefits - *Plan Amendment, Curtailment or Settlement*	January 1, 2019, with earlier application permitted.
IFRS 10 - Consolidated Financial Statements and IAS 28 (Amendments) - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective for annual periods beginning on or after a date to be determined.
IFRIC 23 - *Uncertainty over Income Tax Treatments*	January 1, 2019, with earlier application permitted.

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

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

The Group has chosen the full retrospective application of IFRS 16 in accordance with IFRS 16: C5 (a). Consequently, the Group will restate the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

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

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

  – The right to obtain substantially all of the economic benefits from the use of an identified asset; and

  – The right to direct the use of that asset.

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

- *Impact on Lessee Accounting* -

  Operating Leases - IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

  On initial application of IFRS 16, for all leases (except as noted below), the Group will:

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

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

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

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

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

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

  As at 31 December 2018, the Group has non-cancellable operating lease commitments of CU.

  A preliminary assessment indicates that CU of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognize a right-of-use asset of CU and a corresponding lease liability of CU in respect of

all these leases. The impact on profit or loss is to decrease other expenses by CU, to increase depreciation by CU and to increase interest expense by CU.

The provision for onerous lease contracts which was required under IAS 17 of CU will be derecognized. Lease liability incentives of CU previously recognized in respect of the operating leases will be derecognized and the amount factored into the measurement of the right-to-use assets and lease liabilities.

The preliminary assessment indicates that CU of these arrangements relate to short-term leases and leases of low-value assets.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS 16 would be to reduce the cash generated by operating activities by CU and to increase net cash used in financing activities by the same amount.

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

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

II. **Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures** - The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

III. **Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IFRS 3 - Business Combinations, IFRS 11 - Joint Arrangements, IAS 12 - Income Taxes and IAS 23 Borrowing Costs** - The Annual Improvements include amendments to four Standards.

- *IAS 12 - Income Taxes* - The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

- *IAS 23 - Borrowing Costs* - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

- *IFRS 3 - Business Combinations* - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

- *IFRS 11 - Joint Arrangements* - The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after January 1, 2019 and generally require prospective application. Earlier application is permitted.

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

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

V. **IFRIC 23 - Uncertainty over Income Tax Treatments** - IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

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

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

4. RENTAL REVENUE

The Group through its subsidiaries have entered into various operating leases agreements with customers for the rental of its warehouses. Most of the Group lease agreements associated with the investment properties contain a lease term of five to ten years. The Group weighted average lease term remaining on leases in the operating properties and properties under development, based on square meters of all leases in effect at December 31, 2018 was 74 months.

These leases are based on a minimum rental payment in U.S. dollars for Costa Rica and Peru and Colombian Pesos for Colombia, plus maintenance fees and recoverable expenses, and guarantee deposits associated with the agreements, which are commonly used for covering any repair, improvement tasks or could be applied over the lease as last payment when it ends.

Rental revenue is comprised as follows:

	2018	**2017**
Rental revenue	US$5,924,674	US$2,526,622
Rental recoveries	477,692	191,894
Other	126,843	8,783
Total	US$6,529,209	US$2,727,299

The following table summarizes the Group minimum lease payments, based on net effective rent, on operating properties and pre-stabilized development properties with lease periods greater than one year, at December 31, 2018:

	Amount
Rental revenues:	
2019	US$ 8,974,720
2020	9,924,219
2021	9,566,766
2022	6,692,939
2023	5,668,015
Thereafter	26,077,729
Total	US$66,904,388

5. INVESTMENT PROPERTY OPERATING EXPENSES

Investment property operating expenses include the direct operating expenses of the property such as property taxes, insurance and utilities, among others. Property operating expenses are mostly recovered through the rental recoveries charged to the tenants.

Rental property operating expenses is comprised as follows:

	2018	2017
Repair and maintenance	US$335,358	US$ 88,128
Utilities	123,719	59,755
Insurance	81,536	39,592
Property management	86,625	21,924
Real estate taxes	89,763	28,135
Bad debt expense	109,208	
Other	8,585	
Total	US$834,794	US$237,534

6. SEGMENT REPORTING

Operating segment information is presented based on how management analyzes the business, which includes information aggregated by market. The results for these operating segments are presented for the years ended December 31, 2018 and 2017, while assets and liabilities are included as of December 31, 2018 and December 31, 2017. The Group operates in three geographic markets that represent its reportable operating segments. The information of the markets where it has operation; Colombia, Peru, and Costa Rica is summarized as follows:

	For the Year ended December 31, 2018			
	Colombia	Peru	Costa Rica	Total
Revenues:				
Rental revenue		US$ 99,275	US$ 6,429,934	US$ 6,529,209
Development fee income			141,733	141,733
Sub-total		99,275	6,571,667	6,670,942

(Continues)

