



Prologis Property México, S.A. de C.V.

SETTLOR

Actinver

Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria

TRUSTEE



Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero

COMMON REPRESENTATIVE

**"FIBRAPL"
FIBRA Prologis**

2018 ANNUAL REPORT

The 2018 Annual Report filed pursuant to the General Provisions applicable to the Issuers of Securities and other Participants in the Stock Market for the period from January 1, 2018 to December 31, 2018.

Trustee: Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver as the trustee for Trust 1721 called FIBRA Prologis.

Address of the Trustee: Montes Urales 540, Piso 3, Col. Lomas de Chapultepec 11000 Delegación Miguel Hidalgo, Mexico City, Mexico.

Settlor: Prologis Property México, S.A. de C.V.

Address of the Settlor: Paseo de los Tamarindos 90 Torre 2, Piso 22, Bosques de las Lomas 05120, Ciudad de México.

Outstanding CBFIs: The type of outstanding titles corresponding to CBFIs which are real estate trust securities issued by the Trustee in accordance with the Trust Agreement, the Securities Market Act, the Sole

Issuers Regulations, the General Law of Negotiable Instruments and Credit Operations and other applicable legal provisions. The CBFIs are of one class, series and type and are listed on the Mexican Stock Exchange, under ticker symbol "FIBRAPL 14". Pesos. To December 31 of 2018, FIBRAPL has 644,673,822 (six hundred forty-four million, six hundred seventy-three thousand eight hundred twenty-two) outstanding CBFIs.

RETSIs in treasury: As of December 31, 2018, there is no CBFIs in treasury.

Time and expiration date: The Real Estate Trust Securities (*Certificados Bursátiles Fiduciarios Inmobiliarios* in Spanish, CBFIs) issued Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria, as trustee for Trust 1721 are not redeemable, for which reason they are not subject to a term or expiration date.

Number of the trust and information regarding the contract of the trust: Irrevocable Trust Agreement 1721 called FIBRA Prologis (formerly F/1721 and previously F/17464-3) executed by and amongst Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria as trustee, Prologis Property México, S.A. de C.V. as settlor and manager, and Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero as common representative, on August 13, 2013, as amended by means of amendment agreements dated October 2 and 8, 2013, November 29, 2013, May 28, 2014, September 28, 2017 and December 14, 2017, respectively.

Beneficiaries: Means the Persons that are holders of one or more CBFIs at any moment, represented entirely for purposes of the Trust Agreement by the Common Representatives (the "Holders").

Manager: Prologis Property México, S.A. de C.V.

Relevant Characteristics of the Real Estate Assets: The portfolio includes 200 developed industrial properties equivalent to 36.0 million square feet, plus an intermodal courtyard with 1.1 million cubic feet adding a total of 201 properties. The location of our properties is concentrated in six markets: Mexico City, Guadalajara, Monterrey, Tijuana, Ciudad Juárez and Reynosa, as well as in their metropolitan areas. As of December 31, 2018, the portfolio's occupancy rate was 97.4% (ninety seven point four percent).

Distributions, periodicity and calculation method:

In order to comply with the provisions regulating the real estate investment trusts (FIBRAS), the Trustee shall perform the distributions to the Holders of the CBFIs, in accordance with the previous instructions of the Manager, provided that the Trustee shall distribute at least once a year at least 95% (ninety-five percent) of the Trust's Fiscal Balance of the immediate previous year created by the Real Estates that conform the Trust Estate, provided that all Distributions shall comply with the Distribution Policies, otherwise said Distributions shall be discussed and, if applicable, approved by the Technical Committee. Our CBFIs do not have a guaranteed minimum yield. The Trust's Tax Result shall be determined pursuant to Title II of the Income Tax Law (or LISR). Distributions and payments covered by the CBFIs shall be debited exclusively to the assets making up the Net Trust's Assets.

Level of indebtedness: To December 31, 2018, the level of indebtedness, pursuant to the methodology established in Exhibit AA of the general provisions applicable to the issuers of securities and other participants of the stock market, is 34.7% (thirty-four point seven percent). This measure does not belong to IFRS.

