

FIBRA Prologis

Fideicomiso Irrevocable F/1721
Deutsche Bank México, S.A., Institución
de Banca Múltiple, División Fiduciaria

Financial Statements as of
December 31, 2014 and for the
period from June 4 through
December 31, 2014

Contents	Page
Annual 2014 Earnings Report	1
Annual 2014 Management Overview	2
Independent Auditors' report on financial statements	5
Statement of financial position as of December 31, 2014	7
Statement of comprehensive income for the period from June 4 through December 31, 2014	8
Statement of changes in equity for the period from June 4 through December 31, 2014	9
Statement of cash flow for the period from June 4 through December 31, 2014	10
Notes to financial statements as of December 31, 2014	11 to 31

2014 Earnings Report

The statements in this report that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which FIBRA Prologis operates, management's beliefs and assumptions made by management. Such statements involve uncertainties that could significantly impact FIBRA Prologis financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to rent and occupancy growth, acquisition activity, development activity, disposition activity, general conditions in the geographic areas where we operate, our debt and financial position, are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) national, international, regional and local economic climates, (ii) changes in financial markets, interest rates and foreign currency exchange rates, (iii) increased or unanticipated competition for our properties, (iv) risks associated with acquisitions, dispositions and development of properties, (v) maintenance of real estate investment trust ("FIBRA") status and tax structuring, (vi) availability of financing and capital, the levels of debt that we maintain and our credit ratings, (vii) risks related to our investments (viii) environmental uncertainties, including risks of natural disasters, and (ix) those additional factors discussed in reports filed with the "Comisión Nacional Bancaria y de Valores" and the Mexican Stock Exchange by FIBRA Prologis under the heading "Risk Factors." FIBRA Prologis undertakes no duty to update any forward-looking statements appearing in this report.

Non-Solicitation - Any securities discussed herein or in the accompanying presentations, if any, have not been registered under the Securities Act of 1933 or the securities laws of any state and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Securities Act and any applicable state securities laws. Any such announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein or in the presentations, if and as applicable.

2014 Management Overview

The financial statements included in this report were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

Management Overview

FIBRA Prologis (BMV: FIBRAPL 14) is the leading owner and operator of Class-A industrial real estate in Mexico. As of December 31, 2014, FIBRA Prologis owned 184 strategically located logistics and manufacturing facilities in six industrial markets in Mexico totaling 31.4 million square feet (2.9 million square meters) of gross leasable area (“GLA”). These properties were leased to more than 230 customers including, third-party logistics providers, transportation companies, retailers and manufacturers.

FIBRA Prologis acquired its initial portfolio on June 4, 2014 from several entities owned or managed by Prologis, Inc. (“Prologis”), after pricing of the initial public offering (“IPO”) on June 3, 2014. FIBRA Prologis is externally managed by Prologis Property México, S.A. de C.V., a subsidiary of our sponsor, Prologis.

The properties in the portfolio are located in six markets across Mexico, with approximately 62.8 percent of our properties’ GLA located in global logistic markets (“global markets”) and approximately 37.2 percent in regional manufacturing markets (“regional markets”). Global markets include Mexico City, Guadalajara and Monterrey. These markets are highly industrialized and benefit from the proximity of principal highways, airports and rail hubs. Regional markets include Cd. Juarez, Tijuana and Reynosa. These markets are industrial centers for the automotive, electronics, medical and aerospace industries, among others, and benefit from an ample supply of qualified labor at attractive costs as well as proximity to the U.S. border. Operating results are disclosed consistent with how management evaluates the performance of the portfolio.

During 2014 FIBRA Prologis had two full reporting quarters, since it initiated operations on June 4, 2014, therefore we do not have comparable results for any prior periods. However, for the operational metrics included in this report, we used the results of the properties in the portfolio prior to ownership by FIBRA Prologis. Operating metrics in this report that are related to operations prior to the inception of FIBRA Prologis exclude any property acquired after June 4, 2014. This summary is in pesos, the reporting currency of FIBRA Prologis, as well as in U.S. dollars, the functional currency of FIBRA Prologis, using the exchange rate as of December 31, 2014.

During the period from June 4 through December 31, 2014, and through the date of this report, the following activity supported our strategic priorities:

- On December 1, 2014 and on December 3, 2014, FIBRAPL invested approximately \$1,541 million Mexican pesos (\$110 million U. S. dollars) including closing costs, in six new properties located in the Mexico City and Guadalajara markets, with an aggregate gross leasable area of 1,558,484 square feet. As part of these transactions FIBRAPL registered the issuance of 3,785,280 new Real Estate Trust Certificates (“CBFIs”).

