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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, 2019 and 2018, 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, 2019 and 2018, 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.

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

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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.

Jorge Barboza Hidalgo - C.P.A. No.5079
Policy No.0116 FIG 7
Maturity: September 30, 2020
Revenue stamp of Law No.6663, ¢1.000
Cancelled and paid

June 12, 2020

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018
(Expressed in US Dollars of United States of America)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS:			
Cash in bank accounts	7	US$ 26,200,871	US$ 12,943,682
Receivables net	8	904,518	1,190,631
Due from affiliates	21	2,796,410	2,583,550
Other current assets	9	5,618,100	2,236,017
Total current assets		35,519,899	18,953,880
NON-CURRENT ASSETS:			
Receivable with tenant - long term	8	3,889,852	2,549,238
Due from affiliates - long term	21	760,525	
Lease right - of - use	2i, 13	236,385	327,138
Investment properties	2j, 11	303,997,864	190,369,007
Vehicles, furniture and equipment, net	2h, 10	526,319	404,771
Deferred tax asset	20	1,364,557	1,638,732
Restricted cash	14	12,055,578	11,196,395
Total non-current assets		322,831,080	206,485,281
Total		US$358,350,979	US$225,439,161
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	2e, 2m, 2n, 12	US$ 8,076,312	US$ 2,951,593
Office lease liability - current	13	92,360	86,302
Long term debt - current portion	14	4,644,742	2,145,425
Total current liabilities		12,813,414	5,183,320
NON-CURRENT LIABILITIES:			
Long term debt	14	103,076,855	44,784,168
Lease liability - long term	2i, 13	167,075	260,183
Deferred tax liability	20	24,903,918	17,841,882
Security deposits	15	743,655	697,128
Total non - current liabilities		128,891,503	63,583,361
Total liabilities		141,704,917	68,766,681
EQUITY:			
Capital quotes	2o, 16a	100	100
Additional paid-in capital	16b	156,342,696	117,642,696
Accumulated earnings		55,698,198	33,684,377
Adjustment for translation of financial statements	2b	(3,253,217)	(2,660,168)
Capital attributable to owners		208,787,777	148,667,005
Non - controlling interest	2f, 17	7,858,285	8,005,475
Total equity		216,646,062	156,672,480
Total		US$358,350,979	US$225,439,161

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

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in US Dollars of United States of America)

	Notes	2019	2018
REVENUES:	2p		
Rental revenue	4	US$11,125,275	US$ 6,529,209
Investment property valuation gain	11	30,164,124	24,844,615
Development fee income		9,178	141,733
Total revenues		41,298,577	31,515,557
COSTS AND OPERATING EXPENSES:			
Investment property operating expense	5	1,235,673	834,794
General and administrative	18	4,341,084	3,729,763
Total costs and operating expenses		5,576,757	4,564,557
OTHER INCOME (EXPENSES):			
Interest income from affiliates	2r, 21	248,385	199,500
Interest expense from affiliates	2r, 21		(148,913)
Office lease financing cost	13	(21,436)	(28,170)
Loss on debt extinguishment	14	(444,598)	
Interest debt forgiveness from affiliates	21		242,963
Right-of-use amortization	13	(89,787)	(92,154)
Depreciation and amortization	10	(82,073)	(68,987)
Foreign currency gain		173,975	410,841
Other income		136,856	70,990
Other expense	19	(822,221)	(77,047)
Interest expense	2s, 14	(4,573,378)	(2,706,035)
Deferred financing cost amortization	14	(150,691)	(34,122)
NET INCOME BEFORE TAXES AND DISCONTINUED OPERATIONS		30,096,852	24,719,866
INCOME TAX EXPENSE	2s, 20	(8,230,221)	(8,363,289)
NET OPERATING INCOME AFTER TAXES		21,866,631	16,356,577
DISCONTINUED OPERATIONS:			
Loss on sale of assets			(102,592)
NET INCOME		21,866,631	16,253,985
OTHER COMPREHENSIVE INCOME:			
Adjustment for translation of financial statements		(593,049)	(3,323,972)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		US$21,273,582	US$12,930,013
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Group		US$22,013,821	US$12,748,510
Non-controlling interests	2f, 17	(147,190)	3,505,475
Total		US$21,866,631	US$16,253,985

(Continues)

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in US Dollars of United States of America)

	Notes	2019	2018
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Group		US$21,420,772	US$ 9,424,538
Non-controlling interests	2f, 17	(147,190)	3,505,475
Total		US$21,273,582	US$12,930,013

(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, 2019 AND 2018
(Expressed in US Dollars of United States of America)

		Attributable to the Equity Holders of the Parent						
	Notes	**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, 2017	16a	US$100	US$ 96,142,696	US$20,935,867	US$ 663,804	US$117,742,467		US$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	2b				(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	100	117,642,696	33,684,377	(2,660,168)	148,667,005	8,005,475	156,672,480
Net income for the period				22,013,821		22,013,821	(147,190)	21,866,631
Adjustment for translation of financial statements	2b				(593,049)	(593,049)		(593,049)
Total comprehensive income for the period				22,013,821	(593,049)	21,420,772	(147,190)	21,273,582
Additional paid-in capital	16b		38,700,000			38,700,000		38,700,000
BALANCE AS OF DECEMBER 31, 2019	16a	US$100	US$156,342,696	US$55,698,198	US$(3,253,217)	US$208,787,777	US$7,858.285	US$216,646,062

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, 2019 AND 2018
(Expressed in US Dollars of United States of America)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		US$ 21,866,631	US$ 16,253,985
Adjustments for:			
Investment property valuation gain	11	(30,164,124)	(24,844,615)
Loss on disposition of assets			102,592
Investment properties closing costs	11, 19	655,774	
Unrealized foreign currency exchange gain		(4,652)	(486,663)
Gain on disposition of fixed assets	10	(826)	
Debt forgiveness from affiliates			(242,963)
Loss on debt extinguishment	14	444,598	
Deferred income tax	20	7,312,871	8,222,475
Current income tax	20	917,350	140,814
Rent leveling		(2,339,839)	(637,351)
Rent incentive amortization	19	15,829	
Bad debt expense	8	91	109,208
Right - of - use amortization	13	89,787	92,154
Depreciation, amortization and retirements	10	82,073	68,987
Office lease financing cost	13	21,436	28,170
Deferred financing cost amortization		150,691	34,122
Interest expense		4,573,378	2,706,035
Changes in working capital:			
Accounts receivables	8	(1,012,034)	(517,664)
Other assets	9	(198,297)	(251,148)
Payables and accrued expenses	12	496,185	77,749
Due from affiliates	21	(973,385)	(2,340,587)
Security deposits	15	46,527	297,036
Cash used in operating activities		1,980,064	(1,187,664)
Income tax paid	9, 20	(606,044)	(197,218)
Interest and commitment fee paid	14	(5,088,144)	(3,521,079)
Lease financing cost paid	13	(21,436)	(28,170)
Cash paid for raising debt	14	(2,439,791)	(9,804)
Net cash used in operating activities		(6,175,351)	(4,943,935)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property, including acquisitions closing costs	11	(79,949,531)	(25,207,457)
Deposits paid for acquisitions of investment properties	9	(752,400)	(150,000)
Additions to property, furniture and equipment	11	(183,434)	(29,094)
Income tax paid- sale of assets held for sale			(423,092)
Proceeds from sale fixed assets	10	3,291	
Net cash used in investing activities		(80,882,074)	(25,809,643)

(Continues)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in US Dollars of United States of America)

	Notes	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions		US$ 38,700,000	US$ 21,500,000
Capital contributions from non-controlling partners			4,500,000
Office lease liability repayment	13	(86,015)	(92,154)
Long term debt borrowing	14	101,538,759	9,220,469
Long term debt repayment	14	(38,943,296)	(594,276)
Restricted cash	14	(859,183)	(1,192,931)
Net cash provided by financing activities		100,350,265	33,341,108
NET INCREASE IN CASH		13,292,840	2,587,530
CASH AT THE BEGINNING OF THE PERIOD		12,943,682	10,503,702
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD		(35,651)	(147,550)
CASH AT THE END OF THE PERIOD		US$ 26,200,871	US$ 12,943,682

(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, 2019 and 2018 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 and Costa Rica.

The Group is owned by JREP I Logistics Acquisition L.P. (88.5%). 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.

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). 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, 2019 and 2018, the sell-exchange rates for a US$1.00 are the following:

	2019	**2018**
Costa Rican Colon	¢ 576,49	¢ 611,75
Peruvian Sol	S/ 3.317	S/ 3.379
Colombian Peso	COP3,277	COP3,250

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 recognized 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, 2019 and 2018 are include in notes to the consolidated financial statements.

- **Capitalization of Borrowing Costs** - The Group capitalizes 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 recognized 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 recognized 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 recognized 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 recognized 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:

Entities	Country	Ownership Interest	
		December 31, 2019	December 31, 2018
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%	50%
Latam Logistic Pan Holdco Atenas S de R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Cedis Rurales S de R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Bodegas El Coyol 3, S de R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Alajuela II S de R.L.	Panamá	100%	n/a
LatAm Logisitic PAN HoldCo San Joaquin I S de R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Oficinas San Joaquin Heredia, S.R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Santiago I, S de R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Santo Domingo, S de R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Medellin I, S.R.L.	Panamá	100%	n/a
Latam Logistic Pan Holdco Pedregal Panamá S de R.L.	Panamá	100%	n/a
Latam Logistic Propco Pedregal Panamá S de R.L.	Panamá	100%	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%	50%
Latam Propco Bodegas Aurora S de RL	Costa Rica	100%	100%
Latam Propco Bodegas San Joaquin S de R.L.	Costa Rica	100%	n/a
Latam Logistic Propco Atenas I, S. de R.L.	Costa Rica	100%	n/a
Latam Logistic Propco Bodegas Siquiares III S de R.L.	Costa Rica	100%	n/a
Latam Logistic Propco Cedis Rurales Costa Rica S de R.L.	Costa Rica	100%	n/a
Latam Logistic Propco Oficinas San Joaquin Heredia, S.R.L.	Costa Rica	100%	n/a
Latam Logistic CR Zona Franca, S. de R.L.	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 recognized and derecognized 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 recognized financial assets are measured subsequently in their entirety at either amortized 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 amortized 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 amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

i. *Amortized Cost and Effective Interest Method* - The effective interest method is a method of calculating the amortized 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 amortized cost of the debt instrument on initial recognition.