	For the Year ended December 31, 2018			
	Colombia	Peru	Costa Rica	Total
Costs and expenses:				
Investment property expenses		US$ 133,305	US$ 701,489	US$ 834,794
General and administrative	US$ 872,499	648,157	2,068,756	3,589,412
Sub-total	872,499	781,462	2,770,245	4,424,206
Net operating (loss) profit	(872,499)	(682,187)	3,801,422	2,246,736
Other income/(expenses):				
Investment property valuation gain	5,792,274	3,743,253	15,309,088	24,844,615
Depreciation and amortization	(30,424)	(15,450)	(23,113)	(68,987)
Foreign currency	(2,045)	(71,568)	504,354	430,741
Other income	345	5,871	34,554	40,770
Interest expense		(37,035)	(2,669,000)	(2,706,035)
Deferred financing cost		(2,388)	(31,734)	(34,122)
Other expense	(50,047)	(27,000)		(77,047)
Net income before taxes	4,837,604	2,913,496	16,925,571	24,676,671
Income tax expense	(327,850)	(296,680)	(7,600,161)	(8,224,691)
Net income after taxes	4,509,754	2,616,816	9,325,410	16,451,980
Earnings attributable to non-controlling interest			(5,124,586)	(5,124,586)
Loss from discontinued operations			(102,592)	(102,592)
Net income of the year	US$4,509,754	US$2,616,816	US$ 4,098,232	US$11,224,802

	For the Year ended December 31, 2017			
	Colombia	Peru	Costa Rica	Total
Revenues:				
Rental revenue			US$ 2,727,299	US$ 2,727,299
Development fee income			147,921	147,921
Sub-total			2,875,220	2,875,220
Costs and expenses:				
Investment property expenses			237,534	237,534
General and administrative	US$ 641,770	US$ 554,549	2,063,796	3,260,115
Sub-total	641,770	554,549	2,301,330	3,497,649
Net operating (loss) profit	(641,770)	(554,549)	573,890	(622,429)
Other income/(expenses):				
Investment property valuation gain	6,249,644	3,701,866	22,942,347	32,893,857
Depreciation and amortization	(28,859)	(8,397)	(15,260)	(52,516)
Foreign currency	47	(13,225)	1,658	(11,520)
Other income		5,250	1,146	6,396
Interest expense			(937,878)	(937,878)
Deferred financing cost			(16,933)	(16,933)
Net income before taxes	5,579,062	3,130,945	22,548,970	31,258,977
Income tax expense	(334,181)	(1,249,650)	(7,214,911)	(8,798,742)
Net income after taxes	5,244,881	1,881,295	15,334,059	22,460,235
Loss from discontinued operations			1,662,715	1,662,715
Net income of the year	US$5,244,881	US$ 1,881,295	US$16,996,774	US$24,122,950

	December 31, 2018			
	Colombia	Perú	Costa Rica	Total
Assets:				
Cash	US$ 3,214,856	US$ 1,662,626	US$ 2,259,128	US$ 7,136,610
Receivables and other assets	324,370	2,701,131	2,930,586	5,956,087
Deferred tax asset	528,181	780,303	330,248	1,638,732
Investment property	41,749,007	40,440,000	108,180,000	190,369,007

(Continues)

	December 31, 2018			
	Colombia	Perú	Costa Rica	Total
Restricted cash		US$10,024,054	US$ 1,172,341	US$ 11,196,395
Vehicles, furniture and equipment, net	US$ 128,011	195,629	81,131	404,771
Total assets	45,944,425	55,803,743	114,953,434	216,701,602
Liabilities:				
Payables and accruals	519,811	1,156,218	1,257,624	2,933,653
Deferred tax liability	1,162,856	2,129,971	14,549,055	17,841,882
Long-term debt		9,214,300	37,715,293	46,929,593
Security deposits		83,234	613,894	697,128
Total liabilities	1,682,667	12,583,723	54,135,866	68,402,256
Net assets/(liabilities)	US$44,261,758	US$43,220,020	US$60,817,568	US$148,299,346

	December 31, 2017			
	Colombia	Perú	Costa Rica	Total
Assets:				
Cash	US$ 107,498	US$ 3,250,955	US$ 3,701,678	US$ 7,060,131
Receivables and other assets	894,521	3,939,176	1,600,578	6,434,275
Deferred tax asset	290,783	60,597	126,073	477,453
Land deposits			1,630,000	1,630,000
Investment property	36,593,276	29,260,000	73,992,000	139,845,276
Restricted cash		10,003,464		10,003,464
Vehicles, furniture and equipment, net	166,110	200,226	78,327	444,663
Total assets	38,052,188	46,714,418	81,128,656	165,895,262
Liabilities:				
Payables and accruals	726,249	716,832	2,004,149	3,447,230
Deferred tax liability	624,964	1,254,868	7,302,103	9,181,935
Long-term debt		9,149,999	29,064,301	38,214,300
Security deposits			922,863	922,863
Total liabilities	1,351,213	11,121,699	39,293,416	51,766,328
Net assets/(liabilities)	US$36,700,975	US$35,592,719	US$41,835,240	US$114,128,934

7. CASH IN BANK ACCOUNTS

Cash in bank accounts is detailed as follows:

	2018	2017
Bank accounts:		
In local currency	US$ 3,324,459	US$ 331,667
In US Dollars	9,619,223	10,172,035
Total	US$12,943,682	US$10,503,702