- On December 1, 2014, FIBRAPL borrowed \$99.5 million U. S. dollars from its credit facility with Banco Nacional de México, S. A. (“Banamex”), described in Note 10, with an interest rate of LIBOR plus 350 basis points (3.66% at December 31, 2014), for the acquisition of properties as described above.
- On November 10, 2014, FIBRAPL distributed cash to its CBFH holders, which is considered a return of capital, in the amount of \$0.247725 Mexican pesos per CBFH (approximately \$0.01812 U.S. dollars per CBFH), equivalent to \$156,268 Mexican pesos.
- On August 20, 2014, FIBRAPL distributed cash to its CBFH holders, which is considered a return of capital, in the amount of \$0.117039 Mexican pesos per CBFH (approximately \$0.0089 U.S. dollars per CBFH), equivalent to \$73,816 Mexican pesos.
- On July 3, 2014 FIBRAPL acquired a vacant property located in Guadalajara market with an area of 57,064 square feet in the amount of \$37.7 million Mexican pesos (\$2.9 million U.S. dollars).
- On June 4, 2014 FIBRAPL acquired its initial industrial portfolio of 177 properties located in Mexican markets, with a total area of 29,749,146 square feet, which was funded by the issuance of 630.8 million CBFHs.
- Since inception we leased more than 5.0 million square feet (approximately 464,500 square meters), of which 88 percent are early renewals. As of December 31, 2014, our operating portfolio was 96.3 percent occupied, up 200 basis points compared with 94.3 percent occupied as of June 30, 2014.
- Average rental rates on leases signed during the year increased 9.2 percent. FIBRA Prologis calculates the change in effective rental rates on leases signed during the quarter compared with the previous rent on the same space. The net effective rent calculation includes contractual rental increases but excludes rental increases due to inflation because of the uncertainty of the increase. The impact on net operating income (“NOI”) of net effective rent change on lease rollovers is typically seen in subsequent quarters as customers move in and the leases begin.
- As of December 31, 2014, the portfolio was valued at Ps. 27.6 billion (approximately US\$ 1.9 billion) based on a third-party appraisal.

Growth Strategies

We have a plan to grow revenue, earnings, NOI, adjusted funds from operations (“AFFO”) (see definition in the Supplemental Financial Information) and distributions based on the following key elements:

- *Rising Rents.* Market rents are growing across all of our markets. We believe this trend will continue, as market rents are still below replacement-cost-justified rents. In addition, strong demand for logistics facilities will support increases in net effective rents as many of our in-place leases originated during periods of lower market rent. During 2014, average rental rates on rollover increased 9.2 percent and rents increased across all of our markets.
- *Acquisitions.* Access to an acquisition pipeline will allow us to increase our investments in real estate under an exclusivity agreement with Prologis, entered into in connection with the IPO. Currently, all of the expected acquisitions are owned by Prologis, and are either operating assets or under development. Currently Prologis has 3.0 million square feet either under development or leasing, which we expect to be offered to FIBRA Prologis as these properties become stabilized. We believe that we have an adequate capacity under our line of credit and other sources of capital to fund the acquisition of these properties if offered.

- *Cost of Debt.* We are committed to decreasing the weighted average interest rate, increasing the weighted average term and improving liquidity while maintaining a strong balance sheet as 87.5 percent of our total debt matures between 2016 and 2017.

Liquidity and Capital Resources

Overview

We believe that our ability to generate cash from operating activities and available financing sources will allow us to meet anticipated future acquisition, operating, debt service and distribution requirements.

Near-Term Principal Cash Sources and Uses

As a FIBRA, we are required to distribute at least 95.0 percent of our taxable income. In addition to distributions to the CBFH holders, we expect that our primary cash uses will include:

- capital expenditures and leasing costs on properties in our operating portfolio;
- development costs in our current development expansion project with total expected investment of approximately Ps. 155.5 million (approximately US\$ 10.6 million) and potential future development projects on expansion land; and
- acquisition of industrial buildings from Prologis pursuant to our exclusivity agreement with Prologis or acquisitions from third parties.

We expect to fund our cash needs principally from the following sources, all subject to market conditions:

- available unrestricted cash balances of Ps. 267.7 million (approximately US\$ 18.2 million) at December 31, 2014, mainly from IPO proceeds;
- Value Added Tax reimbursement from the acquisition of the initial portfolio of approximately Ps. 2.1 billion (approximately US\$ 144.4 million). We have requested a refund and expect to collect between the end of the second quarter and the third quarter 2015; and
- borrowing capacity of Ps. 2.2 billion (US\$ 150.5 million) under our current revolving credit facility.

Debt

As of December 31, 2014, we had approximately Ps. 9.6 billion (US\$ 650 million) of debt at par with a weighted average effective interest rate of 3.3 percent (a weighted average coupon rate of 5.3 percent) and a weighted average maturity of 2.7 years.

According to the CNBV regulation for the calculation of debt ratios, our loan-to-value and debt service coverage ratios for the fourth quarter are 31.8 percent and 5.2, respectively.



Independent Auditors' Report

To the Technical Committee and Trustors
FIBRA Prologis Fideicomiso Irrevocable F/1721
Deutsche Bank Mexico, S. A., Institución de Banca Múltiple,
División Fiduciaria

We have audited the accompanying financial statements of FIBRA Prologis Fideicomiso Irrevocable F/1721 Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria (“the Trust”), which comprise the statement of financial position as at December 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the period from June 4 through December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continue)

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, and its comprehensive income and its cash flows for the period from June 4 through December 31, 2014, in accordance with International Financial Reporting Standards.



