FIBRA PROLOGIS®

Fideicomiso Irrevocable 1721 Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria.
(formely Fideicomiso Irrevocable F/1721 Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria)

Financial Statements as of December 31, 2018 and 2017 and for the years then ended

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Independent auditors' report

To the Technical Committee and Trustors

Fideicomiso Irrevocable 1721

Banco Actinver, S. A. Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria (formerly Fideicomiso Irrevocable 1721 Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria).

(Thousands of Mexican pesos)

Opinion

We have audited the financial statements of Fideicomiso Irrevocable 1721 Banco Actinver, S. A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria ("the Trust"), which comprise the statements of financial position as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fideicomiso Irrevocable 1721 Banco Actinver, S. A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria as of December 31, 2018 and 2017, and its results and its cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Aguascalientes, Ags.
Cancún, Q. Roo.
Ciudad de México.
Ciudad Juárez, Chih.
Culiacán, Sin.
Chihuahua, Chih.
Guadalajara, Jal.
Hermosillo, Son.
León, Gto.
Mérida, Yuc.
Mexicali, B.C.
Monterrey, N.L.
Puebla, Pue.
Querétaro, Qro.
Reynosa, Tamps.
Saltillo, Coah.
San Luis Potosí, S.L.P.
Tijuana, B.C.

KPMG

Valuation of Investment Properties ($45,727,051)	
See Note 3 (m) and 13 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As of December 31, 2018, investment properties represent 96% of total assets in the statement of financial position, which includes investment on industrial buildings. Investment properties are stated at fair value based on valuations of external appraisers. The valuation process is considered a key audit matter because it involves significant amount of judgment in determining both the appropriate methodology used and the estimation of the assumptions applied. Valuations are highly sensitive to changes in the key assumptions applied, particularly those related to capitalization and discount rates used.	As part of our auditing procedures: • We obtained an understanding of the investment properties and the Trust´s Plans and we assessed design and implementation of the controls relating to the valuation process, which includes the involvement of external appraisers. • We have evaluated the capacity and competence of external appraisers. We also read the terms of the agreement entered into between external appraisers and the Trust to determine if there are issues that could have affected the objectivity or limit on the scope of their work. • Through analytical procedures, we have evaluated the reasonableness of significant changes in the market values determined by external appraisers, as well as the capitalization and discount rates used. • We evaluated the reasonableness of the projected cash flows and, through the participation of our specialists, the valuation methodology, the discount and capitalization rates used, taking into consideration, comparability and market factors applicable to the investment properties. • We have evaluated the disclosures in the notes to the financial statements, which include those related to key assumptions that have a high degree of sensitivity in the valuations.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Trust´s 2018 Annual Report to be filed with the National Banking and Securities Commission (CNBV) and the Mexican Stock Exchange, (“the Annual Report”), but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material error in that other information, we are required to report that fact to those responsible for the government of the entity.

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

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

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Trust's internal control.

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

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

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

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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Cardenas Dosal, S.C.

Alberto Vazquez Ortiz
Mexico City
March 4, 2019.

Statements of financial position

As of December 31, 2018 and 2017

in thousands Mexican Pesos	Note	December 31, 2018	December 31, 2017
Assets			
Current assets:			
Cash		$ 339,276	$ 371,364
Trade receivables	9	66,167	44,220
Value added tax and other receivables	10	171,082	73,553
Prepaid expenses	11	2,160	1,600
Assets held for sale	12	1,230,502	-
		1,809,187	490,737
Non-current assets:			
Investment properties	13	45,727,051	43,932,382
Interest rate swaps	20	77,201	84,319
Other assets	3k	47,713	45,240
		45,851,965	44,061,941
Total assets		**$ 47,661,152**	**$ 44,552,678**
Liabilities and equity			
Current liabilities:			
Trade payables		$ 121,559	$ 112,875
Due to affiliates	19	52,476	98,895
Current portion of long term debt	14	23,726	21,847
Liabilities related to assets held for sale	12	6,815	-
		204,576	233,617
Non-current liabilities:			
Long term debt	14	16,464,638	14,893,139
Security deposits	3n	292,761	291,840
		16,757,399	15,184,979
Total liabilities		16,961,975	15,418,596
Equity:			
CBFI holders' capital	15	13,952,327	13,746,963
Other equity accounts and retained earnings		16,746,850	15,387,119
Total equity		30,699,177	29,134,082
Total liabilities and equity		**$ 47,661,152**	**$ 44,552,678**

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

Statements of comprehensive income

For the years ended December 31, 2018 and 2017

in thousands Mexican Pesos, except per CBFI amounts	Note	For the year ended December 31, 2018	2017
Revenues:			
Lease rental income	3d	$ 3,279,632	$ 3,125,381
Rental recoveries	3d	335,639	310,430
Other property income	3d	58,212	67,567
		3,673,483	3,503,378
Costs and expenses:			
Operating expenses:			
Operating and maintenance		203,211	189,221
Utilities		55,833	46,742
Property management fees	19	109,224	103,715
Real estate taxes		67,058	69,327
Non-recoverable operating		38,548	51,837
		473,874	460,842
Gross profit		**3,199,609**	**3,042,536**
(Gain) loss on valuation of investment properties	13	(1,074,444)	284,352
Asset management fees	19	328,175	306,980
Incentive fee	19	205,364	139,162
Professional fees		52,125	98,085
Financial cost	14	699,747	593,362
Net gain on early extinguishment of debt		(4,027)	(35,941)
Unused credit facility fee		29,566	24,685
Unrealized loss on exchange rate hedge instruments	20	6,159	-
Realized loss on exchange rate hedge instruments	20	9,100	21,255
Net exchange (gain) loss		(37,502)	24,299
Other general and administrative expenses		13,143	18,336
		227,406	1,474,575
Net income		**2,972,203**	**1,567,961**
Other comprehensive income:			
Items that are not reclassified subsequently to profit or loss:			
Translation (gain) loss from functional currency to reporting currency		142,158	1,273,795
Items that are or may be reclassified subsequently to profit or loss:			
Unrealized loss (gain) on interest rate swaps	20	9,271	(42,047)
		151,429	1,231,748
Total comprehensive gain income for the period		**$ 2,820,774**	**$ 336,213**
Earnings per CBFI	**8**	**$ 4.63**	**$ 2.46**

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

Statements of changes in equity

For the years ended December 31, 2018 and 2017

in thousands Mexican Pesos	CBFI holders' capital	Other equity accounts	Retained earnings	Total
Balance as of January 1, 2017	$ 14,313,287	$ 10,605,719	$ 5,146,619	$ 30,065,625
Return of equity	(705,486)	-	-	(705,486)
Dividends	-	-	(701,432)	(701,432)
CBFIs issued	139,162	-	-	139,162
Comprehensive income:				
Translation loss from functional currency to reporting currency	-	(1,273,795)	-	(1,273,795)
Unrealized gain on interest rate swaps	-	42,047	-	42,047
Net income	-	-	1,567,961	1,567,961
Total comprehensive (loss) income	-	(1,231,748)	1,567,961	336,213
Balance as of December 31, 2017	**$ 13,746,963**	**$ 9,373,971**	**$ 6,013,148**	**$ 29,134,082**
Dividends	-	-	(1,461,043)	(1,461,043)
CBFIs issued	205,364	-	-	205,364
Comprehensive income:				
Translation loss from functional currency to reporting currency	-	(142,158)	-	(142,158)
Unrealized loss on interest rate swaps	-	(9,271)	-	(9,271)
Net income	-	-	2,972,203	2,972,203
Total comprehensive (loss) income	-	(151,429)	2,972,203	2,820,774
Balance as of December 31, 2018	**$ 13,952,327**	**$ 9,222,542**	**$ 7,524,308**	**$ 30,699,177**

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

Statements of cash flows

For the years ended December 31, 2018 and 2017

in thousands Mexican Pesos	For the year ended December 31, 2018	2017
Operating activities:		
Net income	$ 2,972,203	$ 1,567,961
Adjustments for:		
(Gain) loss on valuation of investment properties	(1,074,444)	284,352
Incentive fee	205,364	139,162
Allowance for uncollectible trade receivables	12,120	29,198
Financial cost	699,747	593,362
Net gain on early extinguishment of debt	(4,027)	(35,941)
Unrealized loss on exchange rate instruments	6,264	-
Realized loss on exchange rate instruments	8,995	21,255
Net unrealized exchange (gain) loss	(34,996)	26,544
Rent leveling	(61,273)	(45,273)
Exchange rate instruments	(15,255)	-
Change in:		
Trade receivables	(34,067)	(22,961)
Value added tax and other receivables	(97,529)	67,795
Prepaid expenses	(560)	1,365
Other assets	(2,473)	(1,487)
Trade payables	8,684	36,716
Due to affiliates	(46,419)	(11,216)
Security deposits	7,736	(2,334)
Net cash flow provided by operating activities	2,550,070	2,648,498
Investing activities:		
Funds for acquisition of investment properties	(1,615,000)	(558,738)
Capital expenditures on investment properties	(458,269)	(421,199)
Net cash flow used in investing activities	(2,073,269)	(979,937)
Financing activities:		
Equity Distribution	-	(705,486)
Dividends paid	(1,461,042)	(701,432)
Long term debt borrowings	4,295,993	7,719,363
Long term debt payments	(2,675,521)	(7,239,119)
Interest paid	(662,329)	(599,860)
Cash used for early extinguishment of debt	(12,212)	(2,684)
Net cash flow used in financing activities	(515,111)	(1,529,218)
Net (decrease) increase in cash	(38,310)	139,343
Effect of foreign currency exchange rate changes on cash	6,222	(138,888)
Cash at beginning of the period	371,364	370,909
Cash at the end of the period	**$ 339,276**	**$ 371,364**
Non-cash transactions:		
Credit facility borrowings in exchange for term loan paydown	$ 2,584,233	$ -
CBFIs issued	205,364	139,162
Non-cash transactions at the end of the period	**$ 2,789,597**	**$ 139,162**

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

Notes to financial statements

As of December 31, 2018 and 2017 and for the years then ended

In thousands of Mexican Pesos, except per CBFI

1. Main activity, structure, and significant events

Main activity – FIBRA Prologis ("FIBRAPL"), is a trust formed according to the Irrevocable Trust Agreement 1721 dated August 13, 2013 ("Date of Inception"). Such agreement was signed between Prologis Property México, S. A. de C. V. as Trustor and Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria as Trustee. On December 14, 2017, FIBRAPL completed a trustee substitution from Deutsche Bank México, S.A., Institución de Banca Múltiple to Banco Actinver, S.A., Institución de Banca Múltiple as approved by its Technical Committee and certificate holders in September 2017.