8. RECEIVABLES

As of December 31, 2018 and 2017, receivables are as follows:

		2018	2017
(a)	Tenant trade receivables, net	US$ 427,499	US$ 252,949
(b)	Tenants notes receivables, net	1,094,300	115,780
(c)	Value added tax	2,153,294	2,139,772
	Income tax and tax credits	28,944	728,236
	Others	35,832	172,968
	Sub-total	3,739,869	3,409,705
	Value added tax - long term	(1,632,075)	
	Tenant notes receivable - long term	(917,163)	(98,833)
	Total trade receivables	US$ 1,190,631	US$3,310,872

(a) **Tenant Trade Receivables** - The average credit period on rents is 30 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables, net of cash secuirty deposits, at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all trade receivables over 90 days past due, net of cash security deposits, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. To measure the expected credit losses, trade receivables, net of cash security deposits, have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at December 31, 2018 and 2017 is determined as follows; the expected credit losses below also incorporate forward looking information.

As the Group's historical credit loss experience show different loss patterns between two customer segments based on credit risk, the provision for loss allowance based on past due status distinguished between the Group's different customer base:

December 31, 2018	0 to 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Total
Weighted average expected loss rate	15.46%	47.93%	75%	100%	
Gross carrying amount	US$ 288,085	US$115,688	US$ 88,162	US$ 30,713	US$ 522,648
Cash Security Deposit	(149,002)	(26,792)	(46,776)	(30,713)	(253,283)
Net carrying amount	139,083	88,896	41,386		269,365
Loss allowance provision	US$ 21,502	US$ 42,608	US$ 31,039	US$	US$ 95,149

December 31, 2017	0 to 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Total
Weighted average expected loss rate	0%	0%	75%	100%	
Gross carrying amount	US$191,844	US$ 61,105			US$ 252,949
Cash Security Deposit	(81,778)	(54,280)			(136,058)
Net carrying amount	110,066	6,825			116,891
Loss allowance provision	US$	US$	US$	US$	US$

(b) **Tenant Notes Receivables** - The Group finance to some its clients specific tenant improvements that customers request. As of December 31, 2018, loans outstanding to tenants bears a weighted average annual interest rate of 12.4% and have a weighted average remaining loan term of 5.7 years.

The Group always measures the loss allowance for tenant notes receivables at an amount equal to lifetime ECL over the 12-month expected credit loss. The expected 12-month credit losses on tenant notes receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off tenants notes receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the tenat notes receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of tenants notes receivables based on the Group's provision matrix. To measure the expected credit losses, trade receivables, net of cash security deposits, have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at December 31, 2018 and 2017 was determined as follows; the expected credit losses below also incorporate forward looking information.

December 31, 2018	Current Notes Receivables	Long Term Notes Receivables	Total
Weighted average expected loss rate	7.35%	0%	
Gross carrying amount	US$191,196	US$917,163	US$1,108,359
Loss allowance provision	US$ 14,059	US$	US$ 14,059

December 31, 2017	Current Notes Receivables	Long Term Notes Receivables	Total
Weighted average expected loss rate	0%	0%	
Gross carrying amount	US$16,947	US$98,833	US$115,780
Loss allowance provision	US$	US$	US$

The loss allowance provision for trade receivables and tenant notes receivables as at December 31, 2018 reconciles to the opening loss allowance for that provision as follows:

	December 31,					
	2018			2017		
	Trade Receivables	Tenants Notes Receivables	Total	Trade Receivables	Tenants Notes Receivables	Total
Beginning balance						
Increase in loan loss allowance recognized in profit or loss during the period	US$95,149	US$14,059	US$109,208			
Receivables written off during the year as uncollectible						
Unused amount reversed						
Ending balance	US$95,149	US$14,059	US$109,208	US$	US$	US$

(c) **Value Added Tax** - The Group sales and purchases of goods and services in Colombia and Perú are subject to value added tax. As of December 31, 2018, value added tax receivable derived from the operations in Colombia and Peru were US$74,637 (2017: US$25,272) and US$2,078,657 (2017: US$2,114,500), respectively. During 2018, the Group collected US$1,091,625 of the outstanding value added tax in Peru.

9. OTHER CURRENT ASSETS

		2018	2017
(a)	Advance to suppliers	US$1,340,504	US$2,014,435
	Construction permit deposits	462,322	261,302
	Land deposits	150,000	1,630,000
(b)	Tenants guarantees		522,774
	Prepaid taxes	61,058	34,600
	Prepaid insurance	96,700	139,978
	Deal pursuit cost	87,692	4,603
	Other	18,394	43,456
		US$2,216,670	US$4,651,148

(a) Advance to suppliers mainly corresponds to the advance payments made in connection with the construction contracts. These advances will be applied as a deduction from the corresponding invoices based on the percentage of completion of the works performed.

(b) The Group received negotiable notes receivables guarantees from some of its tenants.