KPMG CARDENAS DOSAL, S.C.

A handwritten signature in black ink, appearing to be 'G. Ochoa Maciel', is written over the printed name below. The signature is fluid and cursive, with a large initial 'G'.

Guillermo Ochoa Maciel

Mexico City, D.F. February 27, 2015.

Statement of financial position

As of December 31, 2014

(In thousands of Mexican Pesos)

	Note	December 31, 2014
Assets		
Current assets:		
Cash	3g	\$ 267,711
Restricted cash	3g	14,764
Trade receivables	7	63,668
Value Added Tax receivable	3i	2,127,800
Prepaid expenses	8	31,507
		2,505,450
Non-current assets:		
Investment properties	9	27,563,010
Total assets		\$ 30,068,460
Liabilities and equity		
Current liabilities:		
Trade payables		\$ 17,874
Due to affiliates	15	90,590
Current portion of long term debt	10	132,082
		240,546
Non-current liabilities:		
Long term debt	10	9,877,422
Security deposits		191,640
		10,069,062
Total liabilities		10,309,608
Equity:		
CBFI holders capital	11	16,437,977
Other equity accounts		3,320,875
Total equity		19,758,852
Total liabilities and equity		\$ 30,068,460

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

Statement of comprehensive income

For the period from June 4 through December 31, 2014

(In thousands of Mexican Pesos, except per CBFi amounts)

	Note	For the period from June 4 through December 31, 2014
Revenues:		
Lease rental income	3d	\$ 1,095,251
Rental recoveries	3d	110,780
Other property income	3d	25,702
		1,231,733
Costs and expenses:		
Property operating expenses:		
Operation and maintenance		82,625
Utilities		21,221
Property management fees	15	32,740
Real estate taxes		27,116
Non-recoverable operating		18,675
		182,377
Gross profit		1,049,356
Other expense (income):		
Gain on valuation of investment properties	9	(461,474)
Asset management fees	15	102,282
Professional fees		18,315
Financing cost		255,678
Exchange loss, net		298,963
Amortization of debt premium		(96,796)
Other expenses		21,387
		138,355
Net income		911,001
Other comprehensive income:		
Items that will never be reclassified to profit and losses:		
Translation effects from functional currency to reporting currency		(2,409,874)
Total comprehensive income for the period		\$ 3,320,875
Earnings per CBFi	6	\$ 1.47

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

Statement of changes in equity

For the period from June 4 through December 31, 2014

(In thousands of Mexican Pesos)

	Note	CBFI holders capital	Translation effects from functional currency	Retained earnings	Total
Initial contribution, net of issuance cost	11	\$ 16,555,876	\$ -	\$ -	\$ 16,555,876
Additional contribution, net of issuance cost	11	112,185	-	-	112,185
Equity distributions	1	(230,084)	-	-	(230,084)
Comprehensive income:					
Translation effects from functional currency to reporting currency		-	2,409,874	-	2,409,874
Net income		-	-	911,001	911,001
Total comprehensive income		-	2,409,874	911,001	3,320,875
Balance as of December 31, 2014		\$ 16,437,977	\$ 2,409,874	\$ 911,001	\$ 19,758,852

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

Statement of cash flow

For the period from June 4 through December 31, 2014
(In thousands of Mexican Pesos)

	For the period from June 4 through December 31, 2014
Operating activities:	
Net income	\$ 911,001
<i>Adjustments for non-cash items:</i>	
Gain on valuation of investment properties	(461,474)
Allowance for uncollectible trade receivables	9,685
Financing cost	255,678
Unrealized exchange loss	218,016
Amortization of debt premium	(96,796)
Rent leveling	(76,786)
<i>Increase (decrease) in working capital:</i>	
Trade receivables	115,083
Value added tax receivable	(2,127,800)
Prepaid expenses	24,220
Trade payables	(63,842)
Due to affiliates	90,590
Security deposits	31,037
Net cash flow used in operating activities	(1,171,388)
Investing activities:	
Funds for acquisition of investment properties	(6,476,993)
Capital expenditures on investment properties	(189,922)
Net cash flow used in investing activities	(6,666,915)
Financing activities:	
Proceeds from initial capital contribution	7,796,781
Issuance costs	(508,949)
Equity distribution	(230,084)
Long term debt borrowings	1,580,530
Long term debt payments	(269,735)
Financing costs paid	(235,534)
Net cash flow provided by financing activities	8,133,009
Net increase in cash	294,706
Effect of foreign currency exchange rate changes on cash	(12,231)
Cash at beginning of the period	-
Cash and restricted cash at the end of the period	\$ 282,475
Non-cash transactions:	
Acquisition of investment properties in exchange for CBFi's	\$ 17,160,225

The accompanying notes are an integral part of these financial statements

Notes to financial statements

As of December 31, 2014 and for the period from June 4 through December 31, 2014
(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 No. F/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. FIBRAPL is a Mexican real estate investment trust authorized by Mexican law (Fideicomiso de Inversión en Bienes Raíces or FIBRA as per its name in Spanish) with its address on Avenida Prolongación Paseo de la Reforma No. 1236, Piso 9, Desarrollo Santa Fe, Cuajimalpa de Morelos, C.P. 05348.