The amortized 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 amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized 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 recognized by applying the effective interest rate to the amortized 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 recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these bank debt had been measured at amortized cost. All other changes in the carrying amount of these bank debts are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these bank debts are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Impairment of Financial Assets - The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized 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 recognizes 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 recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, 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 reorganization; 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 expects to 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 recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. 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 investment's 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, 2019 and 2018 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*** - The Company evaluates if a contract contains a lease at the commencement date. The Company recognizes a right-of-use asset and a corresponding lease liability regarding all lease contracts in which it is a lessee, except for short-term leases (term of 12 months or less) and low value assets (as electronic tablets, personal computers, and small office furniture devices and telephones.) For these leases, the Company recognizes the lease payments as an operating lease under the straight-line method through the valid term of the lease, unless other method is more representative of the pattern in which economic benefits from the use of the underlying asset is diminished.

Lease liability is initially measured at present value of the lease payments that are not paid on the commencement date, discounted from the implicit interest rate in the contract. If this rate cannot be readily determined, the Company shall use incremental rates.

The lease payments included in the measurement of lease liability consist of:

- Fixed payments, including in substance fixed payments, less any lease incentives received;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amount expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liability is presented as a separate component in the statement of financial position.

Lease liability is subsequently measured by increasing the carrying amount to reflect the interest earned on the liability lease (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

The Company revaluates the lease liability (and makes the corresponding adjustment to the underlying right-of-use asset) provided that:

- The lease term is modified, or there is an event or significant change in the circumstances of the lease that results in a change in the assessment of an option to purchase the underlying asset, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.

- Lease payments are modified as a consequence of changes in rates or a change in the expected amounted to be paid under a residual value guarantee, in which cases the liability lease is revalued by discounting the revised lease payments using the same discount rate (unless the change in the lease payments results from a change in a variable interest rate, in which case a revised discount rate is used).

- A lease contract is revised, and the revision of the lease is not accounted for as a separate lease, in which case the lease liability is revaluated based on the lease term of the revised lease, by discounting the revised lease payments using a revised discount rate as of the date in which the revision became effective.

The Company did not make any of the adjustments mentioned above during the reported periods.

Right-of-use assets consist of the amount of the initial measurement of the corresponding lease liability, the lease payments made on or before the commencement date, less any lease incentive received and any initial direct cost. The subsequent valuation is the cost less the accumulated depreciation and impairment losses.

If the Company incurs an obligation resulting from the cost of dismantling and removing the leased asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, an allowance measured according to IAS 37 must be recognized. To the extent that costs are related to a right-of-use asset, the costs are included in the underlying right-of-use asset, unless such costs are incurred to generate inventories.

Right-of-use assets are depreciated over the shorter period between the lease period and the useful life of the underlying asset. If a lease transfers the ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company plans to exercise a purchase option, the right-of-use asset will be depreciated over the useful life. Depreciation starts on the date of the commencement of the lease.

The right-of-use assets are shown as a separate component in the statement of financial position.

The Company applies IAS 36 to determine if a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant, and equipment" policy.

As practical expedient, IFRS 16 allows not to separate the non-lease components and instead account for any lease components and its associated non-lease components as a single lease component. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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 properties and properties under development and comparable 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 payment's 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 is considered doubtful. As of December 31, 2019, and 2018, the Group recorded an allowance for doubtful receivables of US$109,299 and US$109,208, respectively.

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.

The Group 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 capitalizes 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.

t. ***Leases*** - The Company evaluates if a contract contains a lease at the commencement date. The Company recognizes a right-of-use asset and a corresponding lease liability regarding all lease contracts in which it is a lessee, except for short-term leases (term of 12 months or less) and low value assets (as electronic tablets, personal computers, and small office furniture devices and telephones.) For these leases, the Company recognizes the lease payments as an operating lease under the straight-line method through the valid term of the lease, unless other method is more representative of the pattern in which economic benefits from the use of the underlying asset is diminished.

Lease liability is initially measured at present value of the lease payments that are not paid on the commencement date, discounted from the implicit interest rate in the contract. If this rate cannot be readily determined, the Company shall use incremental rates.

The lease payments included in the measurement of lease liability consist of:

- Fixed payments, including in substance fixed payments, less any lease incentives received;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;

- Amount expected to be paid by the lessee under residual value guarantees;

- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liability is presented as a separate component in the statement of financial position.

Lease liability is subsequently measured by increasing the carrying amount to reflect the interest earned on the liability lease (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

The Company revaluates the lease liability (and makes the corresponding adjustment to the underlying right-of-use asset) provided that:

- The lease term is modified, or there is an event or significant change in the circumstances of the lease that results in a change in the assessment of an option to purchase the underlying asset, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.

- Lease payments are modified as a consequence of changes in rates or a change in the expected amounted to be paid under a residual value guarantee, in which cases the liability lease is revalued by discounting the revised lease payments using the same discount rate (unless the change in the lease payments results from a change in a variable interest rate, in which case a revised discount rate is used).

- A lease contract is revised, and the revision of the lease is not accounted for as a separate lease, in which case the lease liability is revaluated based on the lease term of the revised lease, by discounting the revised lease payments using a revised discount rate as of the date in which the revision became effective.

The Company did not make any of the adjustments mentioned above during the reported periods.

Right-of-use assets consist of the amount of the initial measurement of the corresponding lease liability, the lease payments made on or before the commencement date, less any lease incentive received and any initial direct cost. The subsequent valuation is the cost less the accumulated depreciation and impairment losses.

If the Company incurs an obligation resulting from the cost of dismantling and removing the leased asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, an allowance measured according to IAS 37 must be recognized. To the

extent that costs are related to a right-of-use asset, the costs are included in the underlying right-of-use asset, unless such costs are incurred to generate inventories.

Right-of-use assets are depreciated over the shorter period between the lease period and the useful life of the underlying asset. If a lease transfers the ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company plans to exercise a purchase option, the right-of-use asset will be depreciated over the useful life. Depreciation starts on the date of the commencement of the lease.

The right-of-use assets are shown as a separate component in the statement of financial position.

The Company applies IAS 36 to determine if a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant, and equipment" policy.

As practical expedient, IFRS 16 allows not to separate the non-lease components and instead account for any lease components and its associated non-lease components as a single lease component. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. ***Application of New and Revised International Financial Reporting Standards ("IFRS" or "IAS") Mandatory for the Current Year*** - In the current year, the Company implemented a series of new and revised IFRS, issued by the International Accounting Standards Board (IASB), which are mandatory and became effective for the years starting on or after January 1, 2019.

New and Revised IFRS Effective for the Reporting Periods Starting on or after January 1, 2019 - The Company implemented IFRS 16 (issued by the IASB in January 2016), which establishes new or modified requirements regarding lease accounting. It introduces significant changes to the lessee's accounting, eliminating the distinction between an operating and a financial lease and requiring the recognition of a right-of-use asset and a lease liability on the starting date of all leases, except those considered to be short term or low value assets. In contrast to the lessee's accounting, the requirements for the lessor remain significantly unchanged. The details for the new requirements are described in note 3. The initial impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The initial application date of IFRS 16 for the Company was January 1, 2019.

The Company has applied IFRS 16 using the modified retrospective approach, reformulating the comparative information.

- *Impact of the New Definition of Lease* - The Company has determined to apply the practical solution available for the transition to IFRS 16, in order not to reassess whether a contract is or contains a lease. Therefore, the definition of lease under IAS 17 and IFRIC 4 continues to apply to contracts entered into or amended before January 1, 2019.

  The changes mainly relate to the concept of control used within the definition. IFRS 16 determines if a contract contains a lease on the basis of whether or not the customer has the right to control the use of an identified asset for a period of time in exchange for a consideration. This contrasts with the "risk and benefit" approach of IAS 17 and IFRIC 4.

  The Company applies the definition of a lease and related guidance established in IFRS 16 to all contracts entered into or amended on or after January 1, 2019. For the initial adoption of IFRS 16, the Company carried out an implementation project, which disclosed that the new lease definition under IFRS 16 does not significantly change the scope of the contracts that meet the lease definition for the Company.

- *Impact of Accounting as Lessee* -

  - Previous Operating Leases - IFRS 16 changes the way in which the Company accounts for leases previously classified as operating leases under IAS 17, which were kept off the statement of financial position.

    When applying IFRS 16, for all leases (except those mentioned below), the Company:

    i. Recognizes the right-of-use assets and the lease liabilities in the statement of financial position, initially measured at present value of the series of future lease payments.

    ii. Recognizes the depreciation of right-of-use assets and the interest generated by lease liabilities in the income statement.

    iii. Separates the total amount of cash paid to capital (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

    Lease incentives (for example, rent-free periods) are recognized in the initial measurement as part of the right-of-use asset and lease liabilities, while under IAS 17 they would generate the recognition of a lease incentive, amortized as a reduction of lease expenses, generally under the straight-line method.

    Under IFRS 16, right-of-use assets are tested for impairment according to IAS 36.

    For short-term leases (with a term of 12 months or less) and low-value assets (such as computers, small office furniture and telephones), the Company has chosen to recognize a lease expense under the straight-line method, as allowed by IFRS 16. This expense is presented in "other expenses" in the income statement.