10. VEHICLES, FURNITURE AND EQUIPMENT

As of December 31, 2018, and 2017, vehicles, furniture and equipment of the Group were comprised as follows:

	Vehicles	Furniture and Office Equipment	Computer Equipment	Leasehold Improvements	Total
Gross assets:					
Balance as of December 31, 2016	US$2,180	US$27,597	US$26,556	US$198,003	US$254,336
Additions	5,620	33,062	28,180	198,877	265,739
Retirements				(8,550)	(8,550)
Balance as of December 31, 2017	7,800	60,659	54,736	388,330	511,525
Additions		21,354	4,186	5,626	31,166
Retirements		(434)	(1,638)		(2,072)
Balance as of December 31, 2018	7,800	81,579	57,284	393,956	540,619
Accumulated depreciation:					
Balance as of December 31, 2016		3,823	4,277	15,046	23,146
Additions	811	5,835	7,937	34,119	48,702
Retirements				(4,987)	(4,987)
Balance as of December 31, 2017	811	9,658	12,214	44,178	66,861
Additions	784	9,524	11,496	47,658	69,462
Retirements		(65)	(410)		(475)
Balance as of December 31, 2018	1,595	19,117	23,300	91,836	135,848
Net book value as of December 31, 2017	US$6,989	US$51,001	US$42,522	US$344,152	US$444,664
Net book value as of December 31, 2018	US$6,205	US$62,462	US$33,984	US$302,120	US$404,771

11. INVESTMENT PROPERTY

The Group obtained a valuation as of December 31, 2018 and 2017 from independent appraisers in order to determine the fair value of its investment properties, which resulted in a gain of US$24,844,615 and US$35,079,873 for the years ended December 31, 2018 and 2017, respectively.

a. As of December 31, 2018 and 2017, investment properties were as follows:

	FMV as of December 31, 2018	# of Buildings [1]	NRA [1] (SM)
Land bank:			
Colombia	US$ 30,521,805	8	194,980
Peru	7,360,000	1	17,829
Costa Rica	7,540,000	1	9,240
Total land bank	45,421,805	10	222,049
Properties under development:			
Colombia	11,227,202	2	45,202
Peru	33,080,000	2	43,942
Costa Rica	21,790,000	1	25,137
Total properties under development	66,097,202	5	114,281
Operating properties:			
Costa Rica	78,850,000	4	68,330
Total operating properties	78,850,000	4	68,330
Total	US$190,369,007	19	404,660

	FMV as of December 31, 2017	# of Buildings [1]	NRA [1] (SM)
Land bank:			
Colombia	US$ 36,593,276	10	239,135
Peru	14,960,000	2	43,316
Costa Rica	1,110,000	1	9,240
Total land bank	52,663,276	13	291,691
Properties under development:			
Colombia			
Peru	14,300,000	1	22,269
Costa Rica	12,602,000	1	15,592
Total properties under development	26,902,000	2	37,861
Operating properties:			
Costa Rica	60,280,000	3	52,738
Total operating properties	60,280,000	3	52,738
Total	US$139,845,276	18	382,290

(1) Square meters included for potential building area in the land bank and buildings under development and operating.

b. The reconciliation of investment properties for the years ended December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	2017
Beginning balance	US$139,845,276	US$ 57,827,746
Acquisitions, including closing cost	8,928,476	16,880,403
Construction	17,610,740	28,326,624
Financing cost	1,109,375	650,204
Rent leveling	637,351	632,970
Lease Commissions	608,328	267,036
Translation effect from functional currency	(3,215,154)	180,420
Gain on valuation of investment properties	24,844,615	35,079,873
Ending balance	US$190,369,007	US$139,845,276

The Group has a control framework established in relation to the measurement of fair values. This includes the supervision of management of all significant fair value measurements, including the fair values of level 3.

The Group's management regularly reviews the significant unobservable variables and the valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, supervision includes evidence obtained from third parties to support the conclusion that those valuations meet the requirements of IFRS, including in level within the hierarchy of fair value within these valuations should be classified.

The Group made transfers in the valuation of investment properties that were operating and under development between the fair value of levels from level 2 to level 3 during the period. During the year ended December 31, 2017, the Group change its valuation approach from observable prices for properties in similar condition to the value based on a third-party appraiser which includes discounted cash flow, comparable and replacement cost analysis.

For the investment properties valuation under level 3 at December 31, 2018, the Group uses the income capitalization technique adjusted with the cost to complete of the properties under development. The main assumptions used in this technique are an average capitalization rate of 7.8%, monthly average renting by US$1,386,000, results in US$7.24 rent per square meter per month and an occupancy of 95%.

12. ASSETS HELD FOR SALE

During the year ended December 31, 2017, the Group sold three properties with a total area of 59,578 square meters located in Costa Rica for US$11,721,030, net of selling and operating costs of US$347,775. During 2017, the Group paid US$238,169 of additional property improvements to the properties. The properties were purchased in December 2016 for US$9,335,799, including closing costs. Net gain after taxes that resulted from the sale of the properties amounted to US$1,659,715 and incurred in taxes of US$614,554. During 2018, the Group paid US$423,092 (2017: US$191,462) in taxes related to the sale of the assets and withholding taxes on the repatriation of the excess cash.