FIBRAPL was formed through an initial contribution from the Trustor of \$1.00 Mexican Peso to the Trustee. From date of the inception until June 4, 2014, the date FIBRAPL was listed on the Mexican Stock Exchange, FIBRAPL did not have operations. Therefore, no comparative information is presented and its initial period of operations includes June 4 to December 31, 2014.

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 any 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 – The Trust’s parties are:

Trustor:	Prologis Property México, S. A. de C. V.
First beneficiaries:	Certificate holders.
Trustee:	Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria.
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 – On December 1, 2014 and on December 3, 2014, FIBRAPL invested an aggregate of approximately \$1,541 million Mexican pesos (\$110 million U. S. dollars) including closing costs, in six new properties located in the Mexico City and Guadalajara markets, with an aggregate gross leasable area of 1,558,484 square feet. As part of these transactions FIBRAPL registered the issuance of 3,785,280 new real estate trust certificates (“CBFIs”).

On December 1, 2014, FIBRAPL borrowed \$99.5 million U. S. dollars from its credit facility with Banco Nacional de México, S. A. (“Banamex”), described in Note 10, with an interest rate of LIBOR plus 350 basis points (3.66% at December 31, 2014), for the acquisition of properties as described above.

On November 10, 2014, FIBRAPL distributed cash to its CBFI holders, which is considered a return of capital, in the amount of \$0.247725 Mexican pesos per CBFI (approximately \$0.01812 U.S. dollars per CBFI), equivalent to \$156,268 Mexican pesos.

On August 20, 2014, FIBRAPL distributed cash to its CBFI holders, which is considered a return of capital, in the amount of \$0.117039 Mexican pesos per CBFI (approximately \$0.0089 U.S. dollars per CBFI), equivalent to \$73,816 Mexican pesos.

On July 3, 2014 FIBRAPL acquired a vacant property located in Guadalajara market with an area of 57,064 square feet in the amount of \$37.7 million Mexican pesos (\$2.9 million U.S. dollars).

On June 4, 2014, FIBRAPL began trading in the Mexican Stock Exchange with ticker symbol FIBRAPL 14 in connection with the IPO of CBFIs.

As of December 31, 2014, FIBRAPL issued the following CBFIs:

	Initial Issuance of CBFIs	Over allotment	Total
Offering in Mexico	99,739,131	11,939,689	111,678,820
International offering	158,260,869	18,945,278	177,206,147
Total offering	258,000,000	30,884,967	288,884,967
Contributing investors	345,710,076	-	345,710,076
Total CBFIs	603,710,076	30,884,967	634,595,043

On June 4, 2014, FIBRAPL acquire its initial industrial portfolio of 177 properties located in Mexican markets, with a total area of 29,749,146 square feet, which funded by the issuance of 630.8 million CBFIs.

2. Basis of presentation

- a. **Financing reporting** – The accompanying financial statements have been prepared in accordance with IFRS as issued by the IASB, as of December 31, 2014.
- b. **Functional currency and reporting currency** – The accompanying financial statements are presented in thousands of Mexican pesos, the reporting currency and local currency in Mexico, unless otherwise indicated. FIBRAPL’s functional currency is the U.S. dollar.

- 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 set out 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 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. 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 major inputs to valuation and discussing with independent appraisers to ensure that all pertinent information has been accurately and fairly reflected.

Valuations are predominantly undertaken on an income capitalization approach using comparable recent market transactions on 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 as to tenure, letting, town planning by management, the condition and repair of buildings and sites – including ground and groundwater contamination, as well as the best estimates of applicable Net Operating Income ("NOI"), reversionary rents, leasing periods, purchasers' costs, etc.

ii. Fair value financial liabilities

The fair value of interest bearing debt is estimated 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. It 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.

iv. Method of acquisition accounting

Significant judgment is required to determine, in an acquisition of shares 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 on June 4, July 3, December 1 and December 3, 2014 by FIBRAPL, which primarily represented the acquisition of real estate as opposed to the shares of a company, were accounted for as an acquisition of assets and not as a business combination.

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 effective after January 1, 2014 which have not been early adopted

The following new standard, effective for annual periods beginning on or after January 1, 2014, has not been applied in preparing these financial statements. This is not expected to have a significant effect on the financial statements of FIBRAPL.

IFRS 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2018 but this application date is subject to review and may be revised upon finalization. FIBRAPL is assessing the new standard's impact and does not anticipate a significant impact on FIBRAPL financial statements.