FIBRAPL is a Mexican real estate investment trust authorized by Mexican law (Fideicomiso de Inversión en Bienes Raices, or FIBRA, as per its name in Spanish). On August 13, 2018 FIBRAPL moved its address to Paseo de los Tamarindos No. 90, Torre 2, Piso 22, Bosques de las Lomas, Cuajimalpa de Morelos, C.P. 05120. The primary purpose of FIBRAPL is the acquisition or construction of industrial real estate in Mexico generally with the purpose of leasing such real estate to third parties under long-term operating leases.

The term of FIBRAPL is indefinite in accordance with the Trust Agreement. FIBRAPL does not have employees; accordingly, it does not have labor obligations. All administrative services are provided by the manager, Prologis Property México S. A. de C. V., a wholly owned subsidiary of Prologis, Inc. ("Prologis").

Structure – FIBRAPL's parties are:

Trustor:	Prologis Property México, S. A. de C. V.
First beneficiaries:	Certificate holders.
Trustee:	Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria (Effective December 14, 2017) Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria (From August 13, 2013 to December 14, 2017)
Common representative:	Monex Casa de Bolsa, S. A. de C. V., Monex Grupo Financiero
Manager:	Prologis Property México, S. A. de C. V.

According to the Mexican Credit Institutions Law, a trust must name a technical committee under the rules set forth in its trust agreement. In this regard, prior to its initial public offering, FIBRAPL named its technical committee (the "Technical Committee"), which, among other things: (i) oversees compliance with guidelines, policies, internal controls and audit practices, reviews and approves auditing and reporting obligations of FIBRAPL, (ii) makes certain decisions relating to governance, particularly in the event of a potential conflict with managers or its affiliates, and (iii) monitors the establishment of internal controls and mechanism to verify that each incurrence of indebtedness by

FIBRAPL is compliant with applicable rules and regulations of the Mexican Stock Exchange. The Technical Committee currently has seven members, a majority of whom are independent.

Significant events

i) Long term debt transactions:

in millions	Date	Denomination	Interest rate (*)	Mexican pesos	U. S. dollars
Borrowings:					
Citibank, NA Credit facility (Unsecured)	December 11, 2018	U. S. dollars	LIBOR +250bps	753.4	37.0
Citibank, NA Credit facility (Unsecured)	November 29, 2018	U. S. dollars	LIBOR +250bps	714.4	35.0
Citibank, NA Credit facility (Unsecured)	October 25, 2018	U. S. dollars	LIBOR +250bps	447.6	23.0
Citibank, NA Credit facility (Unsecured)	July 23, 2018	U. S. dollars	LIBOR +250bps	457.7	24.0
Citibank, NA Credit facility (Unsecured)	April 27, 2018	U. S. dollars	LIBOR +250bps	377.3	20.0
Citibank (Unsecured) #3	March 15, 2018	U. S. dollars	LIBOR +245bps	4,181.7	225.0
Total borrowings				**$ 6,932.1**	**$ 364.0**

** LIBOR (London Interbank Offered Rate)*

in millions	Date	Denomination	Interest rate (*)	Mexican pesos	U. S. dollars
Payments:					
Citibank, NA Credit facility (Unsecured)	December 21, 2018	U. S. dollars	LIBOR +250bps	199.1	10.0
Citibank, NA Credit facility (Unsecured)	November 6, 2018	U. S. dollars	LIBOR +250bps	179.7	9.0
Citibank, NA Credit facility (Unsecured)	September 28, 2018	U. S. dollars	LIBOR +250bps	75.2	4.0
Citibank, NA Credit facility (Unsecured)	September 24, 2018	U. S. dollars	LIBOR +250bps	75.4	4.0
Citibank, NA Credit facility (Unsecured)	August 23, 2018	U. S. dollars	LIBOR +250bps	131.7	7.0
Citibank, NA Credit facility (Unsecured)	June 29, 2018	U. S. dollars	LIBOR +250bps	178.8	9.0
Citibank, NA Credit facility (Unsecured)	May 30, 2018	U. S. dollars	LIBOR +250bps	79.0	4.0
Citibank, NA Credit facility (Unsecured)	March 28, 2018	U. S. dollars	LIBOR +250bps	917.2	50.0
Citibank, NA Credit facility (Unsecured)	March 23, 2018	U. S. dollars	LIBOR +250bps	1,665.7	90.0
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 3rd. Section (Secured)	March 15, 2018	U. S. dollars	5.04%	1,180.2	63.5
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 4th. Section (Secured)	March 15, 2018	U. S. dollars	4.78%	159.8	8.6
Citibank, NA Credit facility (Unsecured)	March 15, 2018	U. S. dollars	LIBOR +250bps	185.9	10.0
Citibank, NA Credit facility (Unsecured)	February 20, 2018	U. S. dollars	LIBOR +250bps	92.7	5.0
Citibank, NA Credit facility (Unsecured)	February 7, 2018	U. S. dollars	LIBOR +250bps	130.9	7.0
Total payments				**$ 5,251.3**	**$ 281.1**

** LIBOR (London Interbank Offered Rate)*

ii) Acquisitions:

			Lease area	Consideration paid, including closing costs	
in millions except lease area	Date	Market	square feet	Mexican pesos	U. S. dollars
Acquisitions:					
Agua Fria 8	December 13, 2018	Monterrey	662,500	713.6	35.1
Apodaca 12	November 30, 2018	Monterrey	200,420	277.3	13.7
Altos 14	November 30, 2018	Guadalajara	248,700	358.3	17.7
Arrayanes 3	July 25, 2018	Guadalajara	269,171	265.8	13.9
Total acquisitions				**1,615.0**	**80.4**

iii) Distributions:

in millions, except per CBFI	Date	Mexican pesos	U. S. dollars	Mexican pesos per CBFI	U. S. dollars per CBFI
Distributions:					
Dividends	October 19, 2018	$ 376.3	$ 19.8	0.5890	0.0310
Dividends	July 19, 2018	374.0	19.8	0.5854	0.0310
Dividends	May 2, 2018	357.0	19.8	0.5589	0.0310
Dividends	March 16, 2018	353.7	18.9	0.5536	0.0298
Total distributions		**$ 1,461.0**	**$ 78.3**		

iv) CBFIs issuance:

FIBRAPL is obligated to pay an incentive fee equal to 10% of cumulative total CBFI holder returns in excess of an annual compounded expected return of 9%, which is measured annually. For the period from June 2, 2017 to June 4, 2018, FIBRAPL generated an Incentive Fee of $205.4 million Mexican pesos ($10.3 million U.S. dollars) due to the Manager, based on the performance of the CBFIs. As part of the Ordinary Holders Meeting on July 5, 2018, the Manager was approved to receive the Incentive Fee through issuance of 5,811,051 CBFIs. The CBFIs issued to the Manager are subject to a six-month restriction period as established under the Management Agreement. The CBFIs were issued on November 16, 2018. See note 15.

2. Basis of presentation

a. ***Financial reporting -*** The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS or IAS) as issued by the International Accounting Standards Board (IASB).

b. ***Functional currency and reporting currency*** – The accompanying financial statements are presented in thousands of Mexican pesos, the local currency in Mexico, unless otherwise indicated. FIBRAPL's functional currency is the U.S. dollar. All the financial information herein in Mexican pesos have been rounded up to the nearest thousand.

c. ***Critical accounting judgments and estimates -*** The preparation of the financial statements requires the use of certain critical accounting estimates and management to exercise its judgment in the process of applying FIBRAPL's accounting policies. The notes to the financial statements discuss areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements.

Estimates and judgments are continually evaluated and are based on management experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates and could result in an adjustment to the carrying amounts of the assets and liabilities previously reported. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

i. Fair value of investment property

FIBRAPL accounts for the value of its investment property using the fair value model under IAS 40. The definition of fair value has been defined by the International Valuation Standards Council ("IVSC") as, "*The amount for which an asset could be exchanged, between knowledgeable, willing parties, in an arms-length transaction.*" The IVSC considers that the requirements of the fair value model are met by the valuer adopting market value. Fair value is not intended to represent the liquidation value of the property, which would be dependent upon the price negotiated at the time of sale less any associated selling costs. The fair value is largely based on estimates using property valuation techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

At each valuation date, management reviews the latest independent valuations by verifying the significant inputs of the valuation and by holding discussions with independent appraisers to ensure that all pertinent information has been accurately and fairly reflected.