13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are as follows:

	2018	2017
Trade payables	US$ 747,373	US$1,280,182
Professional services	87,360	192,537
Tax payable	14,281	391,254
Construction contract retainage	598,691	311,085
Interest and other financing costs	636,087	406,538
Employee benefits and other obligations	647,969	571,988
Other	219,832	283,080
Total	US$2,951,593	US$3,436,664

14. DEBT

As of December 31, 2018, and 2017 debt of the Group were comprised as follows:

Financial Institution	Country	Currency	Expiration	Interest Rate	December 31, 2018	December 31, 2017
Banco Davivienda Costa Rica, S.A.	Costa Rica	US$	January 8, 2032	1Mo LIBOR + 578 bps	US$37,966,482	US$29,340,289
International Finance Corporation Loan A	Perú	US$	July 15, 2027	6Mo LIBOR +525 bps	5,000,000	5,000,000
International Finance Corporation Loan B	Perú	US$	July 15, 2027	6Mo LIBOR +525	5,000,000	5,000,000
Total					47,966,482	39,340,289
Long-term debt accrued financing cost					636,087	406,358
Deferred financing cost, net					(1,036,889)	(1,125,809)
Total debt					47,565,680	38,620,838
Less: Current accrued financing cost					(636,087)	(406,538)
Less: Current portion of long-term debt					(2,145,425)	(605,625)
Total Long-term debt					US$44,784,168	US$37,608,675

On January 8, 2017, the Group entered in a master loan agreement with Banco Davivienda Costa Rica, S.A., for the financing of the development of four buildings in Costa Rica. The loan is comprised of five loan documents from which US$28,345,572 are fully amortized at expiration and US$9,620,910 have a balloon payment of US$4,479,325 at expiration. As of December 31, 2018, the group has a cash reserve equivalent to three months of debt service amounting US$1,116,717. The cash reserve is invested in a certificate deposit bearing an annual interest rate net of withholding taxes of 3.25%.

On June 2017, the Group entered into two loan agreements with the International Finance Corporation (IFC) for the financing of the development of three buildings in Peru. The loans have a total borrowing capacity of US$28,000,000. The loan bears a commitment fee of 1% annual over unborrowed amounts. The loan is interest only until January 15, 2019 and balloon payment of US$9,405,231 at expiration. As per the loan agreement, the Group has to maintain a cash collateral account as a guarantee of the principal during the construction and leasing period. As of December 31, 2018 and 2017, the Group has a restricted cash of US$10,024,054 and US$10,003,464, respectively, in the cash collateral account. The Group is currently under restructuring negotiations with IFC to extend the interest only period, to January 15, 2020 and the loan expiration to July 15, 2028.

The reconciliation of debt for the years ended December 31, 2018 and 2017 are as follows:

	2018	**2017**
Beginning balance	US$37,608,675	
Secured bank debt borrowings	9,220,469	US$39,340,289
Secured bank debt repayments	(594,276)	
Borrowing cost paid	(9,804)	(1,142,922)
Borrowing cost amortization	98,904	16,933
Change in current portion long term debt	(1,539,800)	(605,625)
Ending balance	US$44,784,168	US$37,608,675

15. SECURITY DEPOSITS

The Group holds security deposits from some tenants in cash. Tenant security deposits can be used to recover any outstanding receivable at the end of the lease or fix any damage caused by the tenant in the property.

16. SHAREHOLDERS' EQUITY

a. ***Capital Quotes*** - The Group's capital quotes are the amount of US$100 represented by 100 quotes registered shares with a US$1 par value each, divided into:

- Eighty-seven (87) class A quota ("the Class A Quotas") with a par value of one dollar (US$1.00)
- Eight (8) class B quotas ("the Class B Quotas") with a par value of one dollar (US$1.00)
- Five (5) class C quotas ("the Class C Quotas") with a par value of one dollar (US$1.00).

Quotas of all the same class have the same rights powers, preferences and privileges as all other quotas of that same class, quotas of different class shall have the same rights powers, preferences and privileges as all other quotas of other classes, except the Class C Quotas which do not confer the right to vote at any meeting of members of the Group. All issued quotes are fully paid.

b. ***Additional Paid-in Capital*** - During 2018 and 2017, the Group received additional paid-in capital in cash for the amount of US$21,500,000 and US$6,000,000 respectively from its shareholders. Such payments were approved by all of the members of the Board of Directors of Latam Logistic Properties, S.R.L.

17. NON - CONTROLLING INTEREST

On September 2018, the Group entered in a real estate partnership for the development of Latam Parque Logístico Coyol II in Costa Rica. The partnership includes two entities that the Group consolidates but do not own 100% of the equity. The Group reports a noncontrolling interest in relation to this partnership. The Group has complete responsibility, power and discretion in the day-to-day management of the partnership.