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 5.

c. Foreign currency translation

The financial statements of FIBRAPL are prepared in the currency of the primary economic environment in which it operates (its functional currency). For purposes of these financial statements, the results and financial position are reported in 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 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 or at an average rate if the transaction does not relate to a specific date. Exchange 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 receivable.

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

e. Property related payments

Property related expenses, including taxes and other property payments incurred in relation to investment properties where such expenses are the responsibility of FIBRAPL, are recognized as expense on an accrual basis.

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 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%.

During 2014 FIBRAPL incurred a tax loss of \$1,282,414. Accordingly, all distributions made for this period were treated as a return of capital as explained in the Significant Events section in Note 1.

g. Cash

Cash in the statement of financial position is comprised of cash held in bank accounts subject to very low risk of change in value. Bank overdrafts are carried at the principal amount. Interest is recorded as an expense as it accrues. Restricted cash relates to deposits in an escrow trust as a warranty for certain loan costs.

h. Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 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.

i. Value Added Tax Receivable

As of December 31, 2014, receivable balances are primarily comprised of VAT paid in connection with the purchase of investment properties.

j. Prepaid expenses

Prepaid expenses are recognized at historic cost and subsequently amortized against profit or loss during the period the benefits or services are obtained. As of December 31, 2014, prepaid expenses are comprised primarily of prepaid insurance and property taxes attributable to the investment properties.

k. 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, including transaction cost. 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 derecognition 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.

l. 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 payment is established and the distributions have been approved by the manager or Technical Committee, as applicable.

m. 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.

n. Long term debt

Debt is initially recognized at fair value, net of transaction costs incurred. The differences between carrying amount and the redemption amount is recognized in the statement of comprehensive income during the term of the loan using the effective interest rate method.

As of December 31, 2014, long term debt is presented at amortized cost.

o. Financial instruments

Financial assets and financial liabilities are recognized when FIBRAPL becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities 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 fair value through profit or loss' ("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 regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

i. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

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. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It 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. Such impairment loss will not be reversed in subsequent periods.

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. Derecognition of financial assets

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 collateralized borrowing 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 allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

p. 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 reliably 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. The increase in the provision due to the passage of time is recognized as interest expense.

q. Cash flow

FIBRAPL presents its cash flow statement using the indirect method. Interest received is classified as investing activities while interest paid is classified as financing activities.

r. 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. As of December 31, 2014, FIBRAPL presented as other comprehensive income the effect of conversion of functional currency amounts into Mexican pesos, the reporting currency.

For the period from June 4 through December 31, 2014, FIBRAPL did not have any items that could be reclassified to profit or loss.

s. 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 securities, the dilutive earnings per CBFi is calculated the same as basic.

t. 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. Rental revenues

Most of FIBRAPL's lease agreements for the properties are for periods from 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, 2014 exchange rate in Mexican pesos, are as follows:

	Amount
Rental revenues:	
2015	\$ 1,938,235
2016	1,586,835
2017	1,326,145
2018	980,652
2019	683,593
Thereafter	471,825
	\$ 6,987,285

5. Segment reporting

Operating segment information is presented based on the approach of management, which includes information aggregated by market. The results for these operating segments are presented for the period from June 4, 2014 through December 31, 2014, while assets and liabilities are included as of December 31, 2014. 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.

	From June 4 to December 31, 2014						
	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
Revenues:							
Lease rental income	\$ 377,564	\$ 203,786	\$ 124,234	\$ 141,311	\$ 154,530	\$ 93,826	\$ 1,095,251
Rental recoveries	35,570	13,753	13,321	15,549	12,684	19,903	110,780
Other property income	5,859	10,765	2,732	1,848	3,600	898	25,702
	418,993	228,304	140,287	158,708	170,814	114,627	1,231,733
Cost and expenses:							
Property operating expenses	61,022	27,199	16,242	19,315	25,097	33,502	182,377
Gross Profit	\$ 357,971	\$ 201,105	\$ 124,045	\$ 139,393	\$ 145,717	\$ 81,125	\$ 1,049,356
Investment properties:							
Land	\$ 2,152,312	\$ 1,022,300	\$ 609,255	\$ 632,860	\$ 640,522	\$ 437,624	\$ 5,494,873
Buildings	8,609,249	4,089,202	2,437,018	2,531,439	2,562,087	1,750,494	21,979,489
	10,761,561	5,111,502	3,046,273	3,164,299	3,202,609	2,188,118	27,474,362
Rent leveling	44,552	6,074	12,380	14,623	6,795	4,224	88,648
Total investment properties	\$ 10,806,113	\$ 5,117,576	\$ 3,058,653	\$ 3,178,922	\$ 3,209,404	\$ 2,192,342	\$ 27,563,010
Long term debt	\$ 3,494,260	\$ 1,832,861	\$ 1,424,966	\$ 976,019	\$ 1,325,040	\$ 956,358	\$ 10,009,504

6. Earnings per CBFi

The calculation of basic and diluted earnings per CBFi is the same and was as follows:

	From June 4 through December 31, 2014
Basic and diluted earnings per CBFi (pesos)	\$ 1.47
Net income	911,001
Weighted average number of CBFis ('000)	621,360

As of December 31, 2014, FIBRAPL had 634,595,043 CBFis outstanding.