Valuations are predominately estimated using an income capitalization approach, utilizing comparable recent market transactions at arm's length terms. In Mexico, Discounted Cash Flow ("DCF") is the primary basis of assessment of value; which is the methodology FIBRAPL adopted.

Valuations are based on various assumptions such as tenure, leasing, town planning by management, the condition and repair of buildings and sites, including ground and groundwater contamination, as well as the best estimates of Net Operating Income ("NOI"), reversionary rents, leasing periods, purchasers' costs, etc.

ii. Fair value financial liabilities

The fair value of interest bearing debt mainly long term debt is estimated for disclosure purposes by calculating, for each individual loan, the present value of future anticipated cash payments of interest and principal over the remaining term of the loan using an appropriate discount rate. The discount rate represents an estimate of the market interest rate for debt of a similar type and risk to the debt being valued, and with a similar term to maturity. These estimates of market interest rates are made by FIBRAPL management based on market data from mortgage brokers, conversations with lenders and from mortgage industry publications.

iii. Operating lease contracts

FIBRAPL enters into commercial property leases on its investment properties. FIBRAPL has determined, based on evaluation of the terms and conditions of the arrangements, that it retains all significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases. See note 5.

iv. Method of acquisition accounting

Significant judgment is required to determine, in an acquisition of shares or assets of a company holding real-estate assets, if it qualifies as a business combination. Management makes this determination based on whether it has acquired an 'integrated set of activities and assets' as defined in IFRS 3, such as employees, service provider agreements and major input and output processes, as well as the number and nature of active lease agreements.

Acquisitions of properties made during the years ended December 31, 2018 and 2017 by FIBRAPL were accounted for as acquisitions of assets and not as business combinations.

d. ***Basis of measurement* –** The financial statements were prepared on a historical cost basis, except for derivative financial instruments and the investment properties, which were recognized at fair value.

e. ***Going concern basis of accounting* –** FIBRAPL financial statements as of December 31, 2018 and 2017, and for the years then ended, have been prepared on a going concern basis, which assumes that FIBRAPL will be able to meet the mandatory repayment terms of the banking facilities disclosed in note 14. Management has a reasonable expectation that FIBRAPL has adequate resources to continue as a going concern and has the ability to realize its assets at their recognized values and to extinguish or refinance its liabilities in the normal course of business.

3. Summary of significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set forth below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a. New standards, amendments and interpretations that are required for annual periods beginning after January 1, 2018.

The following new accounting standards, modifications to standards and interpretations have been applied in the preparation of these financial statements and are applicable to annual periods beginning after January 1, 2018:

IFRS 9 *Financial Instruments*

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and liabilities;
2. Impairment of financial assets; and
3. Hedge accounting

The details of these new requirements, as well as their impact in the FIBRAPL Financial Statements, are described below:

i. <u>Classification and measurement of financial assets</u>

All of the recognized financial assets that are in the scope of IFRS 9 must be subsequently measured at amortized cost or fair value based on the management and the characteristics of the contractual cash flows of the financial assets. The existing financial assets of FIBRAPL were reviewed and evaluated as of January 1, 2018 based on the facts and circumstances that existed at that date, and it was concluded that the adoption of IFRS 9 does not have a significant impact on the financial assets of FIBRAPL.

ii. <u>Classification and measurement of financial liabilities</u>

IFRS 9 requires that the amount of the change in the fair value of an attributable financial liability to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the credit risk of the liability that is recognized in other comprehensive income will create or increase an accounting difference in the income statement. Changes in fair value attributable to the credit risk of the financial liability are not reclassified subsequently to the income statement. FIBRAPL has not designated any financial liability with changes at fair value through profit or loss ("FVTPL") because, similar to financial assets, the business model consists of only receiving payments of principal and interests. Therefore, the classification and measurement of financial liabilities under IFRS 9 has not had a material impact on the financial statements of FIBRAPL.

iii. <u>Impairment of financial assets</u>

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The model requires considerable judgement about how changes in economic factors effect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost. Based on management's assessment of the current facts and circumstances, the changes to the impairment model do not have a material impact on the financial assets of FIBRAPL, the ECLs on such assets are expected to be immaterial.

iv. Hedge accounting

IFRS 9 provides greater flexibility for financial instruments to qualify for hedge accounting, specifically extending the types of instruments to qualify and the types of risk components of non-financial items that are eligible for hedge accounting. In accordance with the transition provisions of IFRS 9 for hedge accounting, FIBRAPL applied the requirements of IFRS 9 for hedge accounting prospectively from the date of initial application on January 1, 2018. The qualified hedge relationship of FIBRAPL as of January 1, 2018 also qualify for hedge accounting in accordance with IFRS 9 and therefore were considered continuous hedging relationships. Consistent with the previous periods, when using a swap contract for interest rate swaps or a fair value hedge relationship, FIBRAPL designates the change in the fair value of the entire swap contract, including the swap element, as the hedging instrument.

The application of the hedge accounting requirements of IFRS 9 has not had any other impact on the profit or loss and the financial position of FIBRAPL for the current or previous years.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes principles to account for the nature, amount, timing and uncertainty of the income and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and has the ability to direct the use and obtain the benefits of the good or service. The standard replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts and Related Interpretations*.

The adoption of IFRS 15 did not have a significant impact on financial statements of FIBRAPL. The analysis carried out by FIBRAPL determined that there are no additional performance obligations to those previously reported in the financial statements of FIBRAPL, which include income from leases (rents), recoveries of expenses and, in specific cases, penalties for contractual breaches. Similarly, the prices are clearly stipulated and described in the lease contracts, and revenues are recognized using the straight line method during the period of lease contracts taking into account the free rent periods and any other incentive, as currently stipulated in the accounting policy of FIBRAPL. For these reasons, IFRS 15 has not had a significant impact on the financial statements of FIBRAPL.

b. Segment reporting

Operating segments are identified based on FIBRAPL reports reviewed by senior management, identified as the chief operating decision maker, for the purpose of allocating resources to each segment and to assess its performance. Accordingly, information reported to senior management is focused on the location of the respective properties, comprising six reportable segments as disclosed in note 7.

c. Foreign currency translation

The financial statements of FIBRAPL are prepared in U.S. dollars, the currency of the primary economic environment in which it operates, and then translated into Mexican pesos. For presentation purposes of these financial statements, the results and financial position are reported in thousands of Mexican pesos, which is the reporting currency of the financial statements, while the functional currency of FIBRAPL is the U.S. dollar.

In preparing the financial information of FIBRAPL, in its functional currency, transactions in currencies other than U.S. dollars are recognized at the rates of exchange prevailing at the date of the transaction. Equity items are valued at historical exchange rates. At the end of each reporting period, monetary items denominated in Mexican pesos are retranslated into U.S. dollars at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in Mexican pesos are retranslated at the rates prevailing at the date when the fair value was determined. Exchange rate differences on monetary items are recognized in profit or loss in the period in which they arise.

For purposes of presenting these financial statements, the assets and liabilities are translated into Mexican pesos using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the historical rates as of the date of the transaction. Exchange rate differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or amount classified as a receivable.

Rental income represents rents charged to customers and is recognized on a straight-line basis taking into account any rent-free periods and other lease incentives, over the lease period to the first break option ("rent leveling"). The rent leveling asset is included in investment property, which is valued as described in note 3m.

e. Property related payments

Repairs and maintenance costs are recorded as expenses when incurred. These repairs and maintenance costs consist of those expenses that are non-recoverable from tenants under the relevant lease agreements.

f. Income tax (IT) and other taxes

FIBRAPL is a real estate investment trust for Mexican federal income tax purposes. Under Articles No. 187 and 188 of the Mexican Income Tax Law, FIBRAPL is obligated to distribute an amount equal to at least 95% of its net taxable income to its CBFI holders on an annual basis. If the net taxable income during any fiscal year is greater than the distributions made to CBFI holders during the twelve months, FIBRAPL is required to pay tax at a rate of 30% for such excess. Management expects to distribute 95% of the taxable income of FIBRAPL.

FIBRAPL is a registered entity for Value Added Tax ("VAT") in Mexico. VAT is triggered on a cash flow basis upon the performance of specific activities carried out within Mexico, at the general rate of 16%.

As of December 31, 2018, FIBRAPL reported a net taxable income of $1,486 million Mexican pesos, that will be fully distributed to the CBFI holders according to current Mexican Tax Law.