- Previous Financial Leases - The main differences between IFRS 16 and IAS 17 regarding contracts classified as financial leases is the treatment of the residual value guarantees provided by a lessee to the lessor. This is because IFRS 16 requires that the Company recognizes only amounts expected to be payable under residual value guarantees, rather than the maximum amount guaranteed as required by IAS 17. This change did not generate any material impact on the Company's financial statements.

- *Impact on the Accounting as a Lessor* - IFRS 16 does not substantially change how a lessor accounts for leases. Under IFRS 16, a lessor will continue to classify leases as either finance leases or operating leases, and accounting for those two types of leases is made differently.

  Moreover, IFRS 16 amended and expanded the required disclosures, mainly those regarding how the lessor manages the risks resulting from residual interest in leased assets.

  Under IFRS 16, an, intermediate lessor must account for the head lease and the sublease as two separate lease contracts. The intermediate lessor must classify the sublease as financial lease or as an operating lease in reference to the right-of-use asset resulting from the head lease (and not in reference to the underlying asset, as it was under IAS 17).

- *Initial Financial Impact for Adoption of IFRS 16* - The tables below show the adjustment amounts for each item of the financial statements affected by the application of IFRS 16 for the current and previous years.

Impact in the Income Statement	**2019**
Impact in the results of the year:	
Increase in depreciation of right-of-use asset (1)	US$ 89,787
Increase in financial expenses (1)	21,436
Decrease in general and administrative expenses (1)	(107,451)
Increase (decrease) in the results of the year	US$ 3,772

Impact on Assets, Liabilities, and Stockholders Equity as of December 31, 2019	**Previously Reported**	**Adjustment IFRS 16**	**Restated**
Properties, plant, and equipment (2)	US$526,319		US$526,319
Right-of-use asset (1), (2)		US$236,385	236,385
Net impact in total assets	US$526,319	US$236,385	US$762,704
Obligation under financial leases			
Lease liabilities (1)		US$259,435	US$259,435
Net impact on total liabilities	US$526,319	US$259,435	US$259,435
Retained earnings	US$526,319	US$ (23,050)	US$503,269

The Company as Lessee:

(1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities for US$346,485. It also resulted in a decrease in general and administrative expenses for US$107,451, an increase in depreciation for US$89,787 and an increase in financing cost for US$21,436.

(2) Office leases under operating lease agreements, for US$236,385, is now presented under the "Right-of-use asset". There were no changes on the recognized amounts.

The application of IFRS 16 has an impact on the Company's statement of cash flows. Under IFRS 16, the lessees must present:

i. Payments for short-term leases, for lease of low-value assets and variable lease payments not included in lease liability, as part of the operating activities;

ii. Cash paid for the interest of the lease liability either as operating activities or financing activities, as allowed by IAS 7 (the Company has decided to include the interest paid as part of the financing activities), and

iii. Cash payments for the capital portion of the lease liability, as part of the financing activities.

Under IAS 17, all operating lease payments were presented as part of the cash flows from operating activities. Consequently, the net cash generated by operating activities has increased in US$86,015 in 2019, where lease payments and net cash used in financing activities have increased by the same amount.

The adoption of IFRS 16 did not generate any impact on the net cash flows.

b. ***Impact of the Application of Other Amendments to the International Financial Reporting Standards and Interpretations That Are Effective for Periods Beginning on or after January 1, 2019*** - In the course of the year, the Company has adopted a series of amendments to the International Financial Reporting Standards and Interpretations issued by the International Accounting Standard Board (IASB), and its adoption has not had any material impact on the disclosures or on the amounts reported on these financial statements.

- **Amendments to IFRS 9 - Prepayment features with Negative Compensation** - The Company adopted the amendments to IFRS 9 for the first time in the current period. The amendments to IFRS 9 clarify that, for the purpose of assessing whether a prepayment meets the condition of 'Solely Payments of Principal and Interest (SPPI), the party exercising the option may pay or receive reasonable compensation for prepayment regardless of the reason for prepayment. In other words, financial assets with prepayment features with negative compensations do not necessarily fail the SPPI test.

- **Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures** - The Company adopted the amendments to IAS 28 for the first time in the current period. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applicable.

  This includes long-term interests that, in substance, form part of the net investments in the associate or joint venture. The Company applies IFRS 9 to such long-term interests to which IAS 28 previously applied. When

applying IFRS 9, the Company does not take into account any adjustments to the carrying amount of long-term interests required by the IAS 28 (for example, adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or the impairment assessment in accordance with IAS 28).

- **Annual Improvements to IFRS - 2015-2017 Cycle - Amendments to la IAS 12 - Income Tax, IAS 23 - Borrowing Costs, IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements** - The Group has adopted for the first time in the current period the amendments included in the Annual Improvements to the IFRS for the 2015-2017 Cycle. Annual improvements include amendments to four standards.

  - *IAS 12 - Income Tax* - The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognized in profit or loss, comprehensive income, or in equity based on how the transactions that generated distributed earnings were originally recognized. This applies regardless 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 Company borrows generally when calculating the capitalization rate on general borrowings.

  - *IFRS 3 - Business Combinations* - The amendments to IFRS 3 clarify that when an Company obtains control of a business that is a joint operation, the requirements for a business combination in stages apply, included the revaluation of previously-held interest (PHI) in the joint operation at fair value. Previously-held interest subject to remeasurement includes not-recognized assets, liabilities, and goodwill related to the joint operation.

  - *IFRS 11 - Joint Arrangements* - The amendments clarify that when an Company obtains joint control of a business that is a joint operation, the Company does not remeasure previously held interests in that business.

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

  The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An Company will now be required to use the updated assumptions from this remeasurement to determine current service cost

and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

- **IFRIC 23 - Uncertainty over Income Tax Treatments** - IFRIC 23 addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. It specifically considers:

  - Whether an Company considers uncertain tax treatments separately; and

  - Assess whether the tax authority is likely to accept an uncertain tax treatment used, or proposed to be used, by an Company in its income tax returns:

    i. If yes, the accounting tax position must be determined in a manner consistent with the tax treatment used in income tax returns.

    ii. If no, the effect of the uncertainty on the determination of the accounting tax position should be reflected using the most probable amount or the expected value method.

c. ***New and Revised IFRS That Are Not Yet Effective*** - As of the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS that have been issued but are not in effect yet:

I. **IFRS 17** - Insurance Contracts.

II. **IFRS 10 and IAS 28 (Amendments)** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

III. **Amendments to IFRS 3** - Definition of a Business.

IV. **Amendments to IAS 1 and IAS 8** - Definition of Materiality.

V. **Conceptual Framework** - Conceptual Framework of IFRS.

Management does not expect that the adoption of the aforementioned standards will have an important impact on the Company's financial statements in future periods, except as indicated below:

I. **IFRS 17 - Insurance Contracts** - IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance contracts.

IFRS 17 describes a general model that is modified for the insurance contracts that have direct participation feature, which is described as variable rate approach. The general model is simplified if certain criteria are met when measuring the responsibility of the remaining coverage regarding the method of allocation of the premiums.

The general model will use the current assumptions to estimate the amount, time and uncertainty of future cash flows and will explicitly measure the cost of that uncertainty, taking into account the market interest rates and the impact of the options and guarantees of the insured.

The Standard is effective for annual reporting periods beginning on or after January 1, 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. A draft of the changes to IFRS 17 addresses the concerns and difficulties of implementation that were identified after the publication of IFRS 17. One of the main proposed changes is the postponement of the date of initial application of IFRS 17 for one year, to the reporting periods that begin on or after January 1, 2022.

According to transition requirements, the initial application date is the beginning if the annual report period in which the Company applies the standard for the first time and the transition date is the beginning of the period immediately before to the date of the initial application.

II. **Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** - Amendments to IFRS 10 and IAS 28 clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. Specifically, the amendments establish that the 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 profit or loss of the parent only to the extent of the interest of the non-related investors in such associate or joint venture. Similarly, profits and losses resulting from the remeasurement of the investments withheld in any former subsidiary (which has become an associate or a joint venture that is accounted for using the equity method) at fair value are recognized in the profit or loss of the previous controller, only to the extent of the interest of the non-related investors in the new associate or joint venture.

The date the amendments enter into force has not been set by IASB; however, early application is allowed. The Company's management anticipates that the application of these amendments could have an impact on the Company's financial statements in future periods in case that such transactions arise.

III. **Amendments to IFRS 3 - Definition of a Business** - The amendments clarify that while businesses usually have outputs, outputs are not required for an acquired set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantial process that together contribute significantly to the ability to generate outputs.

Additional guidance is introduced that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. It is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, with earlier application permitted.

IV. **Amendments to IAS 1 e IAS 8 - Definition of Materiality** - The amendments intend to simplify the definition of materiality contained in IAS 1, making it easier to understand, and are not intended to alter the underlying concept of materiality in the IFRS. The concept of obscuring material information with non-material information has been included in the new definition.

The limit for influential materiality for users has been changed from "could influence" to "could reasonably be expected to influence".

The definition of materiality in IAS 8 has been replaced by a reference to the definition of materiality in IAS 1. In addition, IASB amended other standards and the Conceptual Framework that included a definition of materiality or reference to the term "materiality" to ensure consistency.

The amendment will be prospectively applied for reporting periods that start on or after January 1, 2020, and early application is permitted.

V. **Conceptual Framework in IFRS** - Along with the revised Conceptual Framework, which became effective on its publication on March 29, 2018, IASB also issued Amendments to References to the Conceptual Framework in IFRS. The document contains amendments for IFRS 2, 3, 6, 14, IAS 1, 8, 34, 37, 38, IFRIC 12, 19, 20, 22, and SIC 32.

However, not all amendments update the pronouncements regarding references to the conceptual framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version they refer to (the IASC Framework adopted by the IASB in 2001, the 2010 IASB Framework or the revised Framework of 2018) or to indicate that the definitions in the Standard have not been updated with new definitions developed in the revised Conceptual Framework.