The following table summarize the Groupur ownership percentage and the non-controlling interests and the consolidated partnership' total assets and total liabilities at December 31, 2018 and 2017:

Partnership	Country	Ownership Percentage		Non-Controlling Interest		Total Assets		Total Liabilities	
		2018	2017	2018	2017	2018	2017	2018	2017
Latam Parque Logístico Coyol II	Costa Rica	50%	n/a	US$8,005,475	n/a	US$22,755,681	n/a	US$6,744,617	n/a

For the year ended December 31, 2018, net earnings attributable to non-controlling interest amounted US$3,505,475.

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are as follows:

	2018	2017
Personnel cost	US$2,327,222	US$2,091,138
Services and professional fees	728,813	793,776
Office rents	111,490	88,190
Office expenses	229,547	158,418
Bank service charges	33,935	30,371
Other	419,080	362,191
	US$3,850,087	US$3,524,084

19. INCOME TAX

Current Tax - Current tax is determined based on the tax laws in effect in each country where the Group operates. As of December 31, 2018, and 2017, the tax rates applied by the subsidiaries were as follows:

	2018	2017
Costa Rica	30%	30%
Colombia (1)	33%	34%
Perú	29.5%	29.5%

(1) In Colombia, the tax rate applied to capital gains on sale of investment properties held for more than 5 years is 10%.

For the years ended December 31, 2018 and 2017, income tax from continued operations was as follows:

	2018	2017
Income tax expense	US$ 140,814	US$ 94,260
Deferred income tax expense	8,222,475	8,541,665
Total	US$8,363,289	US$8,635,925

Income tax expense includes withholding taxes that resulted from the recognition of intra group fees between countries. During the year ended December 31, 2018 the Group paid US$132,037 in withholding taxes related to intra group fees.

During the year ended December 31, 2018 and 2017, the Group incurred in taxes from the disposition of assets held for sales in Costa Rica US$102,592 and US$511,962, respectively, and paid US$423,092 and US$191,462, respectively.

Income tax for expense for the year can be reconciled to the accounting profit as follows:

	2018	2017
Profit before tax from continuing operations	US$24,719,866	US$33,186,916
Income tax expense calculated at average tax rate at 30% (2017: 30%)	US$ 7,415,959	US$ 9,956,073
Non taxable income or gains	(7,281,116)	(9,861,813)

(Continues)

	2018	2017
Tax attributable to change in fair value of investment properties	US$ 9,326,692	US$ 9,019,118
Effect of tax losses and temporary differences	(1,098,246)	(477,453)
Total	US$ 8,363,289	US$ 8,635,925

Deferred Tax - As of December 31, 2018 and 2017 the Group has recognized a deferred tax liability over the temporary difference generated on the investment properties valued at its fair value and the tax losses.

The reconciliation of the deferred tax assets and its compositions is as follows:

	2018	2017
Balance at beginning of the year	US$ 477,453	US$ 24,194
Employee benefits	41,740	144,283
Net operating loss and pre-operating expenses	1,112,472	304,856
Other accruals	61,959	4,120
Translation effect from functional currency	(23,778)	
Unrealized exchange loss	(31,114)	
Balance at the end of the year	US$1,638,732	US$477,453

The reconciliation of the deferred tax liability and its compositions is as follows:

	2018	2017
Balance at beginning of the year	US$ 9,019,118	
Tax attributable to change in fair value of investment properties	9,326,692	US$9,019,118
Other accruals	111,954	
Translation effect from functional currency	(51,107)	
Unrealized exchange loss	(564,775)	
Balance at the end of the year	US$17,841,882	US$9,019,118

20. BALANCE AND TRANSACTIONS WITH RELATED PARTIES

On June 30, 2017, the Group entered into a back-to-back loan between JREP I Logistics Acquisition L.P. and Latam Logistics Investments LLC for the amount of US$2,100,000 expiring on December 31, 2019.

On October 16, 2018, the Group repaid in full the loan owed to JREP I Logistics Acquisition for the amount of US$2,100,000 and JREP I Logistics Acquisition forgave all the accrued interest outstanding under the loan for a total of US$242,963.

In June 2018, the Group increased the loan receivable from Latam Logistics Investments LLC to US$2,290,000. The loan receivable from Latam Logistics Investments LLC bears an annual interest of 9.0%. Principal payment of and its accrued interest are scheduled for June 30, 2019 and December 31, 2019.

The main transactions with affiliated companies for the year ended December 31, 2018 and 2017, were as follows:

	2018	2017
Interest income - Latam Logistics Investments LLC	US$(199,500)	US$(94,050)
Interest expense-JREP I Logistics Acquisition L.P.	US$ 148,913	US$ 94,050

As of December 31, 2018 and 2017, the due outstanding balances from related parties are as follows:

	2018	2017
Accounts receivable:		
Latam Logistics Investments LLC	US$2,583,550	US$2,184,050
Accounts payable:		
JREP I Logistics Acquisition L.P.	US$	US$2,184,050