On December 27, 2018, FIBRAPL executed a disposition agreement over 8 properties totaling $1,230.5 million Mexican pesos, subject to suspensory conditions. All the tax effects from the disposition will be measured and triggered should the suspensory conditions be met. Estimated taxable income from the disposition is $491.4 million Mexican pesos and would be accrued in FIBRAPL's operating taxable income distribution." See note 12.

g. Trade receivables

Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected to be made in the 12 months after the reporting date. Collectability of receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

Trade receivable are valued at amortized cost using the effective interest method, less any impairment. Financial assets classified as held-to-maturity, loans and trade receivable in accordance with IAS 39 that were measured at amortized cost, continue to be measured at amortized cost under IFRS 9 since they are kept within the business model to obtain contractual cash flows and consist of only receiving payments of principal and interests, for this reason, FIBRAPL consider that the new IFRS 9 does not have a material impact over Financial statements.

h. Value Added Tax and other receivables

As of December 31, 2018 and 2017, receivable balances are mainly VAT paid in connection with the purchase of investment properties. FIBRAPL submits withholding taxes to the Mexican taxing authorities as a result of interest paid to foreign creditors, such payments are recognized as an expense unless they are expected to be reimbursed to FIBRAPL by the foreign creditor. If FIBRAPL does expect to be reimbursed the amount is recorded as other receivable.

i. Prepaid expenses

Prepaid expenses are recognized at historical cost and subsequently amortized against profit or loss during the period the benefits or services are obtained. As of December 31, 2018 and 2017, prepaid expenses are comprised primarily of prepaid insurance, real estate tax and other prepaid expenses attributable to the investment properties.

j. Assets held for sale

Investment property is classified as held for sale if FIBRAPL will recover the carrying amount principally through a sale transaction rather than through continuing use, the asset is available for immediate sale in its present condition subject only to terms that are usual or customary for sales of such assets, and the sale is considered highly probable to occur within the next twelve months. Assets held for sale are generally measured at the lower of their carrying value or fair value less costs to sell.

k. Other assets

Other assets are comprised of utility deposits mainly from "Comisión Federal de Electricidad" that could be reimbursed once the service agreement is cancelled.

l. Investment properties

Investment properties are properties held to earn rental income and for capital appreciation by leasing to third parties under long term operating leases. Investment properties are measured initially at cost, which include transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is disposed.

m. Distributions paid and payable

Provisions for distributions to be paid by FIBRAPL are recognized on the statement of financial position as a liability and a reduction of equity when an obligation to make a payment is established and the distributions have been approved by the manager or Technical Committee, as applicable.

n. Security deposits

FIBRAPL obtains reimbursable security deposits from customers based on signed lease agreements as a guarantee of the rent payments for the life of the lease. These deposits are recognized as a non-current financial liability and carried at amortized cost.

o. Long term debt

Debt is initially recognized at fair value, net of transaction costs incurred. Mark to market adjustments and deferred financing cost are recognized in the statement of comprehensive income during the term of the loan using the effective interest rate method. As of December 31, 2018 and 2017, long term debt is presented at amortized cost.

p. Financial instruments

Financial assets and financial liabilities are recognized when FIBRAPL becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial liabilities are recognized initially at fair value and in the case of long term debt, directly attributable transaction costs are deducted. FIBRAPL financial liabilities include accounts payables and long term debt.

Financial assets are classified into the following specified categories: financial assets at FVTPL, ‘held-to-maturity’ investments, ‘available-for-sale’ (“AFS”) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All purchases or sales of financial assets are recognized and derecognized on a trade date basis and require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial instruments are valued at amortized cost using the effective interest method, less any impairment. Financial assets classified as held-to-maturity, loans and financial instruments in accordance with IAS 39 that were measured at amortized cost, continue to be measured at amortized cost under IFRS 9 since they are kept within the business model to obtain contractual cash flows and consist of only receiving payments of principal and interests, for this reason, FIBRAPL consider that the new IFRS 9 does not have a material impact over Financial statements.

i. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognized on an effective interest basis for debt instruments.

ii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that FIBRAPL has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

iii. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Credit losses are recognized at the time of initial recognition of the financial asset, provided that the latter is subsequently measured at amortized cost, considering the following:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- Is becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. FIBRAPL consider that the new IFRS 9 does not have a material impact over Financial statements.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

iv. <u>Derecognition of financial assets</u>

FIBRAPL derecognizes a financial asset 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 party. If FIBRAPL neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, FIBRAPL recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If FIBRAPL retains substantially all the risks and rewards of ownership of a transferred financial asset, FIBRAPL continues to recognize the financial asset and also recognizes a liability for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when FIBRAPL retains an option to repurchase part of a transferred asset), FIBRAPL continues to recognize a portion of the asset equal to its retained interest due to FIBRAPL's continuing involvement. The portion of the carrying value that is not subject to FIBRAPL's continuing involvement, including any other comprehensive gain/loss, is recognized in profit/loss of the period.

q. Derivative Financial Instruments and Hedge Accounting

FIBRAPL holds derivative financial instruments to hedge its interest rate exposure which qualify for cash flow hedge accounting. Derivatives are initially recognized at fair value and any directly attributable transaction costs are recognized in the statement of comprehensive income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivatives is recognized immediately in profit or loss of the period. See note 20.

r. Provisions

Provision for legal claims, warranties and other obligations are recognized when FIBRAPL has a present legal or contractual obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reasonably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

s. Cash flow

FIBRAPL presents its cash flow statement using the indirect method. Interest paid is classified as cash flows from financing activities.

t. Statement of comprehensive income

The statement of comprehensive income of FIBRAPL presents its comprehensive results and other comprehensive income in one single financial statement, which groups other comprehensive income in two categories: i) items not to be reclassified to profit or loss and ii) items that can be reclassified to profit or loss if some conditions have been met. For the years ended December 31, 2018 and 2017, FIBRAPL presented as other comprehensive income (loss) the translation effects from functional currency to reporting currency and unrealized gain on interest rate swaps.

Additionally, gross profit is calculated by subtracting operating costs and expenses from operating revenue, considering that this item contributes to a better understanding of the FIBRAPL economic and financial performance.

u. Earnings per CBFI

Basic earnings per CBFI are calculated by dividing FIBRAPL profit attributable to CBFI holders by the weighted average number of CBFIs outstanding during the period. As FIBRAPL has no dilutive events, the diluted earnings per CBFI is calculated the same as the basic earning per CBFI.

v. Contributed equity

The CBFIs are classified as equity and recognized at the fair value of the consideration received by FIBRAPL. Transaction costs resulting from the issuance of equity are recognized directly in equity as a reduction to the proceeds from issuance of CBFIs.

4. Reclassifications

During 2018, FIBRAPL modified the presentation of financial costs integrating the amortization of the premium in long-term debt and the amortization of deferred financing cost.

5. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however, FIBRAPL has not early adopted the following new or amended standards in preparing these financial statements.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. A lessee is required to record a right-of-use asset representing its right to use the underlying asset and record a lease liability representing its obligation to make lease payments. There are scope exemptions for short-term leases and leases of low value items. The accounting for lessors will remain largely unchanged from current IFRS requirements and lessors will continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16.

FIBRAPL determined that there is no significant impact on its Financial statements derived from the adoption of this standard.

6. Rental revenues

Most of FIBRAPL´s lease agreements associated with the investment properties contain a lease term of three to ten years. Generally, these leases are based on a minimum rental payment in U.S. dollars, plus maintenance fees and recoverable expenses.

Future minimum lease payments from base rent on leases with lease periods greater than one year, valued at the December 31, 2018 exchange rate in Mexican pesos, are as follows:

in thousands Mexican Pesos		Amount
Rental revenues:		
2019	$	2,911,274
2020		2,200,536
2021		1,625,071
2022		1,291,036
2023		701,946
Thereafter		1,282,547
	$	**10,012,410**

**Amounts exclude rental revenues from assets held for sale*

7. Segment reporting

Operating segment information is presented based on how management views the business, which includes information aggregated by market. The results for these operating segments are presented for the years ended December 31, 2018, and 2017, while assets and liabilities are included as of December 31, 2018 and 2017. FIBRAPL operates in six geographic markets that represent its reportable operating segments under IFRS 8 as follows: Mexico City, Guadalajara, Monterrey, Tijuana, Reynosa and Juarez.

	For the year ended December 31, 2018						
in thousands Mexican Pesos	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
Revenues:							
Lease rental income	$ 1,239,761	$ 506,930	$ 375,054	$ 387,277	$ 453,480	$ 317,130	$ 3,279,632
Rental recoveries	126,862	33,913	43,217	44,288	38,468	48,891	335,639
Other property income	15,149	35,006	2,620	1,637	3,696	104	58,212
	1,381,772	575,849	420,891	433,202	495,644	366,125	3,673,483
Cost and expenses:							
Property operating expenses	201,231	60,266	49,251	47,347	55,416	60,363	473,874
Gross Profit	**$ 1,180,541**	**$ 515,583**	**$ 371,640**	**$ 385,855**	**$ 440,228**	**$ 305,762**	**$ 3,199,609**

	For the year ended December 31, 2017						
in thousands Mexican Pesos	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
Revenues:							
Lease rental income	$ 1,164,182	$ 520,322	$ 365,980	$ 371,176	$ 399,470	$ 304,251	$ 3,125,381
Rental recoveries	126,002	35,773	33,466	42,645	33,580	38,964	310,430
Other property income	14,862	40,739	6,110	1,021	4,276	559	67,567
	1,305,046	596,834	405,556	414,842	437,326	343,774	3,503,378
Cost and expenses:							
Property operating expenses	170,451	78,889	53,024	45,247	47,717	65,514	460,842
Gross Profit	**$ 1,134,595**	**$ 517,945**	**$ 352,532**	**$ 369,595**	**$ 389,609**	**$ 278,260**	**$ 3,042,536**