The amendments, which are actually updates, are effective por the years starting on or after January 1, 2020, with early adoption allowed.

Leases -

<u>As a Lessor</u> - The accounting for lessors remained largely unchanged. The Group lease its operating properties to customers under agreements that are classified as operating leases. The Group recognize the total minimum lease payments provided under the lease on a straight-line basis over the lease term.

<u>As a Lessee</u> - 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.

- Operating Leases - For All leases of the Group as a lessee 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.

- Finance Capital Leases - 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. The Group may enter in Finance Capital Lease for the purchase of property, plant and equipment and the financing of investment property.

  - Finance Capital Lease for the Purchase of Property Plant and Equipment - 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.

- Finance Capital Lease for the Acquisition or Construction of Investment Properties - The Group will present the right-of-use assets as part of the investment properties. The right-of-use will be annually revalued every at fair market value and the lease liability, will be presented as par to the debt.

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 net effetive 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.

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 from 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, 2019 was 89 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:

	2019	**2018**
Rental revenue	US$10,171,825	US$5,924,674
Patio rental income	52,170	
Rental recoveries	761,858	477,692
Other	139,422	126,843
Total	US$11,125,275	US$6,529,209

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, 2019:

	Amount
Rental revenues:	
2020	US$ 16,685,242
2021	16,376,784
2022	14,881,140
2023	14,432,228
2024	11,131,215
Thereafter	71,559,178
Total	US$145,065,787

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:

	2019	2018
Repair and maintenance	US$ 586,538	US$335,358
Utilities	260,367	123,719
Insurance	124,607	81,536
Property management	98,988	86,625
Real estate taxes	130,278	89,763
Expected credit loss	91	109,208
Amortization rent incentive	15,829	
Other	18,975	8,585
Total	US$1,235,673	US$834,794

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, 2019 and 2018, while assets and liabilities are included as of December 31, 2019 and December 31, 2018. 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 are summarized as follows:

	For the Year ended December 31, 2019			
	Colombia	Peru	Costa Rica	Total
Revenues:				
Rental revenue	US$ 355,610	US$ 1,486,384	US$ 9,283,281	US$11,125,275
Development fee income		9,179		9,179
Sub-total	355,610	1,495,563	9,283,281	11,134,454
Costs and expenses:				
Investment property expenses	52,603	363,671	819,398	1,235,672
General and administrative	832,562	696,859	2,516,868	4,046,289
Sub-total	885,165	1,060,530	3,336,266	5,281,961

(Continues)

	For the Year ended December 31, 2019			
	Colombia	Peru	Costa Rica	Total
Net operating (loss) profit	US$ (529,555)	US$ 435,033	US$ 5,947,015	US$ 5,852,493
Other income/(expenses):				
Investment property valuation gain	23,188,612	7,056,679	(81,167)	30,164,124
Right-of-use amortization	(21,177)	(27,769)	(40,840)	(89,786)
Depreciation and amortization	(28,586)	(18,502)	(34,985)	(82,073)
Foreign currency gain (loss)	175,626	12,292	(13,942)	173,976
Other income		4,214	81,462	85,676
Debt extinguishment cost		(208,280)	(236,317)	(444,597)
Office lease financing cost	(6,957)	(9,856)	(4,622)	(21,435)
Interest expense	(16,787)	(642,036)	(3,914,555)	(4,573,378)
Deferred financing cost		(48,633)	(102,058)	(150,691)
Other expense	(104,517)	(23,799)	(693,905)	(822,221)
Net income (loss) before taxes	22,656,659	6,529,343	906,086	30,092,088
Income tax expense	(2,485,969)	(4,385,093)	(1,359,159)	(8,230,221)
Net income after taxes	20,170,690	2,144,250	(453,073)	21,861,867
Earnings (loss) attributable to non-controlling interest			(147,190)	(147,190)
Net income of the year	US$20,170,690	US$ 2,144,250	US$ (305,883)	US$22,009,057

	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
Costs and expenses:				
Investment property expenses		133,305	701,489	834,794
General and administrative	US$ 839,722	608,824	2,020,543	3,469,089
Sub-total	839,722	742,129	2,722,032	4,303,883
Net operating (loss) profit	(839,722)	(642,854)	3,849,635	2,367,059
Other income/(expenses):				
Investment property valuation gain	5,792,274	3,743,253	15,309,088	24,844,615
Right-of-use amortization	(23,544)	(27,769)	(40,841)	(92,154)
Depreciation and amortization	(30,424)	(15,450)	(23,113)	(68,987)
Foreign currency	(2,045)	(91,469)	504,354	410,840
Other income	345	5,872	34,554	40,771
Office lease financing cost	(9,233)	(11,564)	(7,372)	(28,169)
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	2,893,596	16,925,571	24,656,771
Income tax expense	(327,850)	(435,278)	(7,600,161)	(8,363,289)
Net income after taxes	4,509,754	2,458,318	9,325,410	16,293,482
Earnings attributable to non-controlling interest			(3,505,475)	(3,505,475)
Loss from discontinued operations			(102,592)	(102,592)
Net income of the year	US$4,509,754	US$2,458,318	US$ 5,717,343	US$12,685,415

	December 31, 2019			
	Colombia	Perú	Costa Rica	Total
Assets:				
Cash	US$ 5,271,897	US$ 5,052,389	US$ 7,840,943	US$ 18,165,229
Receivables and other assets	3,517,714	3,993,250	2,886,506	10,397,470
Deferred tax asset	559,057	651,702	153,798	1,364,557
Lease Right-of-Use	79,839	115,705	40,841	236,385
Investment property	90,067,864	64,650,000	149,280,000	303,997,864
Restricted cash		10,044,989	2,010,589	12,055,578

(Continues)

	December 31, 2019			
	Colombia	Perú	Costa Rica	Total
Vehicles, furniture and equipment, net	US$ 113,532	US$ 224,184	US$ 188,603	US$ 526,319
Total assets	99,609,903	84,732,219	162,401,280	346,743,402
Liabilities:				
Payables and accruals	3,209,147	1,480,537	3,328,610	8,018,294
Deferred tax liability	3,659,474	6,202,804	15,041,640	24,903,918
Leasing liability	88,798	126,915	43,722	259,435
Long-term debt	6,662,514	18,376,020	82,323,063	107,721,597
Security deposits		83,234	660,421	743,655
Total liabilities	13,619,933	26,629,510	101,397,456	141,646,899
Net assets/(liabilities)	US$85,989,970	US$59,565,685	US$ 61,003,824	US$206,559,479

	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	332,112	2,709,921	2,933,401	5,975,434
Deferred tax asset	528,181	780,303	330,248	1,638,732
Right-of-use	101,982	143,475	81,682	327,139
Investment property	41,749,007	40,440,000	108,180,000	190,369,007
Restricted cash		10,024,054	1,172,341	11,196,395
Vehicles, furniture and equipment, net	128,011	195,629	81,131	404,771
Total assets	46,054,149	55,956,008	115,037,931	217,048,088
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
Office lease liability	109,723	152,265	84,497	346,485
Long-term debt		9,214,300	37,715,293	46,929,593
Security deposits		83,234	613,894	697,128
Total liabilities	1,792,390	12,735,988	54,220,363	68,748,741
Net assets/(liabilities)	US$44,261,759	US$43,220,020	US$60,817,568	US$148,299,347

7. CASH IN BANK ACCOUNTS

Cash in bank accounts is detailed as follows:

	2019	2018
Bank accounts:		
In local currency	US$20,772,205	US$ 3,324,459
In US Dollars	5,428,666	9,619,223
Total	US$26,200,871	US$12,943,682

8. RECEIVABLES

As of December 31, 2019, and 2018, receivables are as follows:

		2019	2018
(a)	Tenant trade receivables, net	US$ 375,411	US$ 427,499
(b)	Tenants notes receivables, net	1,071,551	1,094,300
(c)	Value added tax	3,237,996	2,153,294
	Income tax and tax credits	29,511	28,944
	Others	79,901	35,832
	Sub-total	4,794,370	3,739,869

(Continues)

	2019	2018
Value added tax - long term	US$(2,968,186)	US$(1,632,075)
Tenant notes receivable - long term	(921,666)	(917,163)
Total trade receivables	US$ 904,518	US$ 1,190,631

(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 recognized 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, 2019 and 2018 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, 2019	0 to 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Total
Weighted average expected loss rate	9.8%	48.9%	78.2%	100%	
Gross carrying amount	US$287,344	US$74,933	US$68,919	US$ 48,667	US$479,863
Cash Security Deposit	(17,511)	(3,265)	(2,816)	(48,275)	(71,867)
Net carrying amount	178,173	71,688	66,103	392	316,356
Loss allowance provision	US$ 17,511	US$34,605	US$51,944	US$ 392	US$104,452

December 31, 2018	0 to 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Total
Weighted average expected loss rate	15.5%	47.9%	75.0%	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

(b) **Tenant Notes Receivables** - The Group finance to some its clients specific tenant improvements that customers request. As of December 31, 2019, loans outstanding to tenants bears a weighted average annual interest rate of 12.1% and have a weighted average remaining loan term of 6.01 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, 2019 and 2018 was determined as follows; the expected credit losses below also incorporate forward looking information.