7. Trade receivables

As of December 31, 2014, trade accounts receivable of FIBRAPL were comprised as follows:

	December 31, 2014	
Trade accounts receivable	\$	73,353
Allowance for uncollectible trade receivables		(9,685)
	\$	63,668

8. Prepaid expenses

As of December 31, 2014, prepaid expenses of FIBRAPL were comprised as follows:

	December 31, 2014	
Utility deposits	\$	28,157
Other prepaid expenses		3,350
	\$	31,507

9. Investment properties

FIBRAPL obtained a valuation as of December 31, 2014, from independent appraisers in order to determine the fair value of its investment properties, which resulted in a gain of \$461,474 for the period from June 4 through December 31, 2014.

a) As of December 31, 2014, investment properties were as follows:

Market	Fair Value	# of buildings	Lease Area in thousands square feet
Mexico City	\$10,806,113	45	10,541
Guadalajara	5,117,576	25	5,869
Monterrey	3,058,653	24	3,413
Tijuana	3,178,922	33	4,216
Reynosa	3,209,404	29	4,385
Juarez	2,192,342	28	3,106
Total	\$27,563,010	184	31,530

During the period from June 4 to December 31, 2014, FIBRAPL paid capital expenditures of \$75,046, leasing commissions of \$34,436 and tenant improvements of \$80,440.

- b) As of December 31, 2014, the reconciliation of fair value in investment properties was as follows:

	From June 4 to December 31, 2014
Acquisition of investment properties	\$ 26,410,698
Acquisition cost	602,188
Rent leveling	88,650
Gain on valuation of investment properties	461,474
Investment properties at fair value	\$ 27,563,010

10. Long term debt

As of December 31, 2014, FIBRAPL, had long term debt denominated in U.S. dollars of \$679.3 million comprised of loans from financial institutions through guaranty trusts as follows:

	Paragraph	Maturity date	Rate	Fair value thousands of U. S. Dollars	Fair value thousands of MX Pesos	Book value thousands of U. S. Dollars	Book value thousands of MX Pesos
Neptuno Real Estate, S. de R. L. de C. V.	a.	October 7, 2017	7.90%	69,647	\$ 1,026,235	64,149	\$ 945,220
Metropolitan Life Insurance Co. (The Metlife 1 Loan)	b.	September 1, 2017	6.90%	119,124	1,755,268	112,500	1,657,665
Metropolitan Life Insurance Co. (The Metlife 2 Loan)	c.	November 1, 2017	6.90%	39,771	586,018	37,500	552,555
Prudential Insurance Company (The Prudential Loan) 1st. Section	d.	December 15, 2016	4.50%	140,907	2,076,236	137,240	2,022,204
Prudential Insurance Company (The Prudential Loan) 2nd. Section	d.	December 15, 2016	4.65%	11,991	176,685	11,648	171,625
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 1st. section	e.	December 15, 2016	4.58%	98,833	1,456,284	96,121	1,416,326
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 2nd. section	e.	December 15, 2016	4.50%	12,584	185,423	12,257	180,601
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 3rd. section	e.	December 15, 2018	5.04%	72,621	1,070,056	69,353	1,021,906
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 4th. section	e.	December 15, 2018	4.78%	9,808	144,519	9,449	139,230
Banamex (Credit facility)	f.	June 5, 2018	LIBOR+ 350bps	100,697	1,483,750	99,500	1,466,113
Total				675,983	\$ 9,960,474	649,717	9,573,445
Long term debt interest accrued						681	10,034
Debt premium, net						31,773	468,175
Deferred financing cost						(2,861)	(42,150)
Total debt						679,310	10,009,504
Current portion of long term debt						8,964	132,082
Total long term debt						670,346	\$ 9,877,422

As of part of the transactions entered into in connection with its IPO, FIBRAPL assumed the following obligations and contractual commitments related to its investment properties:

- a. A US\$64.1 million loan agreement with Neptuno Real Estate, S. de R.L. de C.V. with a fixed annual interest rate of 7.90% that matures on October 7, 2017.

This loan is secured by the 24 properties that were financed by the loan, such properties and their cash flows deriving therefrom are subject to a Mexican law guarantee security trust for the benefit of the lender.

- b. A US\$112.5 million loan agreement with Metropolitan Life Insurance Company (the “Metlife 1 Loan”), with a fixed annual interest rate of 6.90% that matures on September 1, 2017.

This loan is secured by the 34 properties that were financed by the loan, such properties and their cash flows, are subject to a Mexican law guarantee security trust for the benefit of the lender.

- c. A US\$37.5 million loan agreement with Metropolitan Life Insurance Company (the “Metlife 2 Loan”), with a fixed annual interest rate of 6.90% that matures on November 1, 2017.