	As of December 31, 2018							
in thousands Mexican Pesos	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Unsecured debt	Total
Investment properties:								
Land	$ 3,719,447	$ 1,566,683	$ 1,205,130	$ 992,039	$ 1,055,230	$ 772,083	$ -	$ 9,310,612
Buildings	14,877,782	6,266,733	4,820,522	3,968,156	4,220,922	3,088,332	-	37,242,447
	18,597,229	7,833,416	6,025,652	4,960,195	5,276,152	3,860,415	-	46,553,059
Rent leveling	153,202	45,932	55,510	62,066	41,450	46,334	-	404,494
Investment properties	**$ 18,750,431**	**$ 7,235,595**	**$ 5,636,923**	**$ 5,022,261**	**$ 5,317,602**	**$ 3,764,239**	**$ -**	**$ 45,727,051**
Assets held for sale	**$ -**	**$ 643,753**	**$ 444,239**	**$ -**	**$ -**	**$ 142,510**	**$ -**	**$ 1,230,502**
Long term debt	**$ 1,717,257**	**$ 977,274**	**$ 1,445,534**	**$ -**	**$ -**	**$ 113,384**	**$ 12,234,915**	**$ 16,488,364**

	As of December 31, 2017							
in thousands Mexican Pesos	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Unsecured debt	Total
Investment properties:								
Land	$ 3,584,544	$ 1,448,059	$ 1,006,784	$ 930,118	$ 1,022,807	$ 726,983	$ -	$ 8,719,295
Buildings	14,338,173	5,792,237	4,027,139	3,720,473	4,091,227	2,907,933	-	34,877,182
	17,922,717	7,240,296	5,033,923	4,650,591	5,114,034	3,634,916	-	43,596,477
Rent leveling	140,107	33,186	33,536	48,408	44,800	35,868	-	335,905
Investment properties	**$ 18,062,824**	**$ 7,273,482**	**$ 5,067,459**	**$ 4,698,999**	**$ 5,158,834**	**$ 3,670,784**	**$ -**	**$ 43,932,382**
Long term debt	**$ 1,754,827**	**$ 980,797**	**$ 1,450,659**	**$ -**	**$ -**	**$ 113,838**	**$ 10,614,865**	**$ 14,914,986**

8. Earnings per CBFI

The calculated basic and diluted earnings per CBFI are the same as follows:

in thousands Mexican Pesos, except per CBFI	For the year ended December 31,	
	2018	**2017**
Basic and diluted earnings per CBFI (pesos)	$ 4.63	$ 2.46
Net income	2,972,203	1,567,961
Weighted average number of CBFIs ('000)	**642,222**	**636,749**

As of December 31, 2018, FIBRAPL had 644,673,822 CBFIs which includes 5,811,051 issued to the Manager on November 16, 2018. See note 15.

9. Trade receivables

As of December 31, 2018 and 2017, trade accounts receivables of FIBRAPL were as follows:

in thousands Mexican Pesos	December 31, 2018	December 31, 2017
Trade receivable	$ 95,466	$ 66,371
Allowance for uncollectable trade receivables	(29,299)	(22,151)
	$ 66,167	**$ 44,220**

10. Value added tax and other receivables

As of December 31, 2018 and 2017, value added tax and other receivables were as follows:

in thousands Mexican Pesos	December 31, 2018	December 31, 2017
Value added tax	$ 124,632	$ 23,782
Other receivables	46,450	49,771
	$ 171,082	**$ 73,553**

FIBRAPL submits withholding taxes to the Mexican tax authorities as a result of interest paid to foreign creditors; such payments are recognized as an expense unless they are expected to be reimbursed to FIBRAPL by the foreign creditor. If FIBRAPL does expect to be reimbursed, the amount is recorded as other receivables.

11. Prepaid expenses

As of December 31, 2018 and 2017, prepaid expenses of FIBRAPL were as follows:

in thousands Mexican Pesos	December 31, 2018	December 31, 2017
Insurance	$ 1,274	$ 593
Other prepaid expenses	886	1,007
	$ 2,160	**$ 1,600**

12. Assets held for sale

On December 27, 2018, FIBRAPL signed a purchase and sale agreement under suspensory conditions of an industrial portfolio of eight properties located in Guadalajara, Monterrey and Juarez markets with a leasable area of 1.07 million square feet and a fair value of $1,230.5 million, which could occur during 2019.

Liabilities related with assets held for sale are $6,815 as of December 31, 2018. See note 2.

As of December 31, 2017, no investment properties met the criteria to be classified as held for sale.

13. Investment properties

FIBRAPL obtained a valuation from independent appraisers in order to determine the fair value of its investment properties which resulted in a gain of $1,074,444 and loss $284,352 for the years ended December 31, 2018 and 2017, respectively.

a) As of December 31, 2018, investment properties were as follows:

Market		Fair value as of December 31, 2018	# of properties	Lease area in thousands square feet
Mexico City		18,750,431	53	13,494
Guadalajara		7,235,595	25	5,837
Monterrey		5,636,923	22	4,315
Tijuana		5,022,261	33	4,214
Reynosa		5,317,602	30	4,712
Juarez		3,764,239	30	3,426
Total	**$**	**45,727,051**	**193**	**35,998**

The table above includes an Intermodal facility in the Mexico City market with a leasable area of 1,092 thousand of square feet and a fair value of $316,471.

As of December 31, 2018, the fair value of investment properties includes excess land in the Monterrey market of $140,741

As of December 31, 2018, 20 of the properties from FIBRAPL are encumbered by certain bank loans as described in note 14.

As of December 31, 2018 and 2017, the balance of investment properties included rent leveling assets of $404,494 and $335,905, respectively.

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

i) Valuation technique

The valuation model considers the present value of net cash flows to be generated by the property, taking into account the expected rental growth rate, void 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) Significant unobservable inputs

	2018	2017
Occupancy rate	97.4%	97.3%
Risk adjusted discount rates	from 7.0% to 10.0% Weighted average 7.6%	from 8.0% to 11.3% Weighted average 7.9%
Risk adjusted capitalization rates	from 6.8% to 9.8% Weighted average 7.7%	from 6.8% to 9.8% Weighted average 7.7%

iii) Interrelationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

a. Expected market of rental income per market were higher (lower);
b. Void periods were shorter (longer);
c. The occupancy rate were higher (lower);
d. Rent-free periods were shorter (longer); or
e. The risk adjusted discount rate were lower (higher)

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

in thousands Mexican Pesos	For the year ended December 31, 2018	For the year ended December 31, 2017
Beginning balance	$ 43,932,382	$ 45,064,110
Translation effect from functional currency	(189,986)	(1,866,196)
Acquisition of investment properties	1,568,565	545,552
Acquisition costs	46,435	15,109
Capital expenditures, leasing commissions and tenant improvements	457,124	421,199
Rent leveling	68,589	36,960
Gain (loss) on valuation of investment properties	1,074,444	(284,352)
Assets held for sale	(1,230,502)	-
Ending balance of investment properties	**$ 45,727,051**	**$ 43,932,382**

c) During the years ended December 31, 2018 and 2017, capital expenditures, leasing commissions and tenant improvements of FIBRAPL were as follows:

in thousands Mexican Pesos	For the year ended December 31,	
	2018	2017
Capital expenditures	$ 183,069	$ 138,058
Leasing commissions	114,063	82,819
Tenant improvements	161,137	200,322
	$ 458,269	**$ 421,199**

14. Long term debt

As of December 31, 2018 and 2017, FIBRAPL had long term debt comprised of loans from financial institutions denominated in U.S. dollars, except if described otherwise, as follows:

	Paragraph	Denomination	Maturity date	Rate	Fair Value thousands U. S. Dollars	Fair Value thousands Mexican Pesos	December 31, 2018 thousands U. S. Dollars	December 31, 2018 thousands Mexican Pesos	December 31, 2017 thousands U. S. Dollars	December 31, 2017 thousands Mexican Pesos
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 3rd. Section (Secured)	a.	USD	December 15, 2018	5.04%			-	$ -	63,807	$ 1,259,257
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 4th. Section (Secured)	a.	USD	December 15, 2018	4.78%			-	-	8,671	171,126
Citibank (Unsecured) #1	b.	USD	December 18, 2020	LIBOR+ 245bps	255,124	5,014,870	255,000	5,012,433	255,000	5,032,527
Citibank NA Credit facility (Unsecured)	c.	USD	July 18, 2022	LIBOR + 250bps	105,105	2,066,007	105,000	2,063,943	175,000	3,453,695
Citibank (Unsecured) #2	d.	USD	July 18, 2022	LIBOR + 245bps	150,550	2,959,301	150,000	2,948,490	150,000	2,960,310
Citibank (Unsecured) #3	e.	USD	March 15, 2023	LIBOR+ 245bps	226,033	4,443,040	225,000	4,422,735	-	-
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 1st. Section (Secured)	a.	USD	February 1, 2027	4.67%	51,371	1,009,779	53,500	1,051,628	53,500	1,055,844
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 2nd. Section (Secured)	a.	USD	February 1, 2027	4.67%	51,371	1,009,779	53,500	1,051,628	53,500	1,055,844
Total					**839,554**	**16,502,776**	**842,000**	**16,550,857**	**759,478**	**14,988,603**
Long term debt interest accrued							1,207	23,726	677	13,368
Debt premium, net							-	-	1,175	23,188
Deferred financing cost							(4,387)	(86,219)	(5,583)	(110,173)
Total debt							**838,820**	**16,488,364**	**755,747**	**14,914,986**
Less: Current portion of long term debt							1,207	23,726	1,107	21,847
Total long term debt							**837,613**	**$ 16,464,638**	**754,640**	**$ 14,893,139**

During the years ended December 31, 2018 and 2017, FIBRAPL paid interest on long term debt of $662,329 and $599,860, respectively, and principal of $2,675,521 and $7,239,119, respectively.