December 31, 2019	Current Notes Receivables	Long Term Notes Receivables	Total
Weighted average expected loss rate	3.13%	0%	
Gross carrying amount	US$154,731	US$921,666	US$1,076,397
Loss allowance provision	US$ 4,847	US$	US$ 4,847

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

The loss allowance provision for trade receivables and tenant notes receivables as at December 31, 2019 and 2018 reconciles to the opening loss allowance for that provision as follows:

	December 31,					
	2019			2018		
	Trade Receivables	Tenants Notes Receivables	Total	Trade Receivables	Tenants Notes Receivables	Total
Beginning balance	US$ 95,149	US$14,059	US$109,208			
Increase in loan loss allowance recognized in profit or loss during the period	9,303		9,303	US$95,149	US$14,059	US$109,208

(Continues)

	December 31,					
	2019			2018		
	Trade Receivables	Tenants Notes Receivables	Total	Trade Receivables	Tenants Notes Receivables	Total
Receivables written off during the year as uncollectible						
Unused amount reversed		US$(9,212)	US$ (9,212)			
Ending balance	US$104,452	US$ 4,847	US$109,299	US$95,149	US$14,059	US$109,208

(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, 2019, value added tax receivable derived from the operations in Colombia, Peru and Costa Rica were US$220,422 (2018: US$74,637), US$3,005,428 (2018: US$2,078,657), US$12,146 (2018: US$0) respectively. During 2019 and 2018, the Group collected US$402,925 (2018: US$1,091,625) of the outstanding value added tax in Peru.

9. OTHER CURRENT ASSETS

		2019	2018
(a)	Advance to suppliers	US$3,411,877	US$1,340,504
	Construction permit and other deposits	311,880	471,869
	Investment properties acquisition deposits	902,400	150,000
	Prepaid taxes	438,483	61,058
	Prepaid insurance	124,325	96,700
	Deal pursuit cost	257,313	87,692
	Rent incentives, net	129,282	
	Other	42,540	28,194
		US$5,618,100	US$2,236,017

(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.

10. VEHICLES, FURNITURE AND EQUIPMENT

As of December 31, 2019, and 2018, 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, 2017	US$7,800	US$ 60,659	US$54,736	US$388,330	US$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
Additions		173,822	26,714	7,969	208,232
Retirements		(7,196)			(7,196)
Balance as of December 31, 2019	7,800	248,205	83,998	401,652	741,655
Accumulated depreciation:					
Balance as of December 31, 2017	811	9,658	12,214	44,178	66,861

(Continues)

	Vehicles	Furniture and Office Equipment	Computer Equipment	Leasehold Improvements	Total
Additions	US$ 784	US$ 9,524	US$11,496	US$ 47,658	US$ 69,462
Retirements		(65)	(410)		(475)
Balance as of December 31, 2018	1,595	19,117	23,300	91,836	135,848
Additions	784	21,816	15,259	44,388	82,247
Retirements		(2,759)			(2,759)
Balance as of December 31, 2019	2,379	38,174	38,559	136,224	215,366
Net book value as of December 31, 2018	US$6,205	US$ 62,462	US$33,984	US$302,120	US$404,771
Net book value as of December 31, 2019	US$5,421	US$210,031	US$45,439	US$265,428	US$526,319

11. INVESTMENT PROPERTY

As of December 31, 2019, and 2018, the Group obtained a valuation from independent appraisers in order to determine the fair value of its investment properties, which resulted in a gain of US$30,164,124 and US$24,844,615 for the years ended December 31, 2019 and 2018, respectively.

a. As of December 31, 2019, and 2018, investment properties were as follows:

	FMV as of December 31, 2019	# of Buildings [1]	NRA [1] (SM)	Leased %	Occupied %
Land bank:					
Colombia	US$ 28,789,432	6	159,446	n/a	n/a
Peru	14,560,000	3	62,629	n/a	n/a
Total land bank	43,349,432	9	222,075	n/a	n/a
Properties under development:					
Colombia	41,160,750	2	52,677	23.2%	0.0%
Peru	28,780,000	2	39,195	21.4%	0.0%
Costa Rica	8,420,000	1	9,240	73.9%	0.0%
Total properties under development	78,360,750	5	101,112	27.1%	0.0%
Operating properties:					
Colombia	20,117,682	1	23,438	100.0%	100.0%
Peru	21,310,000	1	22,276	87.4%	87.4%
Costa Rica[2]	140,860,000	11	127,607	100.0%	100.0%
Total operating properties	182,287,682	13	173,321	98.4%	98.4%
Total operating and properties under development	US$260,648,432	18	274,433	72.1%	62.2%
Total	US$303,997,864	27	496,508	n/a	n/a

	FMV as of December 31, 2018	# of Buildings [1]	NRA [1] (SM)	Leased %	Occupied %
Land bank:					
Colombia	US$ 30,521,805	8	194,980	n/a	n/a
Peru	7,360,000	1	17,829	n/a	n/a
Costa Rica	7,540,000	1	9,240	n/a	n/a
Total land bank	45,421,805	10	222,049	n/a	n/a
Properties under development:					
Colombia	11,227,202	2	45,202	29.6%	0.0%
Peru	33,080,000	2	43,942	34.4%	34.4%
Costa Rica	21,790,000	1	25,137	100.0%	0.0%
Total properties under development	66,097,202	5	114,281	46.9%	13.2%
Operating properties:					
Costa Rica	78,850,000	4	68,330	100.0%	100.0%
Total operating properties	78,850,000	4	68,330	100.0%	100.0%
Total operating and properties under development	US$144,947,202	9	182,622	66.8%	45.7%
Total	US$190,369,007	19	404,660	n/a	n/a

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

(2) The operating properties in Costa Rica includes patios and land rental of 48,428 square meters for the use of trailer parking and open-air warehousing. As of December 31, 2019, the leased land and patios have a fair value of US$5,472,903 with a weighted average capitalization rate of 12.1%. The net rentable area (NRA) included in the table above excludes net rentable area of patios or land leases.

Disclosed below is the valuation technique used to measure the fair value of investment properties, along with the significant unobservable inputs used.

- ***Valuation Techniques*** -

  - **Operating Properties** - The valuation model considers a 50 percent the present value of net cash flows to be generated by the property and the other 50 percent the direct capitalization of the net operating income.

    i. The present value of net cash flows generated by the property takes into account the expected rental growth rate, vacancy periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

    ii. The direct capitalization method. This method involves capitalizing a fully leased net operating income estimate by an appropriate yield. This approach is best utilized with stabilized assets, where there is little volatility in the net income and the growth prospects are also stable. It is most commonly used with single tenant investments or stabilized investments. involves capitalizing the property net operating income at a market capitalization rate. The net operating income is determined by using the property Effective Gross Income (EGI) net of operating expenses. The EGI is determined by the property's Potential Gross Income (PGI) through analysis of the property actual historic income and an analysis of competitive current market income rates and deducting the PGI with an estimate for vacancy and collection.

  - **Properties Under Development**. The valuation model considers the present value of net cash flows and direct capitalization methods adjusted by the net present value of the cost to complete and vacancy in the properties under construction.

  - **Land Bank**. The valuation model used for the land portfolio is the Sales Comparison Approach. In the Sales Comparison Approach, the price per square meter method was used. This approach is given supporting weight in this analysis because of the well-supported range of value within this approach and the likelihood that the subject could be purchased by an owner-user.

- ***Significant Inputs as of December 31, 2019*** -

	Operating	Development	Land Bank
Weighted average occupancy rate	96.0%	96.0%	n/a
Weighted average risk adjusted discount rate	10.5%	11.1%	n/a
Weighted average risk adjusted residual capitalization rate	7.7%	7.8%	n/a
Weighted average going in stabilized capitalization rate	7.5%	7.6%	n/a
Cost to Complete and Vacancy discount rate adjustment	n/a	7.0%	n/a

- ***Interrelationship between Key Inputs and Fair Value Measurement*** - The estimated fair value would increase (decrease) if:

  - Expected market rental income per market were higher (lower);
  - Vacancy periods were shorter (longer);
  - The occupancy rates were higher (lower);
  - Rent-free periods were shorter (longer); or
  - The risk adjusted discount rate were lower (higher).

b. The reconciliation of investment properties for the years ended December 31, 2019 and 2018 are as follows:

	December 31,	
	2019	2018
Beginning balance	US$190,369,007	US$139,845,276
Stabilized building acquisitions, excluding closing cost	25,800,000	
Land acquisitions, including closing cost	9,637,553	8,928,476
Construction	44,403,312	17,610,740
Financing cost	1,032,891	1,109,375
Lease commissions	871,741	608,328
Rent leveling	2,339,839	637,351
Translation effect from functional currency	(620,603)	(3,215,154)
Gain on valuation of investment properties	30,164,124	24,844,615
Ending balance	US$303,997,864	US$190,369,007

Investment Properties Acquisitions - The following table summarizes the Group's investment properties acquisition activity for the years ended December 31, 2019 and 2018:

	2019	2018
Acquired operating assets:		
Number of operating buildings	6	
Net rentable area (square meters)	37,712	
Acquired land:		
Land area (hectares)	11.0	5.6
Total expected building to develop	3	1
Total expected build-out (square meters)	62,629	25,137
Acquisition cost:		
Land purchase price	US$ 9,264,055	US$8,480,000
Capitalized land acquisition closing costs	373,498	448,476
Operating buildings purchase price	25,800,000	
Expensed building acquisition closing costs	655,774	
Total acquisition cost of investment properties	US$36,093,327	US$8,928,476

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are as follows:

	2019	2018
Trade payables	US$1,640,522	US$ 747,373
Value added tax	130,992	
Professional services	119,154	87,360
Tax payable	703,009	14,281
Construction contract retainage	2,360,213	598,691
Interest and other financing costs	1,076,785	636,087
Employee benefits and other obligations	722,746	647,969
Investment properties acquisition closing costs	643,306	6,000
Leasing commissions	635,980	193,375
Other	43,605	20,457
Total	US$8,076,312	US$2,951,593

13. LEASES

Offices Lease Liability - The Group has its office spaces leased in which, the Group is the lessee, which primarily qualify as operating leases, with remaining weighted average lease term of 2.3 years at December 31, 2019.