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

21.1 ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts and fair values (amortized cost) of financial assets and liabilities. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	December 31, 2018				
	Notes	Cash and Accounts Receivable	Other Financial Liabilities	Total Carrying Amount	Fair Value (Amortized Cost)
(i) Financial assets not measured at fair value:					
Cash	7	US$12,943,682		US$12,943,682	US$12,943,682
Receivable	8	3,739,869		3,739,869	3,739,869
Other assets	9	2,216,670		2,216,670	2,216,670
Due from affiliates	20	2,583,550		2,583,550	2,583,550
Restricted cash	14	11,196,395		11,196,395	11,196,395
Total financial assets		US$32,680,166	US$	US$32,680,166	US$32,680,166
(i) Financial liabilities not measured at fair value:					
Payables and accruals	13		US$ 2,951,593	US$ 2,951,593	US$ 2,951,593
Security deposits	15		697,128	697,128	697,128
Long-term debt	14		46,929,593	46,929,593	46,929,593
Total financial liabilities		US$	US$50,578,314	US$50,578,314	US$50,578,314

(i) The carrying amounts of cash, accounts receivable, trade accounts payable, accrued expenses, due to/from affiliates, security deposits and long-term debt are a reasonable approximation of fair value.

	Notes	Cash and Accounts Receivable	Other Financial Liabilities	Total Carrying Amount	Fair Value (Amortized Cost)
		December 31, 2017			
(i) Financial assets not measured at fair value:					
Cash	7	US$10,503,702		US$10,503,702	US$10,503,702
Receivable	8	3,409,705		3,409,705	3,409,705
Other assets	9	4,651,148		4,651,148	4,651,148
Due from affiliates	20	2,184,050		2,184,050	2,184,050
Restricted cash	14	10,003,262		10,003,262	10,003,262
Total financial assets		US$30,751,867	US$	US$30,751,867	US$30,751,867
(i) Financial liabilities not measured at fair value:					
Payables and accruals	13		US$ 3,436,664	US$ 3,436,664	US$ 3,436,664
Security deposits	15		922,863	922,863	922,863
Due to affiliates	20		2,184,050	2,184,050	2,184,050
Long-term debt	14		38,214,300	38,214,300	38,214,300
Total financial liabilities		US$	US$44,757,877	US$44,757,877	US$44,757,877

(i) The carrying amounts of cash, accounts receivable, trade accounts payable, accrued expenses, due to/from affiliates, security deposits and long-term debt are a reasonable approximation of fair value.

21.2 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

a. ***Risk Management Framework*** - The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's CEO is responsible for developing and monitoring the Group's risk management policies. The CEO reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligation.

b. ***Credit Risk*** - Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables (cash and accounts receivable).

Exposure to Credit Risk - The carrying amount of financial assets represents the maximum credit exposure is as follows:

	Notes	2018	2017
Cash	7	US$12,943,682	US$10,503,702
Receivables	8	3,739,869	3,409,705
Due from affiliates	20	2,583,550	2,184,050
Other assets	9	2,216,670	4,651,148
Restricted cash	14	11,196,395	10,003,464
		US$32,680,166	US$30,752,069

c. ***Liquidity Risk*** - Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring in unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand, including the balances of short-term credit facilities, to meet expected operating expenses for a period of 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Exposure to Liquidity Risk - The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

			Contractual Cash Flows	
December 31, 2018	Notes	Carrying Amount	Total	12 Months or Less
Payables and accruals	13	US$ 2,951,593	US$ 2,951,593	US$2,951,593
Security deposits	15	697,128	697,128	22,800
Long-term debt	14	46,929,593	47,966,482	2,145,425
		US$50,578,314	US$51,615,203	US$5,119,818

			Contractual Cash Flows	
December 31, 2017	Notes	Carrying Amount	Total	12 Months or Less
Payables and accruals	13	US$ 3,436,664	US$ 3,436,664	US$3,436,664
Security deposits	15	922,863	400,090	
Due to affiliates	20	2,184,050	2,184,050	784,050
Long-term debt	14	38,214,300	39,340,289	605,625
		US$44,757,877	US$45,361,093	US$4,826,339

d. ***Market Risk*** - Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk - The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue, costs and expenses, and loans are denominated and the respective functional currency of the Group. The functional currency of the Group is U.S. dollars.

As of the reporting date, the Group has monetary assets and liabilities in currencies other than the functional currency. The main foreign currencies used by the Group are as follows:

- Costa Rican colones (¢)
- Peruvian soles (S/.)
- Colombian pesos (COP$)

In respect of monetary assets and liabilities denominated in Costa Rican colones (¢), Peruvian soles (S/.) and Colombian pesos (COL$) the Group's policy is to ensure that its net exposure is kept at an acceptable level by buying or selling Costa Rican colones (¢), Peruvian soles (S/.) and Colombian pesos (COP$) at spot rates when necessary to address short-term imbalances.