As of December 31, 2018 and 2017, the financial costs is integrated as follows:

in thousands Mexican Pesos	December 31, 2018	December 31, 2017
Interest	$ 647,972	$ 627,112
Amortization of debt premium	(4,639)	(71,103)
Amortization of deferred financig cost	56,414	37,356
	$ 699,747	**$ 593,365**

Cash transaction in long debt

		Cash transactions				Non Cash transactions			
	Beginning balance	Long term debt borrowings	(Long term debt payments)	(Interest paid)	Total cash transactions	Amortizations	Accruals	Others	December 31, 2018
Principal	$ 14,988,603	$ 6,932,100	$ (5,251,300)	$ -	$ 16,669,403	$ -	$ (118,546)	$ -	$ 16,550,857
Long term debt interest	13,368	-	-	(662,329)	(648,961)	-	647,972	24,715	23,726
Debt premium, net	23,188	-	-	-	23,188	(4,639)	-	(18,549)	-
Deferred financing cost	(110,173)	-	-	-	(110,173)	56,414	-	(32,460)	(86,219)
Total debt	**$ 14,914,986**	**$ 6,932,100**	**$ (5,251,300)**	**$ (662,329)**	**$ 15,933,457**	**$ 51,775**	**$ 529,426**	**$ (26,294)**	**$ 16,488,364**

Loans detailed in the table above also include the following conditions as it is referenced:

a. This loan is secured by 20 properties; such properties and their cash flows are subject to a Mexican law guarantee security trust for the benefit of the lenders.

b. Unsecured senior term loan facility is scheduled to mature on December 18, 2019; however, FIBRAPL may extend the maturity date to December 18, 2020. Pricing is currently LIBOR plus 245 basis points and can be adjusted depending on the loan to value or credit rating of FIBRAPL.

c. On July 18, 2017, FIBRAPL renegotiated its credit facility with Citibank N.A. As of December 31, 2018, FIBRAPL has an unsecured $325.0 million U.S. dollar revolving credit facility (the "Credit Facility") with Citibank N.A. as the administrative agent; and $25.0 million U.S. dollars of the facility can be borrowed in Mexican pesos. FIBRAPL has an option to increase the Credit Facility by $150.0 million U.S. dollars.

   The Credit Facility can be used by FIBRAPL for acquisitions, working capital needs and general corporate purposes. The Credit Facility bears interest on borrowings outstanding at (i) LIBOR plus 250 basis points denominated in U.S. dollars and (ii) Balanced Interbank Interest Rate (TIIE by its initials in Spanish) (plus 220 basis points denominated in Mexican peso, subject to loan to value grid, and a Credit Facility Commission of 60 basis points. This line of credit matures on July 18, 2020 and contains two separate one-year extension options which may be extended at the borrower's option and with approval of the lender's Risk Committee. As of December 31, 2018, FIBRAPL had an outstanding balance of $105.0 million U.S. dollars ($2,063.9 million Mexican pesos) under the Credit Facility.

d. On July 18, 2017, FIBRAPL borrowed $150.0 million U.S. dollars ($2,948.5 million Mexican pesos) on a new unsecured term loan with Citibank ("Citibank (Unsecured) #2"), which matures on July 18, 2020, and carries an interest rate of LIBOR plus 245 basis points. The terms of the note contain two separate one-year extension options which may be extended at the borrower's option and with approval of the lenders' Risk Committee. The borrowings were used to pay down the existing facility.

e. On March 15, 2018, FIBRAPL borrowed $225.0 million U.S. dollars ($4,422.7 million Mexican pesos) on a new unsecured term loan with Citibank ("Citibank (Unsecured) #3"), which matures on March 15, 2022, and carries an interest rate of LIBOR plus 245 basis points. The terms of the note contain one year extension options which may be extended at the borrower's option and with approval of the lenders Risk Committee. The borrowings were used to pay down the existing facility.

The loans described above are subject to certain affirmative covenants, including, among others, (a) reporting of financial information and (b) 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 FIBRAPL's ability to, among other matters and subject to certain exceptions, incur 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, enter into derivative transactions for speculative purposes or form any new subsidiary. 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, 2018, FIBRAPL was in compliance with all its covenants.

15. Equity

FIBRAPL was formed on August 13, 2013 through an initial contribution from the sponsor to the fiduciary of $1.00 Mexican peso.

Effective June 4, 2014, FIBRAPL was listed on the Mexican Stock Exchange, under the ticker symbol FIBRAPL 14 in connection with its IPO (Initial Public Offering).

On December 1, 2014, FIBRAPL registered the issuance of 3,785,280 new CBFI's as part of the new investment in 6 properties.

On October 10, 2017, FIBRAPL issued 4,383,025 CBFIs based on the annual incentive fee that was approved in the ordinary holders meeting on June 26, 2017.

On November 16, 2018 FIBRAPL recorded 5,811,051 CBFIs issued based on the annual incentive fee approved in the ordinary meeting on July 5, 2018.

As of December 31, 2018, total CBFIs outstanding were 644,673,822.

Total CBFI holder's capital is as follows:

in thousands Mexican Pesos	December 31, 2018	December 31, 2017
Trust certificates	$ 17,521,536	$ 17,316,172
Issuance cost	(508,949)	(508,949)
Distributions	(3,060,260)	(3,060,260)
	$ 13,952,327	**$ 13,746,963**

16. Capital and Financial Risk Management

Liquidity Risk

Real estate investments are not as liquid as many other investments and such lack of liquidity may limit the ability to react promptly to any changes in economic, market or other conditions. Consequently, the ability to sell the assets at any time may be limited. FIBRA rules establish a 4-year minimum hold period for estate assets beginning on the acquisition date or completion of construction. If a property is sold before the 4-year holding period, FIBRAPL is required to pay 30% tax on the taxable gain within 15 business days after the sale and cannot offset the taxable gain with Net Operating Loss (NOLs). This lack of liquidity may limit the ability to make changes to the FIBRAPL portfolio in a timely manner, which may materially and adversely affect financial performance.

While the business objectives consist primarily of the acquisition of real estate assets and obtaining revenue from their operation, there are times when FIBRAPL management believes that the disposal of certain properties may be appropriate or desirable. The ability of FIBRAPL to dispose of properties on favorable terms depends on factors that may be beyond its control, including competition from other sellers, demand and the availability of financing. In addition, there may be required capital expenditures to correct defects or make improvements before a property is sold, and FIBRAPL cannot ensure that it will have funds available to make such capital expenditures. Due to such constraints and uncertain market conditions, FIBRAPL cannot guarantee it will be able to sell properties in the future or realize potential appreciation from the sale of such properties.

The following table shows the balances as of December 31, 2018 and 2017, of financial liabilities classified according to their due dates. The table includes principal, accrued interest and future interest accruals due. For loans with floating interest rates, spot interest rates at the end of the reporting period were used for future interest accruals.

in thousands Mexican Pesos	Less than 1 year	From 1 to 5 years	More than 5 years	Total
December 31, 2018				
Trade payables	$ 121,559	$ -	$ -	$ 121,559
Due to affiliates	52,476	-	-	52,476
Principal of long term debt	-	14,447,601	2,103,256	16,550,857
Liabilities related with assets held for sale	6,815	-	-	6,815
Interest	415,971	915,658	100,642	1,432,270
Security deposits	-	178,273	114,488	292,761
December 31, 2017				
Trade payables	$ 112,875	$ -	$ -	$ 112,875
Due to affiliates	98,895	-	-	98,895
Principal of long term debt	34,241	14,954,362	-	14,988,603
Interest	469,507	847,355	196,693	1,513,555
Security deposits	-	209,686	82,154	291,840

Quantitative and Qualitative Disclosures about Market Risk

FIBRAPL is exposed to market risks arising from the ordinary course of business involving, primarily, adverse changes in interest rates and inflation, foreign exchange rate fluctuations and liquidity risks that may affect its financial condition and future results of operations. The following discussion contains forward-looking statements that are subject to risks and uncertainties.

Financial Risk

In the normal course of business, FIBRAPL enters into loan agreements with certain lenders to finance real estate investment transactions. Unfavorable economic conditions could increase its related borrowing costs, limit its access to the capital markets or financing and prevent FIBRAPL from obtaining credit.

There is no guarantee that borrowing arrangements or ability to obtain financing will continue to be available, or if available, will be available on terms and conditions that are acceptable.

A decline in the market value of FIBRAPL´s assets may also have particular adverse consequences in instances where FIBRAPL borrowed money based on the market value of certain assets. A decrease in market value of such assets may result in a lender requiring FIBRAPL to post additional collateral or to repay certain loans.

Investment Properties Valuation Sensitivity Analysis

A variation of +/- 0.25% on capitalization rates would increase or decrease the change in investment properties values as follows:

Variation %		Thousands Mexican pesos	Change in current value
0.25% increase	$	(1,585,822)	(3.41%)
0.25% decrease	$	1,754,408	3.77%

Interest Rate Risk

Interest rates are highly sensitive to many factors, including governmental, fiscal, monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond FIBRAPL's control. Interest rate risk arises primarily from variable rate interest-bearing financial liabilities. FIBRAPL may in the future enter into credit facilities or otherwise incur indebtedness with variable interest rates. To the extent FIBRAPL borrows on these facilities, or otherwise incurs variable-rate indebtedness, FIBRAPL will be exposed to risk associated with market variations in interest rates. FIBRAPL entered into hedging instruments to protect against fluctuations in interest rates. As of December 31, 2018, all variable rate debt that FIBRAPL had was held with the Citibank unsecured loan and the borrowing from the Credit Facility.