The following table summarizes the fixed, future minimum rental payments, excluding variable costs, for which the lease has commenced at December 31st, with amounts for 2019 discounted by our incremental borrowing rates to calculate the lease liability of the Group lease:

In U.S. dollars	**2019**
2020	US$107,595
2021	62,197
2022	62,197
2023	55,449
2024	5,868
Total undiscounted rent payments	293,206
Less imputed interest	(33,871)
Total lease liability	US$259,435

In U.S. Dollars	**2018**
2019	US$107,822
2020	107,822
2021	62,425
2022	62,425
2023	55,620
Thereafter	5,867
Total undiscounted rent payments	401,981
Less imputed interest	(55,496)
Total lease liability	US$346,485

The remaining weighted average lease term was 2.3 and 2.7 years at December 31, 2019 and 2018, respectively. The Group do not include renewal options in the lease term for calculating the lease liability unless the Group is reasonably certain that will exercise the option, or the lessor has the sole ability to exercise the option. The incremental borrowing rate was 7.0% at December 31, 2019. The Group assigned a collateralized interest rate to the lease based on the term of the lease and the currency in which the lease was denominated.

Offices Right-of-Use - Offices right-of-use are amortized using the straight-line method over the term of the operating lease.

Original lease terms and remaining lease term of the corporate offices operating leases are as follows:

Office Location	Original Lease Term	Remaining Term as of December 31, 2019
Costa Rica	3.0 years	1.0 year
Peru	7.0 years	4.2 years
Colombia	7.0 years	3.8 years
Weighted average	5.0 years	2.3 years

As of December 31, 2019, and 2018, right-of-use of the Group were comprised as follows:

	Costa Rica	Peru	Colombia	Total
Gross assets:				
Balance as of December 31, 2017		US$194,385	US$163,674	US$358,059
Additions	US$122,522			122,522
Translation effect from functional currency			(13,385)	(13,385)
Balance as of December 31, 2018	122,522	194,385	150,289	467,196
Translation effect from functional currency			(1,256)	(1,256)
Balance as of December 31, 2019	122,522	194,385	149,033	465,940
Accumulated depreciation:				
Balance as of December 31, 2017		23,141	29,227	52,368
Additions	40,841	27,769	23,544	92,154
Translation effect from functional currency			(4,464)	(4,464)
Balance as of December 31, 2018	40,841	50,910	48,307	140,058
Additions	40,840	27,770	21,177	89,787
Translation effect from functional currency			(290)	(290)
Balance as of December 31, 2019	81,681	78,680	69,194	229,556
Net book value as of December 31, 2018	US$ 81,681	US$143,475	US$101,982	US$327,138
Net book value as of December 31, 2019	US$ 40,841	US$115,705	US$ 79,839	US$236,385

During the year ended December 31, 2019 and 2019, the Group recorded right-of-use amortization expense of US$89,787 and US$92,154, respectively.

14. DEBT

As of December 31, 2019, and 2018 debt of the Group were comprised as follows:

Financial Institution	Country	Currency	Type	Expiration	Balloon Payment at Expiration	Annual Interest Rate	Restricted Cash at December 31, 2019	Remaining Borrowing Capacity at December 31, 2019	Amount Outstanding at December 31, 2019	Amount Outstanding at December 31, 2018
Banco Davivienda Costa Rica, S.A.[1]	Costa Rica	US$	Mortgage Loan	Jan 8, 2032 refinanced		1Mo LIBOR + 578 bps				US$ 37,966,482
International Finance Corporation Loan A[1]	Perú	US$	Mortgage Loan	Jul 15, 2027 restructured		6Mo LIBOR + 525 bps				5,000,000
International Finance Corporation Loan B[1]	Perú	US$	Mortgage Loan	Jul 15, 2027 Restructured		6Mo LIBOR + 525 bps				5,000,000
Banco Davivienda Costa Rica, S.A. [1]	Costa Rica	US$	Mortgage Loan	Jul 3, 2034		6Mo LIBOR + 392 bps, min 6.0%	US$ 874,210		US$ 34,894,226	
Banco Davivienda Costa Rica, S.A. [1]	Costa Rica	US$	Mortgage Loan	Jul 3, 2034	US$4,777,434	6Mo LIBOR + 392 bps, min 6.0%	309,814		12,366,269	
Banco Davivienda Costa Rica, S.A.	Costa Rica	US$	Mortgage Loan	Sep 8, 2034		6Mo LIBOR + 392 bps, min 6.0%			5,500,000	
Banco Davivienda Costa Rica, S.A.	Costa Rica	US$	Mortgage Loan	Mar 9, 2034		6Mo LIBOR + 359 bps, min 6.3%	450,000		12,500,000	
Banco Davivienda Costa Rica, S.A.	Costa Rica	US$	Mortgage Loan	Mar 1, 2034		6Mo LIBOR + 359 bps, min 6.3%	320,940		4,461,727	
BAC Credomatic, S.A.	Costa Rica	US$	Mortgage Loan	Sep 18, 2034		3Mo LIBOR + 423 bps, no min. rate			2,515,631	
BAC Credomatic, S.A.	Costa Rica	US$	Mortgage Loan	Jun 26, 2034		3Mo LIBOR + 423 bps, no min. rate		US$ 1,000,000	3,527,332	
Banco Nacional de Costa Rica, S.A.[3]	Costa Rica	CRC	Mortgage Loan	Jul 12, 2032		CR-TBP + 495 bps, no min. rate			941,098	
Banco Nacional de Costa Rica, S.A.[3]	Costa Rica	CRC	Mortgage Loan	Mar 7, 2033		CR-TBP + 495 bps, no min. rate			2,209,170	
Banco Nacional de Costa Rica, S.A.[3]	Costa Rica	CRC	Mortgage Loan	Dec 11, 2033		CR-TBP + 495 bps, Max 18%, Min 9%			4,434,159	
International Finance Corporation Tranche 1[1]	Perú	US$	Mortgage Loan	Jul 15, 2028	4,944,250	6Mo LIBOR + 525 bps no min. rate	10,044,989	7,323,000	19,777,000	
International Finance Corporation Tranche 2[1]	Perú	US$	Mortgage Loan	Jul 15, 2030		6Mo LIBOR + 525 bps no min. rate		25,900,000		

(Continues)

Financial Institution	Country	Currency	Type	Expiration	Balloon Payment at Expiration	Annual Interest Rate	Restricted Cash at December 31, 2019	Remaining Borrowing Capacity at December 31, 2019	Amount Outstanding at December 31, 2019	Amount Outstanding at December 31, 2018
Bancolombia, S.A.(2)	Colombia	COP	Financing Capital Lease	Apr 15, 2035	US$ 3,832,610	IBR + 350 bps no min. rate		US$ 2,874,458	US$ 6,707,068	
Total					US$13,530,053		US$11,999,953	US$37,097,458	110,533,680	US$47,966,482
Long-term debt accrued financing cost									1,076,785	636,087
Debt issuance cost, net									(2,812,083)	(1,036,889)
Total debt									108,798,382	47,565,680
Less: Current accrued financing cost									(1,076,785)	(636,087)
Less: Current portion of long-term debt									(4,644,742)	(2,145,425)
Total Long-term debt									US$103,076,855	US$44,784,168

(1) ***Extinguishment of Debt*** - On June 2019, the Group refinanced its secured development loan with Banco Davivienda Costa Rica S.A. and restructured the development loan with International Finance Corporation (IFC). As a result, the difference between the recorded debt (including related debt issuance cost) and any consideration paid to refinance the debt was recognized as gain or losses. Fees associated with the restructuring of debt that meets the modification criteria, along with existing unamortized debt issuance costs, are amortized over the term of the new debt. For the year ended December 31, 2019, the Group recorded a loss of US$444,598 related to the refinance or restructuring of debt.

The Group refinanced the debt with Banco Davivienda Costa Rica resulting in an expansion of the credit facility of US$10.6 million from US$37.4 million to US$48.0 million, extended the term for an additional 2.5 years and decreased the annual interest rate by approximately 245 basis points.

The restructuring of the debt with International Finance Corporation (IFC) extended and expanded the original secured credit facility to include the development of the second phase of LatAm Logistic Lima Sur. The project will have a total of six buildings to be developed in two phases. The loans have an aggregate borrowing capacity of US$53,000,000 and is divided in two tranches corresponding to each development phase.

- **Tranche 1** - The loan is for the financing of phase 1. The loan has a total borrowing capacity of US$27,100,000 and is interest only until January 15, 2020 with a balloon payment of US$6,775,000 at expiration on July 15, 2028. The loan bears a commitment fee of 1% annual over unborrowed amounts until July 15, 2020.

- **Tranche 2** - The loan is for the financing of phase 2. The loan has a total borrowing capacity of US$25,900,000 and is interest only until January 15, 2022 with a balloon payment of US$6,475,000 at expiration on July 15, 2030. The loan bears a commitment fee over unborrowed amounts until July 15, 2022 as follows:

  - June 16, 2019 - December 31, 2019 - 0.50% over unborrowed amount.
  - January 1, 2020 - June 30, 2021 - 1.00% over unborrowed amount.
  - July 1, 2021 - January 15, 2022 - 1.50% over unborrowed amount.

  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, 2019, and 2018, the Group, has a restricted cash of US$10,044,989 and US$10,024,054, respectively, in the cash collateral account.

(2) ***Financing Capital Lease*** - On November 8, 2019, the Group entered into a financing capital lease contract with Bancolombia S.A. for the financing of building 400 in Latam Logistic Park Calle 80. The total financing capital lease contract is of US$9,581,525 (COP$31,400 million). In December 19, 2019, Bancolombia S.A. disbursed 70% or US$6,707,068 (COP$21,980 million) of the financing capital lease. The remaining 30% or US$2,874,458 (COP$9,420 million) will be disbursed upon transfer of the property title of building 400 to Bancolombia S.A. Management expects to transfer the property to Bancolombia S.A. in April 2020. The financing capital lease has a term of 15 years starting with the transfer of building 400 to Bancolombia S.A. and has a balloon payment 40% (US$3,832,610/COP$12,560 million) at the end of the contract. Principal payments will start once the title of the property is transferred to Bancolombia S.A. The financing capital lease agreement bears an annual interest rate of 350 basis points over IBR and has a commitment fee of 0.4% over undisbursed amounts.