This loan is secured by the eight properties that were financed by the loan, such properties and the cash flows, are subject to a Mexican law guarantee security trust for the benefit of the lender.

- d. A US\$150.8 million loan agreement with Prudential Insurance Company of America, (the “Prudential Loan”) with a fixed annual interest rate of 4.50% with respect to US\$139.0 million of principal and 4.65% with respect to US\$11.8 million of principal that amortizes at a 25-year rate and matures on December 15, 2016.

This loan is secured by 18 properties, such properties and their cash flows, are subject to a mortgage for the benefit of the lender.

- e. A US\$189.6 million credit agreement with Prudential Insurance Company of America and Metropolitan Life Insurance Company, (the “Pru-Met Loan”) with a fixed annual interest rate of 4.58% with respect to US\$97.4 million of principal and a fixed annual interest rate of 4.50% with respect to US\$12.4 million of principal, both maturing on December 15, 2016, and a fixed annual interest rate of 5.04% with respect to US\$70.2 million of principal and a fixed annual interest rate of 4.78% with respect to US\$9.6 million of principal, both maturing on December 15, 2018.

This loan is secured by 32 properties, such properties and their cash flows, are subject to a Mexican law guarantee security trust for the benefit of the lenders. The Pru-Met Loan is governed by the laws of the state of New York in the United States.

The loans described above are subject to certain affirmative covenants, including, among others, (i) reporting of financial information; and (ii) maintenance of corporate existence, the security interest in the properties subject to the loan and appropriate insurance for such properties. In addition, the loans are subject to certain negative covenants that restrict 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.

- f. At inception, FIBRAPL entered into a US\$250.0 million secured revolving credit facility (the “Revolving Facility”) with an option to increase it by US\$100 million with Citibank N.A., Banco Mercantil del Norte, S.A. Institución de Banca Múltiple, Grupo Financiero Banorte, Banco Nacional de Comercio Exterior, S.N.C., HSBC Bank USA, Credit Suisse AG, Bank of America, N.A., J.P. Morgan Chase Bank, N.A. and Barclays Bank PLC, as lenders, and Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex or one of its affiliates, as the administrative agent. The proceeds from this facility will be used for general corporate purposes, the acquisition of assets, the development and renovation of industrial facilities, new investments, the servicing and repayment of certain debt and the payment of costs and expenses related to the IPO. The Revolving Facility is governed by the laws of the state of New York in the United States.

The Revolving Facility has a three year term, subject to a one-time extension option, and bears interest (i) for London Interbank Offered Rate (“LIBOR”) rate disbursements, at a rate of LIBOR plus 350 basis points, or (ii) in the event LIBOR is not available or does not reflect funding costs, base rate, calculated based on the rate published by Citibank, N.A. in New York, New York plus 250 basis points. The Revolving Facility contains customary covenants, including without limitation, (i) compliance with certain financial covenants prior to distributions; (ii) maintenance of FIBRA tax status; (iii) delivery of accounting financial statements audited by independent external auditors; (iv) provision of access to accounting records and financial statements; and (v) provisions providing for off-set rights and transfer of title to the properties securing the Revolving Facility into a Mexican guaranty trust.

To secure its obligations under the Revolving Facility, the borrower and/or the guarantors granted the following security: (i) a guaranty trust agreement with respect to 57 properties, rental revenues and other cash flows in connection with such properties and (ii) a pledge over beneficiary rights and other equity interests of the trusts owning such properties. The Revolving Facility contains, subject to certain cure periods, customary events of default, including, among others, (i) any payment default by the borrower or a subsidiary guarantor of principal or interest under the Revolving Facility, (ii) the falseness or inaccuracy in any material respect of a representation made by the borrower or the subsidiary guarantors, (iii) the breach of certain covenants under the Revolving Facility, (iv) the occurrence of certain cross-defaults under agreements for debt of US \$25.0 million or more to which the borrower or any of its subsidiaries are parties and (v) the issuance of an order or judgment against the borrower or subsidiary guarantors for an amount exceeding US\$25.0 million. If an event of default occurs under the Revolving Facility, Banco Nacional de México, S.A. integrante del Grupo Financiero Banamex, as collateral agent in Mexico, will be entitled to exercise rights and remedies customarily available for lenders of secured loans.

On December 1, 2014, FIBRAPL borrowed \$99.5 million U. S. dollars from its credit facility with Banamex, with an interest rate of LIBOR plus 350 basis points, (3.66% at December 31, 2014) for the acquisition of properties.

Additionally, the borrower will maintain the following coverage ratios:

- A maximum loan to value ratio under which the total principal amount of current assets may not exceed 60% of the total assets representing the properties securing the Revolving Facility;
- A tangible minimum net value ratio, as determined pursuant to U.S. GAAP, which may not be less than 70% of tangible minimum net value as of the closing date plus 70% of the net proceeds of future issuances;

- A debt service coverage ratio of at least 1.6;
- A leverage ratio of no more than 60%; and
- A fixed coverage ratio of at least 1.70.