Credit Sensitivity Analysis with Variable Interest Rate Not Hedged

For the portion of $5.0 million U.S. dollars from the Citibank Unsecured #1 Loan and the Credit Facility of $105.0 million U.S. dollars that are not hedged by the swap instruments, a variation of +/- 0.50% on interest rate would increase or decrease the annual interest expense as follows:

Variation %		Income Statement Effect
0.50% increase	$	10,811
0.50% decrease	$	(10,811)

Credit Sensitivity Analysis with Variable Interest Rate Hedged

For the unsecured term loan with Citibank ("Citibank (Unsecured) #1, 2 and 3) for the total of $625.0 million U.S. dollars are hedged by the swaps instruments, a variation of +/- 0.50% on interest rate would increase or decrease the annual interest expense as follows:

Variation %	Income Statement Effect	
0.50% increase	$	5,004
0.50% decrease	$	(2,923)

Foreign Currency Risk

Foreign currency risk is attributable to fluctuation of exchange rates between the currency denomination in which FIBRAPL conducts its sales, purchases, receivables and borrowings and the functional currency of FIBRAPL, which is the U.S. dollar. A majority of FIBRAPL's revenue and debt transactions, including 68.6% and 70.6% of revenues under FIBRAPL lease agreements, and 100% and 98% of debt financings as of December 31, 2018 and 2017 and for the years then ended, respectively, are denominated in U.S. dollars. As a result, FIBRAPL management believes that its exposure to transactional foreign currency risk has been decreased.

The summary quantitative data about the FIBRAPL exposure to currency risk as reported to the management of FIBRAPL, denominated in Mexican pesos, is as follows:

in thousands Mexican pesos	December 31, 2018		December 31, 2017	
Assets				
Cash and equivalents of cash	$	213,963	$	170,354
Trade receivables		51,323		19,608
Value added tax and other receivables		124,632		23,782
Prepaid expenses		668		480
		390,586		214,224
Liabilities				
Trade payables		96,302		67,574
Due to affiliates		52,476		970
Security deposits		45,213		31,263
		193,991		99,807
Net statement of financial position exposure	**$**	**196,595**	**$**	**114,417**

The U.S. dollar to Mexican peso exchange rate as of December 31, 2018 and 2017, as well as the average exchange rates of the respective years, are as follows:

exchange rate	December 31, 2018	December 31, 2017
U.S. dollar vs. Mexican peso	19.6566	19.7354
Average for the years ended December 31, 2018, and 2017	19.2378	18.9214

Foreign Currency Sensitivity Analysis

As mentioned above, the functional currency is the U.S. dollar and transactional foreign exchange rate risk is represented by transactions denominated in Mexican pesos. FIBRAPL management believes its exposure to foreign currency risk is decreased by the fact that the majority of its transactions are denominated in U.S. dollars, including 68.6% of lease agreements and 100% of debt in 2018.

Credit Risk

Credit risk is the risk of financial loss that FIBRAPL faces if a customer or counterparty in a financial instrument does not comply with its contractual obligations, and mainly consists from accounts receivable and FIBRAPL investment instruments.

The carrying value of the financial assets and contract assets represent the maximum exposure to credit risk.

Inflation

Most of FIBRAPL's leases contain provisions designed to mitigate the adverse impact of inflation. These provisions generally increase annualized base rents during the terms of the leases either at fixed rates or indexed escalations (based on the Mexican Consumer Price Index or other measures). As of December 31, 2018 and 2017, all of the leases in the portfolio had an annual rent increase. In addition, most of the leases are triple net leases, which may reduce the exposure to increases in costs and operating expenses resulting from inflation, assuming the properties remain leased and customers fulfill their obligations to assume responsibility for such expenses. As of December 31, 2018 and 2017, the portfolio was 97.4% and 97.3% leased, respectively.

17. Fair Value of Assets and Liabilities

Some of the accounting policies and disclosures of FIBRAPL require measuring the fair value of assets and financial liabilities.

FIBRAPL has established a control framework in relation to the measurement of fair value. This includes supervision from an internal specialist of all significant fair value measurements, including the fair value of Level 3 inputs (disclosed below).

FIBRAPL management regularly reviews the significant unobservable inputs and valuation adjustments. If third party information is used, such as broker quotes or pricing services to measure fair values, management evaluates the evidence from third parties to support the conclusion that these valuations satisfy the requirements of IFRS, including the level within the fair value hierarchy (discussed below) within which those valuations should be classified.

When the fair value of an asset or liability is measured, FIBRAPL uses observable market data whenever possible. The fair values are classified into different levels within a fair value hierarchy based on the variables used in the valuation techniques as follows:

- Level 1 (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: Different data quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices.) or indirectly (i.e. derived from prices.).
- Level 3: Data for the asset or liability that are not based on observable market data (unobservable inputs).

If the variables used to measure the fair value of an asset or liability can be classified into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety on the same level of the fair value hierarchy at the variable lowest level that is meaningful to the overall measurement.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	As of December 31,2018							
	Carrying amount				Fair value			
in thousands Mexican pesos	Designated at fair value	Cash and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment properties	$ 46,957,553	$ -	$ -	$ 46,957,553	$ -	$ -	$ 46,957,553	$ 46,957,553
Interest rate swaps (*)	77,201	-	-	77,201	-	-	77,201	77,201
	$ 47,034,754	**$ -**	**$ -**	**$ 47,034,754**	**$ -**	**$ -**	**$ 47,034,754**	**$ 47,034,754**
Financial assets not measured at fair value								
Cash and cash equivalents	$ -	$ 339,276	$ -	$ 339,276	$ -	$ -	$ -	$ -
Trade receivables	-	66,167	-	66,167	-	-	-	-
Value added tax and other receivables	-	171,082	-	171,082	-	-	-	-
Prepaid expenses	-	2,160	-	2,160	-	-	-	-
Other assets	-	47,713		47,713	-	-	-	-
	$ -	**$ 626,398**	**$ -**	**$ 626,398**	**$ -**	**$ -**	**$ -**	**$ -**
Financial liabilities not measured at fair value								
Trade payables	$ -	$ -	$ 121,559	$ 121,559	$ -	$ -	$ -	$ -
Due to affiliates	-	-	52,476	52,476	-	-	-	-
Long term debt	-	-	16,488,364	16,488,364	-	16,502,776	-	16,502,776
Security deposits	-	-	292,761	292,761	-	-	-	-
	$ -	**$ -**	**$ 16,955,160**	**$ 16,955,160**	**$ -**	**$ 16,502,776**	**$ -**	**$ 16,502,776**

(*) FIBRAPL holds an income approach based on the valuation of discounted future cash flows, as well as the estimation of the present value using discount rates and interest rate curves LIBOR $1M SMP for the estimation of the variable component of these flows and risk free interest curves in USD to discount them.

	As of December 31,2017							
	Carrying amount				Fair value			
in thousands Mexican pesos	Designated at fair value	Cash and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment properties	$ 43,932,382	$ -	$ -	$ 43,932,382	$ -	$ -	$ 43,932,382	$ 43,932,382
Interest rate swaps (*)	84,319	-	-	84,319	-	-	84,319	84,319
	$ 44,016,701	**$ -**	**$ -**	**$ 44,016,701**	**$ -**	**$ -**	**$ 44,016,701**	**$ 44,016,701**
Financial assets not measured at fair value								
Cash and cash equivalents	$ -	$ 371,364	$ -	$ 371,364	$ -	$ -	$ -	$ -
Trade receivables	-	44,220	-	44,220	-	-	-	-
Value added tax and other receivables	-	73,553	-	73,553	-	-	-	-
Prepaid expenses	-	1,600	-	1,600	-	-	-	-
Other assets	-	45,240		45,240	-	-	-	-
	$ -	**$ 535,977**	**$ -**	**$ 535,977**	**$ -**	**$ -**	**$ -**	**$ -**
Financial liabilities not measured at fair value								
Trade payables	$ -	$ -	$ 112,875	$ 112,875	$ -	$ -	$ -	$ -
Due to affiliates	-	-	98,895	98,895	-	-	-	-
Long term debt	-	-	14,914,986	14,914,986	-	14,930,226	-	14,930,226
Security deposits	-	-	291,840	291,840	-	-	-	-
	$ -	**$ -**	**$ 15,418,596**	**$ 15,418,596**	**$ -**	**$ 14,930,226**	**$ -**	**$ 14,930,226**

(*) FIBRAPL holds an income approach based on the valuation of discounted future cash flows, as well as the estimation of the present value using discount rates and interest rate curves LIBOR $1M SMP for the estimation of the variable component of these flows and risk free interest curves in USD to discount them.

FIBRAPL recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. There have been no transfers between fair value levels during the period.

18. Commitments and contingencies

FIBRAPL has no significant commitments or contingencies except as described in the financial statements notes, as of December 31, 2018.

19. Related party information

The detail of transactions of FIBRAPL with its related parties is as follows:

a. **Manager**

Prologis Property Mexico, S. A. de C. V. (the “Manager”), in its capacity as the FIBRAPL manager is entitled to receive, according to a management agreement between FIBRAPL and the Manager (the “Management Agreement”), the following fees and commissions:

1. **Asset management fee:** annual fee equivalent to 0.75% of the current appraised value, calculated in accordance with the valuation policies approved by the technical committee under Section 14.1 of the Trust Agreement, based on annual appraisals, plus investment cost for assets that have not been appraised, plus the applicable VAT, paid quarterly. The asset management fee will be prorated with respect to any asset that has been owned less than a full calendar quarter.