(3) ***Debt Assumption*** - On December 16, 2019, the Group assumed three Costa Rican colon denominated mortgage debt as part of the acquisition of an investment property. The loans amounted to CRC 4,775,889,587 (US$8,284,427). The debt was retired on January 27, 2020 and substituted with a new U.S. dollar denominated debt of US$8,200,000 with Banco Nacional de Costa Rica, S.A. Further information regarding the new U.S. dollar denominate debt is disclosed in Note 24-Subsequent Events.

Long-Term Debt Maturities - Scheduled principal payments due on the Group's debt for each year through the period ended December 31, 2024, and thereafter were as follows at December 31, 2019:

	Mortgage Loan	Financing Capital Lease	Total
Maturity:			
2020	US$ 4,546,844	US$ 97,898	US$ 4,644,742
2021	4,962,077	152,869	5,114,946
2022	5,329,810	162,010	5,491,820
2023	5,724,955	170,287	5,895,242
2024	6,148,598	177,670	6,326,268
Thereafter	77,114,328	5,946,334	83,060,662
Total	US$103,826,612	US$6,707,068	US$110,533,680

Financing Cost - The following table summarizes the weighted average net effective interest rate by type of financing facility at December 31, 2019 and 2019:

	2019		2018	
	Weighted Average Interest Rate(1)	Amount Outstanding	Weighted Average Interest Rate(1)	Amount Outstanding
Mortgage Loan	7.0%	US$103,826,612	8.5%	US$47,966,482
Financing Capital Lease	7.6%	6,707,068		
Total	7.0%	US$110,533,680	8.5%	US$47,966,482

(1) The interest rate presented represent the effective interest rate (including debt issuance costs) at the end of the period for the debt outstanding.

The following table summarizes the components of interest expense for the years ended December 31, 2019 and 2018:

	2019	2018
Gross interest expense	US$ 5,322,325	US$ 3,568,128
Gross commitment fees	206,517	182,500
Amortization of debt issuance costs	228,118	98,904
Total financing cost before capitalization	5,756,960	3,849,532
Capitalized amounts into investment properties	(1,032,891)	(1,109,375)
Net financing cost	US$ 4,724,069	US$ 2,740,157
Total cash paid for interest and commitment fees	US$ 5,088,144	US$ 3,521,079

Debt Reconciliation - The reconciliation of debt for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Beginning balance	US$ 44,784,168	US$37,608,675
Secured bank debt borrowings	101,538,760	9,220,469
Secured bank debt repayments	(38,943,296)	(594,276)

(Continues)

	2019	2018
Loss on debt extinguishment	US$ 444,598	
Borrowing cost incurred	(2,476,176)	US$ (9,804)
Borrowing cost amortization	228,118	98,904
Change in current portion long term debt	(2,499,317)	(1,539,800)
Ending balance	US$103,076,855	US$44,784,168

Financial Debt Covenants - The loans described above are subject to certain affirmative covenants, including, among others, (i) reporting of financial information; and (ii) maintenance of corporate existence, the security interest in the properties subject to the loan and appropriate insurance for such properties. In addition, the loans are subject to certain negative covenants that restrict LLP's ability to, among other matters, incurs in additional indebtedness under or create additional liens on the properties subject to the loans, change its corporate structure, make certain restricted payments, enter into certain transactions with affiliates, amend certain material contracts.

The loans contain, among others, the following events of default: (i) non-payment; (ii) false representations; (iii) failure to comply with covenants; (iv) inability to generally pay debts as they become due; (v) any bankruptcy or insolvency event; (vi) disposition of the subject properties; or (vii) change of control of the subject properties.

As of December 31, 2019, the Group was in compliance with all of its covenants.

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 2019 and 2018, the Group received additional paid-in capital in cash for the amount of US$38,700,000 and US$21,500,000, 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

In 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 Group ownership percentage, the non- controlling interests and the consolidated partnership' total assets and total liabilities at December 31, 2019 and 2018:

Partnership	Country	Ownership Percentage		Non-Controlling Interest		Total Assets		Total Liabilities	
		2019	2018	2019	2018	2019	2018	2019	2018
Latam Parque Logístico Coyol II	Costa Rica	50%	50%	US$7,858,285	US$8,005,475	US$31,589,900	US$22,755,681	US$15,823,318	US$6,744,617

For the year ended December 31, 2019 and 2018, net (loss) earnings attributable to non-controlling interest amounted US$(147,190) and US$3,505,475, respectively.

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are as follows:

	2019	2018
Personnel cost	US$2,641,780	US$2,327,222
Services and professional fees	847,885	728,813
Office expenses	249,336	220,713
Bank service charges	41,042	33,935
Other	561,041	419,080
	US$4,341,084	US$3,729,763

19. OTHER EXPENSES

Other expenses are as follows:

	2019	2018
Debt supervision fee	US$ 13,000	US$27,000
Other debt raising cost	101,639	80,047
Dead deal pursuit costs	51,808	
Stabilized building acquisition closing costs	655,774	
	US$822,221	US$77,047

20. 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, 2019, and 2018, the tax rates applied by the subsidiaries were as follows:

		2019	2018
(1)	Costa Rica	30%	30%
(2)	Colombia	33%	33%
	Perú	29.5%	29.5%

(1) In accordance with the reforms introduced to the Costa Rican Income Tax Law, through tax reform Law No. 9635, Law for Strengthening Public Finances, effective as of July 1, 2019; it is stated that the Group's Costa Rican subsidiaries that hold real estate assets are within the regulatory framework to pay taxes under Chapter I.-Income Tax, on net taxable income accrued during the fiscal year. The Group does not have an ongoing tax review before the Costa Rican Tax Authorities. The Group is taking all the necessary steps to correct any formal error resulting from the interpretations within the Costa Rican Tax Administration, regarding the change of the new regulatory provisions, the regime of Chapter XI, real estate capital income.

(2) 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, 2019 and 2018, income tax from continued operations was as follows:

	2019	2018
Income tax expense	US$ 917,350	US$ 140,814
Deferred income tax expense	7,312,871	8,222,475
Total	US$8,230,221	US$8,363,289

Income tax expense includes withholding taxes that resulted from the recognition of intra group fees between countries. During the year ended December 31, 2019 and 2018, the Group recognized US$180,483 (2018: US$135,228) of withholding tax expenses in income tax expense and paid US$147,720 (2018: US$147,603) in withholding taxes related to intra group fees.

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

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

	2019	2018
Profit before tax from continuing operations	US$30,096,852	US$24,719,866
Income tax expense calculated at weighted average tax rate at 14.5% (2018: 25.3%)	US$ 4,360,189	US$ 6,253,896
Non-taxable income or gains	(3,479,868)	(6,117,689)
Tax attributable to change in fair value of investment properties	7,011,400	9,326,692
Effect of tax losses and temporary differences	338,500	(1,1075,574)
Total	US$ 8,230,221	US$ 8,363,289

Deferred Tax - As of December 31, 2019 and 2018 the Group has recognized a deferred tax liability over the temporary difference generated on the investment properties valued at its fair value , the tax losses and other temporary differences.

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

	2019	2018
Balance at beginning of the year	US$1,638,732	US$ 477,453
Employee benefits	(12,927)	41,740
Net operating loss and pre-operating expenses	2,247,242	1,112,472
Net operating losses valuation reserve	(2,331,078)	
Other accruals	(181,385)	61,959
Translation effect from functional currency	(12,223)	(23,778)
Unrealized exchange loss	16,196	(31,114)
Balance at the end of the year	US$1,364,557	US$1,638,732

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

	2019	2018
Balance at beginning of the year	US$17,841,882	US$ 9,019,118
Tax attributable to change in fair value of investment properties	7,011,400	8,761,917
Other accruals	60,353	111,954
Translation effect from functional currency	(9,717)	(51,107)
Balance at the end of the year	US$24,903,918	US$17,841,882

21. BALANCE AND TRANSACTIONS WITH RELATED PARTIES

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%. In June 2019, the Group increased the loan receivable from Latam Logistics Investments LLC to US$3,015,000 and extended the loan term to December 31, 2023.

The main transactions with affiliated companies for the year ended December 31, 2019 and 2018, were as follows:

	2019	2018
Interest income - Latam Logistics Investments LLC	US$248,385	US$199,500
Interest expense-JREP I Logistics Acquisition L.P.	US$	US$148,913

As of December 31, 2019, and 2018, the due outstanding balances from related parties are as follows:

	2019	2018
Accounts receivable:		
Latam Logistics Investments LLC	US$3,556,935	US$2,583,550

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

22.1 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, 2019				
	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$26,200,871		US$ 26,200,871	US$ 26,200,871
Receivable	8	4,794,370		4,794,370	4,794,370
Other assets	9	5,618,100		5,618,100	5,618,100
Due from affiliates	21	3,556,935		3,556,935	3,556,935
Restricted cash	14	12,055,578		12,055,578	12,055,578
Total financial assets		US$52,225,854	US$	US$ 52,225,854	US$ 52,225,854
(i) Financial liabilities not measured at fair value:					
Payables and accruals	12		US$ 8,076,312	US$ 8,076,312	US$ 8,076,312
Lease liability	13		259,435	259,435	259,435
Security deposits	15		743,655	743,655	743,655
Long-term debt	14		107,721,597	107,721,597	107,721,597
Total financial liabilities		US$	US$116,800,999	US$116,800,999	US$116,800,999

(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.