Exposure to Currency Risk - The summary quantitative data of the Group's exposure to currency risk, as reported to management, is as follows:

	December 31, 2018				
	Costa Rican Colones	Colombian Pesos	Peruvian Soles	U.S. Dollars	Total
Cash	US$ 71,936	US$3,214,855	US$ 37,668	US$ 9,619,223	US$ 12,943,682
Receivables	11,003	74,637	2,108,512	1,545,717	3,739,869
Due from affiliates				2,583,550	2,583,550
Other assets	152,332	249,733	47,320	1,767,285	2,216,670
Restricted cash				11,196,395	11,196,395
Sub-total	235,271	3,539,225	2,193,500	26,712,170	32,680,166
Payables and accruals	(50,943)	(519,811)	(109,306)	(2,271,533)	(2,951,593)
Security deposits				(697,128)	(697,128)
Long-term debt				(46,929,593)	(46,929,593)
Sub-total	(50,943)	(519,811)	(109,306)	(49,898,254)	(50,578,314)
Net	US$184,328	US$3,019,414	US$2,084,194	US$(23,186,084)	US$(17,898,148)

	December 31, 2017				
	Costa Rican Colones	Colombian Pesos	Peruvian Soles	U.S. Dollars	Total
Cash	US$ 198,352	US$ 107,498	US$ 25,817	US$ 10,172,035	US$ 10,503,702
Receivables	24,214	886,960	2,154,016	344,515	3,409,705
Due from affiliates				2,184,050	2,184,050
Other assets	20,413	7,560	40,461	4,582,714	4,651,148
Restricted cash				10,003,464	10,003,464
Sub-total	242,979	1,002,018	2,220,294	27,286,778	30,752,069
Payables and accruals	(402,857)	(726,249)	(211,588)	(2,095,970)	(3,436,664)
Due to affiliates				(2,184,050)	(2,184,050)
Security deposits				(922,863)	(922,863)
Long-term debt				(38,214,300)	(38,214,300)
Sub-total	(402,857)	(726,249)	(211,588)	(43,417,183)	(44,757,877)
Net	US$(159,878)	US$ 275,769	US$2,008,706	US$(16,130,405)	US$(14,005,808)

The following significant exchange rates were applied during the year (to US$1.00):

	Average Rate	
	2018	2017
Costa Rican Colones	¢ 576.98	¢ 567.63
Peruvian Soles	S/ 3.283	S/ 3.260
Colombian Pesos	COP$2,956.43	COP$2,951.32

	Reporting Date			
	Buy Rate		Sell Rate	
	2018	2017	2018	2017
Costa Rican Colones	¢ 604,39	¢ 566,42	¢ 611,75	¢ 572,56
Peruvian Soles	S/ 3.369	S/ 3.238	S/ 3.379	S/ 3.245
Colombian Pesos	COP$3,250	COP$2,984	COP$3,250	COP$2,984

Sensitivity Analysis - A 10% strengthening (weakening) of the U.S. dollar against the local currencies of the subsidiaries as of December 31, 2018 and 2017 would have decreased (increase) net income by the amounts shows below. This analysis assumes that all other variables, particularly interest rates, remain constant. The analysis is performed on the same basis as for 2017.

December 31, 2018	Strengthening	Weakening
Profit or loss	US$528,793	US$(528,793)
Equity	US$528,793	US$(528,793)

December 31, 2017	Strengthening	Weakening
Profit or loss	US$212,460	US$(212,460)
Equity	US$212,460	US$(212,460)

Interest Rate Risk - The Group hold financial liabilities subject to interest rate; therefore, variations in interest rates at the reporting date would affect profit or loss.

Sensitivity Analysis - A 1% and 2% strengthening (weakening) of the LIBOR interest as of December 31, 2018 and 2017 would have decreased (increase) net income by the amounts shows below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

	Note	Long-term Debt with Variable Interest Rate as of December 31, 2018	1%	2%
Increase in interest rate	14	US$47,966,482	US$(479,665)	US$(959,330)
Decrease in interest rate	14	US$47,966,482	US$ 479,665	US$ 959,330

	Note	Long-term Debt with Variable Interest Rate as of December 31, 2017	1%	2%
Increase in interest rate	14	US$39,340,289	US$(393,403)	US$(786,806)
Decrease in interest rate	14	US$39,340,289	US$ 393,403	US$ 786,806

22. SUBSEQUENT EVENTS

The Company’s management has evaluated the occurrence of significant events after the closing date of the financial statements and the following has considered as significant to disclose:

i. On January 30 2019, the Group received a cash capital contribution from JREP I Logistics Acquisitions L.P. by US$18,700,000.

ii. On January 2019, IFC waived the principal payment due on January 16, 2019. The principal payment amounted to US$319,629.

iii. On February 27, 2019, the Group acquired a fully occupied 10,081 SM of logistic warehouses in Costa Rica for a total investment of US$6,000,000, including closing cost. The acquisition was financed with a bank loan of US$4,600,000 with Banco Davivienda Costa Rica, S.A. The loan has a tenor of 15 years and is fully amortized at expiration. Annual interest rate on the loan is of 3.76% over 6-month LIBOR.

iv. On February 28, 2019, the Group closed a bank debt of US$12,500,000 with Banco Davivienda Costa Rica, S.A. for the financing of a development project in Costa Rica. The loan is interest only until February 2020 and is fully amortized at expiration in February 2034. Annual interest rate on the loan is of 3.59% over 6-month LIBOR.

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of December 31, 2018 were authorized for issue by Group's management on March 6, 2019, and has to be endorse by the Group's Board of Directors. Details of the Group's accounting policies are included in Note 5.

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