2. **Incentive Fee:** an annual fee equal to 10.0% of cumulative total CBFI holder returns in excess of an annual compound expected return of 9.0%, paid annually in CBFIs, with each payment subject to a six-month lock-up, as established under the Management Agreement. The return measurement related to the Incentive Fee is based on a cumulative return period. As of December 31, 2018 and 2017, FIBRAPL recorded an incentive fee expense in amount of $205.4 million Mexican pesos ($10.3 million U.S. dollars) and 139.2

million Mexican pesos ($7.5 million U.S.) respectively. As of December 31, 2018, given the historical volatility and uncertainty of future CBFI performance, FIBRAPL has not recorded an Incentive Fee expense or liability for the next possible Incentive Fee ending in June 2019.

3. **Development Fee:** contingent fee equal to 4.0% of total project cost of capital improvements (including replacements and repairs to the properties managed by the Manager, including improvements by the lessor), excluding land or new property development payable upon completion of the project.

4. **Property Management Fee:** fee equal to 3.0% of the revenues generated by the properties, paid monthly.

5. **Leasing Fee:** fee equal to certain percentages of total rent under signed lease agreements, as follows: (i) 5.0% in connection with years one through five of the respective lease agreements; (ii) 2.5% in connection with years six through ten of the respective lease agreements; and (iii) 1.25% in connection with years eleven and beyond of the respective lease agreements. For renewals of existing leases, percentages will be 2.5%, 1.25% and 0.62% for the periods mentioned in bullet points (i), (ii) and (iii), respectively. One half of each leasing fee is payable at signing or renewal and one half is payable at commencement of the applicable lease. The Leasing Fee will be paid in full to the Manager, unless a third-party listing broker provides the procuring or leasing, expansion or renewal service, in which case the Manager shall not be entitled to a Leasing fee.

b. **Due to affiliates**

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

in thousands Mexican Pesos	December 31, 2018	December 31, 2017
Asset management fees	$ 34,062	$ 80,445
Property management fees	9,551	18,450
Leasing Fee	8,863	-
	$ 52,476	**$ 98,895**

As of December 31, 2018 and 2017, asset management fees, property management fees and Leasing fees are due to the Manager while capital expenditures reimbursements are due to affiliates of the Manager.

c. Transactions with affiliates

Transactions with affiliated companies for the years ended December 31, 2018, and 2017, were as follows:

in thousands Mexican Pesos	For the year ended December 31,			
		2018		2017
Acquisition of properties	$	1,568,565	$	545,552
Return of equity	$	-	$	323,644
Dividends	$	677,507	$	323,144
Asset management fee	$	328,175	$	306,980
Property management fee	$	109,224	$	103,715
Leasing commissions	$	43,077	$	25,490
Development fee	$	5,499	$	10,958
Maintenance costs	$	5,414	$	9,528
Incentive Fee*	$	205,364	$	139,162

**The transaction was executed with the Manager and 5,811,051 ($205.4 million Mexican pesos) in CBFIs issued on November 16, 2018.*

20. Hedging activities

Interest rate Swaps

On March 28, 2018, FIBRAPL entered into two interest rate swap contracts with Bank of Nova Scotia and HSBC Bank USA, whereby, FIBRAPL pays a fixed rate of interest of 2.486% and receives a variable rate based on one month LIBOR. The swaps mature on March 15, 2021 and they hedge the exposure to the variable interest rate payments on the $225.0 million U.S. dollar (each swap maintains a $112.5 million U.S. dollar notional amount) variable rate unsecured term loan with Citibank ("Citibank (Unsecured) #3"). See note 14.

On October 13, 2017, FIBRAPL entered into two interest rate swap contracts with Bank of Nova Scotia and HSBC Bank in USA, whereby, FIBRAPL pays a fixed rate of interest of 1.752%, and receives a variable rate based on one month LIBOR. The swaps mature on October 18, 2020 and they hedge the exposure to the variable interest rate payments on the $150.0 million U.S. dollar (each swap maintains a $75.0 million U.S. dollar notional amount) variable rate unsecured term loan with Citibank. See note 14.

The interest rate swaps meet the criteria of hedge accounting and are designated as a cash flow hedging instrument. Accordingly, the fair value of the swaps as of December 31, 2018, of $77.2 million Mexican pesos has been recognized in other comprehensive income as unrealized gain on interest rate swaps.

Below is a summary of the terms and fair value of the interest rate swap agreements. The loans and interest rate swaps have the same critical terms.

Counterparty	Effective date	Maturity date	Notional amount*	Fair Value as of December	
				2018	**2017**
Bank of Nova Scotia	June 23, 2016	July 23, 2019	100	$ 16,126	$ 25,209
HSBC Bank USA	June 23, 2016	July 23, 2019	150	24,146	37,632
Bank of Nova Scotia	October 18, 2017	October 18, 2020	75	19,320	10,723
HSBC Bank USA	October 18, 2017	October 18, 2020	75	19,315	10,755
Bank of Nova Scotia	April 16, 2018	March 15, 2021	112.5	(856)	-
HSBC Bank USA	April 16, 2018	March 15, 2021	112.5	(850)	-
				$ 77,201	**$ 84,319**

** (amount in million U.S. dollars)*

In order to determine fair value, FIBRAPL calculates both current and potential future exposure, reflecting the bilateral credit risk present in many derivatives. The approach incorporates all of the relevant factors that can impact fair value calculations, including interest rate and foreign exchange forward curves and the market expectations of volatility around these curves, credit enhancements between counterparties (including collateral posting, mandatory cash settlements, and mutual puts), the term structure of credit spreads and the conditional cumulative probability of default for both counterparties.

As of December 31, 2018, FIBRAPL has unrealized the interest rate swaps of $ 9,271 disclosed in other equity accounts in statement of changes in equity.

Currency Option Contracts

On February 27, 2018, FIBRAPL entered into foreign currency rate options with HSBC Bank USA, National Association to fix an option rate over its quarterly Mexican peso transactions. As of December 31, 2018, the foreign currency rate options are expired.

FIBRAPL's exchange rate options do not qualify for hedge accounting. Therefore, the change in fair value related to the contracts is recognized in the results of operations for the year within unrealized loss on exchange hedge instruments.

Exchange rate forwards

FIBRAPL's exchange rate forwards do not qualify for hedge accounting. Therefore, the change in fair value related to the contracts is recognized in the results of operations for the year within unrealized (gain) loss on exchange rate forwards.

As of December 31, 2018, FIBRAPL has net loss on exchange rate hedge instruments by $15,259.

21. Subsequent events

On February 28 2019, FIBRAPL paid $13.0 million U.S. dollars (approximately $250.3 million Mexican.

pesos) in U.S. dollars of loan with Citibank N.A.

On February 27, 2019, FIBRAPL entered into a foreign currency rate forward with HSBC Bank USA, Nacional Association of $6.65 million U.S. dollar ($127.8 million Mexican pesos) .

On February 25, 2019, FIBRAPL paid $7.0 million U.S. dollars ($133.8 million Mexican pesos) of the Credit Facility with Citibank N.A.

On February 11, 2019, FIBRAPL paid $2.0 million U.S. dollars ($38.1 million Mexican pesos) of the Credit Facility with Citibank N.A.

On February 6, 2019, FIBRAPL obtained $16.0 million U.S. dollars ($305.3 million Mexican pesos) of the Credit Facility with Citibank N.A.

On February 6, 2019, FIBRAPL renegotiated the unsecured term loan Citibank, N.A. ("Citibank (Unsecured) #1"), in the amount of $290.0 million U.S. dollars ($5,534.0 million Mexican pesos) with Citibank N.A. as the administrative agent.

On January 23, 2019, FIBRAPL paid $3.0 million U.S. dollars ($57.4 million Mexican pesos) of the Credit Facility with Citibank N.A.

On January 7, 2019, FIBRAPL entered into a foreign currency rate option with HSBC Bank USA, National Association of $5.0 million U.S. dollars ($100.0 million Mexican pesos) to fix an option rate over its quarterly Mexican peso transactions.

						Fair value as of December 31, 2018		
Start date	End date	Settlement date	Forward rate	Fair Value	Notional amount in thousands of Mexican pesos	Thousands of Mexican pesos	Thousands of U.S. dollars	Unrealized loss on exchange rate hedge in thousands of Mexican pesos
January 8, 2019	March 29, 2019	April 2, 2019	20.0000 USD-MXN	Level 2	$ 100,000	$ 98,283	$ 5,000	$ 5,169
April 1, 2019	June 28, 2019	July 2, 2019	20.0000 USD-MXN	Level 2	$ 100,000	$ 98,283	$ 5,000	$ 5,169
July 1, 2019	September 30, 2019	October 2, 2019	20.0000 USD-MXN	Level 2	$ 100,000	$ 98,283	$ 5,000	$ 5,169
October 1, 2019	December 31, 2019	January 3, 2020	20.0000 USD-MXN	Level 2	$ 100,000	$ 98,283	$ 5,000	$ 5,169
			Total			**$ 393,132**	**$ 20,000**	**$ 20,676**

22. Financial statements approval

On March 4, 2019, the issuance of these financial statements was authorized by Jorge Roberto Girault Facha, CFO of the Manager.

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