As of December 31, 2014 FIBRAPL was in compliance with all its covenants.

11. FIBRAPL certificates

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.

On December 1, 2014, FIBRAPL registered the issuance of 3,785,280 new CBFi's, as part of the new investment in 6 properties described in the Significant Events section in Note 1.

Total CBFIs are comprised as follows:

	As of December 31, 2014	
Trust certificates	\$	17,177,010
Issuance cost		(508,949)
Distributions (Note 1)		<u>(230,084)</u>
	\$	<u>16,437,977</u>

12. 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, and such lack of liquidity may limit the ability to make changes to the FIBRAPL portfolio in a timely manner, which may materially and adversely affect the financial performance. Likewise, in order to maintain FIBRAPL status as a FIBRA under Mexican income tax laws, it may not be able to sell property, even if it would do so otherwise in consideration of market conditions or changes to its strategic plan.

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.

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 it 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 of Mexican Pesos	Change in current value
0.25% increase	\$ (893,526)	(3.26%)
0.25% decrease	\$ 988,781	3.61%

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 in the future, FIBRAPL will be exposed to risk associated with market variations in interest rates. FIBRAPL may in the future utilize hedging instruments to protect against fluctuations in interest rates. As of December 31, 2014 the only variable rate debt that FIBRAPL had is the Revolving Facility.

Foreign Currency Risk

The majority of FIBRAPL ordinary course transactions, including 87.0% of revenues under FIBRAPL lease agreements, and 100% of debt financings as of December 31, 2014, were denominated in U.S. dollars. As a result, FIBRAPL does not enter into derivative instruments to offset the effect of currency rate fluctuations because the risk of foreign currency fluctuation is deemed low. Variations in FIBRAPL results of operations related to currency fluctuations are generally attributable to non-cash items and do not have a material effect on operations or liquidity.

The U.S. dollar to Mexican peso exchange rate as of December 31, 2014 and average exchange rates of the period are as follows:

	Rate
U.S. dollar mexican peso exchange rate as of December 31, 2014	14.7348
Average exchange rate from June 4 through December 31, 2014 U.S. dollar	13.0886

Foreign Currency Sensitivity Analysis

As mentioned above, the functional currency is the U.S. dollar so foreign exchange risk is represented by transactions denominated in Mexican pesos, which are not considered material. Accordingly, no further analysis was conducted.

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, 2014, all of the leases in the initial 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, 2014 the portfolio was 96.3% leased.

13. 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 by using Level 3 inputs.

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.

Concepts valued under the fair value model presented within the FIBRAPL statement of financial position and their classification under the aforementioned levels, are as follows:

	Level 1	Level 2	Level 3	Total fair value
As of December 31, 2014				
Investment properties	\$ -	\$ -	\$ 27,563,010	\$ 27,563,010

FIBRAPL recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

14. Commitments and contingent liabilities

As of December 31, 2014, FIBRAPL had no significant contingent liabilities.

15. 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:

- 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.
- Incentive Fee:** annual fee equal to 10% of cumulative total CBF holder returns in excess of an annual compound expected return of 9%, paid annually in CBFs, with each payment subject to a six-month lock-up, as established under the Management Agreement and as further described below (the “Incentive Fee”).
- 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.
- Property Administration Fee:** fee equal to 3.0% of the rental revenue of 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. 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 reduced by any annual amount paid to a third-party listing or procuring broker.

b. As of December 31, 2014, the outstanding balances due to related parties were as follow:

	December 31, 2014
Asset management fees	\$ 51,159
Capital expenditures reimbursement	39,431
	\$ 90,590

Asset management fees are due to the manager while capital expenditures reimbursements are due to 105 affiliated companies.

c. Transactions with affiliated companies from June 4 through December 31, 2014 were as follows:

	From June 4 to December 31, 2014
Acquisition of properties	\$ 26,976,511
Equity distribution	\$ 105,540
Asset management fee	\$ 102,282
Property management fee	\$ 32,740
Capital expenditures	\$ 184,311
Lease commissions	\$ 5,670

On December 1, 2014 and December 3, 2014, FIBRAPL acquired six properties from its affiliated companies Prologis Fondo Logístico 5, S. de R. L. de C. V. and Prologis Property Mexico, S. A. de C. V., as it is described in Note 1, which were recognized at cost.

On June 4, 2014, FIBRAPL acquired 177 properties from affiliated companies, as it is described in Note 1, which were recognized at cost.

16. Subsequent events

On February 20, 2015, FIBRAPL distributed cash to its CBFi holders, which is considered a return of capital, in the amount of \$0.2441 Mexican pesos per CBFi (approximately \$0.0164 U.S. dollars per CBFi), equivalent to \$154,905 Mexican pesos.

17. Financial statements approval

On February 27, 2015, the issuance of these financial statements was authorized by Jorge Roberto Girault Facha, Finance VP of FIBRA Prologis. These financial statements are subject to approval at the technical committee's ordinary general meeting, where the financial statements may be modified.