	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	2,236,017		2,236,017	2,236,017
Due from affiliates	21	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$32,699,513	US$	US$32,699,513	US$32,699,513
(i) Financial liabilities not measured at fair value:					
Payables and accruals	12		US$ 2,951,593	US$ 2,951,593	US$ 2,951,593
Lease liability	13		346,485	346,485	346,485
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$50,924,799	US$50,924,799	US$50,924,799

(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.

22.2 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	**2019**	**2018**
Cash	7	US$26,200,871	US$12,943,682
Receivables	8	4,794,370	3,739,869
Due from affiliates	21	3,556,935	2,583,550
Other assets	9	5,618,100	2,236,017
Restricted cash	14	12,055,578	11,196,395
		US$52,225,854	US$32,699,513

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.

December 31, 2019	Notes	Carrying Amount	Contractual Cash Flows	
			Total	12 Months or Less
Payables and accruals	12	US$ 8,076,312	US$ 8,076,312	US$ 8,076,312
Lease liability	13	259,435	293,306	107,595
Security deposits	15	743,655	743,655	41,093
Long-term debt	14	107,721,567	110,533,680	4,644,742
		US$116,800,999	US$119,646,953	US$12,869,742

December 31, 2018	Notes	Carrying Amount	Contractual Cash Flows	
			Total	12 Months or Less
Payables and accruals	12	US$ 2,951,593	US$ 2,951,593	US$2,951,593
Lease liability	13	346,485	401,981	107,822
Security deposits	15	697,128	697,128	22,800
Long-term debt	14	46,929,593	47,966,482	2,145,425
		US$50,924,799	US$52,017,184	US$5,227,640

The Group minimum lease payments are disclosed on Note 4.

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.

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

	December 31, 2019				
	Costa Rican Colones	Colombian Pesos	Peruvian Soles	U.S. Dollars	Total
Cash	US$ 69,005	US$ 5,271,896	US$ 87,765	US$ 20,772,205	US$ 26,200,871
Receivables	26,369	347,148	3,044,917	1,375,936	4,794,370
Due from affiliates				3,556,935	3,556,935
Other assets	46,660	3,284,521	185,991	2,100,928	5,618,100

(Continues)

	December 31, 2019				
	Costa Rican Colones	Colombian Pesos	Peruvian Soles	U.S. Dollars	Total
Lease Right of Use		US$ 79,839		US$ 156,546	US$ 236,385
Restricted cash				12,055,578	12,055,578
Sub-total	US$ 142,034	8,983,404	US$3,318,673	40,018,128	52,462,239
Payables and accruals	(740,680)	(1,713,034)	(90,225)	(5,532,373)	(8,076,312)
Lease liability		(88,798)		(170,637)	(259,435)
Security deposits				(743,655)	(743,655)
Long-term debt		(6,662,514)		(101,059,083)	(107,721,597)
Sub-total	(740,680)	(8,464,346)	(90,225)	(107,505,748)	(116,800,999)
Net	US$(598,646)	US$ 519,058	US$3,228,448	US$(67,487,620)	US$(64,338,760)

	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
Lease Right of Use		101,982		225,156	327,138
Other assets	152,332	257,475	47,320	1,778,890	2,236,017
Restricted cash				11,196,395	11,196,395
Sub-total	235,271	3,648,949	2,193,500	26,948,931	33,026,651
Payables and accruals	(50,943)	(519,811)	(109,306)	(2,271,533)	(2,951,593)
Lease liability		(109,723)		(236,762)	(346,485)
Security deposits				(697,128)	(697,128)
Long-term debt				(46,929,593)	(46,929,593)
Sub-total	(50,943)	(629,534)	(109,306)	(50,135,016)	(50,924,799)
Net	US$184,328	US$3,019,415	US$2,084,194	US$(23,186,085)	US$(17,898,148)

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

	Average Rate	
	2019	2018
Costa Rican Colones	¢ 583.01	¢ 576.98
Peruvian Soles	S/ 3.335	S/ 3.283
Colombian Pesos	COP$3,279.14	COP$2,956.43

	Reporting Date			
	Buy Rate		Sell Rate	
	2019	2018	2019	2018
Costa Rican Colones	¢ 570.09	¢ 604.39	¢ 576.49	¢ 611.75
Peruvian Soles	S/ 3.311	S/ 3.369	S/ 3.317	S/ 3.379
Colombian Pesos	COP$3,277	COP$3,250	COP$3,277	COP$3,250

Sensitivity Analysis - A 10% strengthening (weakening) of the U.S. dollar against the local currencies of the subsidiaries as of December 31, 2019 and 2018 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 2018.

December 31, 2019	Strengthening	Weakening
Profit or loss	US$314,886	US$(314,886)
Equity	US$314,886	US$(314,886)

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

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, 2019 and 2018 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 2018.

	Note	Long-term Debt with Variable Interest Rate as of December 31, 2019	1%	2%
Increase in interest rate	14	US$110,533,680	US$(1,105,337)	US$(2,210,674)
Decrease in interest rate	14	US$110,533,680	US$ 408,115	US$ 816,229

	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

23. COMMITMENT AGREEMENT

In October 2019, the Group entered into a forward commitment agreement to acquire a newly developed 8,550 square meters fully occupied Class-A logistic real estate in Costa Rica for a total investment of US$7.8 million, including closing costs. The property is currently being developed by a local developer and is located in the Coyol submarket of San Jose, Costa Rica. The building is expected to be acquired upon delivery in the fourth quarter of 2020. As of December 31, 2019, the Group paid a first deposit of US$752,400 for the property acquisition. The Group is committed to pay a second deposit of US$752,400 in the second quarter of 2020 and will pay the remaining purchase price upon title transfer of the property.

24. SUBSEQUENT EVENTS

The Group'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:

- ***Debt*** -
  - On January 27, 2020, the Group retired the Costa Rican colon (¢) denominated loan of ¢4.779.644.832 (US$8,284,287) with Banco Nacional de Costa Rica and entered into a new U.S. dollar denominated loan of US$8,200,000 with Banco Nacional de Costa Rica. The new U.S. dollar denominate loan bears a fixed interest rate of 6.50% for the first two years and 495 basis points over 6-month LIBOR after the second year. The U.S. dollar denominated loan expires on January 27, 2035 and have a fifteen-year amortization period.

- On February 18, 2020, the Group entered into a Colombian peso (COP) denominated financing capital lease agreement of COP$27,600 million (US$8,421,978) with Bancolombia S.A. for the financing of the construction of building 600 in Latam Logistic Park Calle 80. The financing capital lease bears an interest rate of IBR +350 basis points, commitment fees of 0.4% over unborrowed amount and has a term of fifteen years with a balloon payment of 40% at expiration. On June 1st, 2020, the Group received 34% (COP$9,380 million/US$2,863,473) of the capital lease financing facility and will received the remaining upon transfer of the property title.

- ***Leasing -***

  - **Peru** - In February 2020, the Group leased 2,896 square meters to obtain full-occupancy of building 100 of LatAm Logistic Park Lima Sur. In January 2020 the Group pre-leased 4,562 square meters (26.0% of total building) of building 300 in LatAm Logistic Park Lima Sur. Building 300 is expected to be delivered during third quarter of 2020.

  - **Colombia** - In March 2020, the Group pre-leased under a build-to-suit lease agreement 26,380 square meters with a local retailer for the construction of their new distribution center in LatAm Logistic Park Calle 80. The build-to-suit is scheduled to be delivered in the second quarter of 2021.

- ***Acquisitions*** -

  - In February 2020, the Group entered into a purchase and sale agreement to acquire newly developed 11,300 square meters fully occupied Class-A logistic real estate in Costa Rica for a total investment of US$10.7 million, including closing costs. The property was developed by a local developer and is located in the Coyol submarket of San Jose, Costa Rica. The building is expected to be acquired in the second quarter of 2020.

  - On May 5, 2020, the Group paid the scheduled second deposit of US$752,400 in accordance with the forward commitment agreement to acquire a newly developed 8,550 square meters fully occupied Class-A logistic real estate in Costa Rica for a total investment of US$7.8 million, including closing costs.

  - **COVID-19** - In December 2019, COVID-19 was reported to have surfaced in Wuhan, China and has continued to spread globally. The World Health Organization and certain national and local governments have characterized COVID-19 as a pandemic. The COVID-19 outbreak has disrupted financial markets and the ultimate impact on global, national and local economies is uncertain. Existing and potential customers of our logistics facilities may be adversely affected by the decrease in economic activity, which in turn could temporarily disrupt their business and have a negative impact on the Group. Given the ongoing and dynamic nature of these circumstances, we cannot predict the extent to which the COVID-19 outbreak may impact our business. Any prolonged economic downturn, escalation of the outbreak or disruption in the financial markets may adversely affect our financial condition and results of operations

    As of June 1, 2020, 63.1 percent of our customers on a net rentable area basis had requested a temporary rent relief. Those customers are primarily from the appliance, automotive, construction and non-essential consumer

goods. Our customers may also request, but not necessarily receive, relief from lease payments. We had reviewed all requests and if evidence of financial distress existed, the Group provided relief that is mutually beneficial to the customer and to the Group. Most of the rent reliefs granted are comprised of three months deferrals of the rent payments with a rent repayment schedule within the following twelve months. In order to accommodate the rent relief needs of our customers, the Group received debt service relief equivalent to 51 percent of the rent reliefs granted from our banking partners.

As of June 1, 2020, the Group had granted rent relief discounts requested totaling 1.9 percent of the Group estimated annual revenue. Rent reliefs under the deferral rent payments with repayment schedule accounted to 9.6 percent of the Group estimated annual revenue.

Given the inherent delay in deliveries related to construction stoppages as a result of the COVID-19 pandemic, we expect speculative and build-to-suit developments starts to slow in the coming quarters.

25. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of December 31, 2019 were authorized for issue by Group's management on June 1st, 2020 and has to be endorse by the Group's Board of Directors. Details of the Group's accounting policies are included in Note 3.

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