Coverage index for service of the debt: As of December 31, 2018, the coverage index for debt service pursuant to the methodology established in Exhibit AA of the general provision applicable to the issuers of

securities and other participants in the stock market, ascends to 7.2 times. This measure does not belong to IFRS.

Absence of a payment obligation: There is no obligation to make payments or Distributions under the CBFIs. The Distributions shall only be paid to the Holders to the extent that the funds making up the Trust's Estate are sufficient for this purpose. Neither the Settlor, nor the Manager, nor the Common Representative, nor the Underwriter, nor the Trustee (except with the funds making up the Trust's Estate), nor any of its Affiliates or subsidiaries shall be responsible for making any payment under the CBFIs. If the Trust's Estate is insufficient for making the Distributions or returns regarding the CBFIs, there is no obligation of the Settlor, the Manager, the Underwriter, the Common Representative, the Trustee, or any of its Affiliates or subsidiaries to perform said Distributions or returns under the CBFIs.

Periodicity and way the CBFIs are redeemed: The CBFIs are not redeemable.

Place and payment method for the Distribution: All cash payments made to the Holders shall be made by means of electronic transfers through Indeval, located on Paseo de la Reforma No.255, piso 3, Col. Cuauhtémoc, Zip Code 06500, Mexico, City, upon submission of the Title, or upon submission of the proof or certifications issued for this purpose by Indeval.

Common Representative: Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero.

Depository: S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.

Tax System: The Trust shall be treated per the tax system set forth in article 188 of the Income Tax Law, to the extent it complies with the requirements set forth in article 187 of said Law.

Registration in the National Securities Registry: The CBFIs are registered under number 2679-1.81-2014-017 in the National Securities Registry. The CBFIs are listed in the Bolsa Mexicana de Valores, S.A.B. de C.V.

THE REFERRED REGISTRATION IN THE NATIONAL SECURITIES REGISTRY DOES NOT IMPLY A CERTIFICATION OF THE BENEFIT OF THE SECURITIES, SOUNDNESS OF THE ISSUER OR OF THE ACCURACY OR TRUTHFULNESS OF THE INFORMATION CONTAINED IN THIS ANNUAL REPORT, NOR DOES IT VALIDATE THE ACTIONS WHICH, IF APPLICABLE, WERE PERFORMED IN BREACH OF THE LAWS.

THIS ANNUAL REPORT BEING SUBMITTED ACCORDING TO THE GENERAL PROVISIONS APPLICABLE TO ISSUERS OF SECURITIES AND OTHER STOCK MARKET PARTICIPANTS FOR THE PERIOD CLOSING ON DECEMBER 31, 2018.

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Future Estimates

The Annual Report contains statements regarding the future. These statements include but are not limited to: (i) statements regarding the financial situation and the results of our operation in future times; (ii) statements in regard to our plans, objectives or aims, including those regarding our operations; and (iii) explanations in regard to the assumptions upon which these statements are based. The statements regarding the future contain expressions such as "it is proposed", "it is expected", "it is considered", "it can", "it could", "it is estimated", "it is forecasted", "guideline", "it is intended", "it is planned", "it is possible", "it is predicted", "it is sought" and other similar expressions, even though these expressions are not the only ones that enable the identification of said statements.

Owing to their very nature, statements regarding the future involve risks and uncertainties, both of a general as well as a specific nature, and it is possible that the predictions, forecasts, projections and other statements in regard to the future will not be fulfilled. Investors are warned that there are several factors which could cause the actual result to significantly differ from the plans, objectives, expectations, estimates and intentions expressly or implicitly stated in the statements regarding the future, including the following:

- our operations and investment strategies in real estate property for industrial use can expose us to risks in the sector within which we operate, but different from those of other FIBRAs or companies investing in a larger range of real estate;
- economic trends in the industries or markets in which we operate;
- our concentration on real estate properties located in Mexico, including Mexico City and other regions of Mexico;
- our absence from the operating history and the limited experience of the Manager in the management FIBRAs;
- our ability to collect rents payable by our customers;
- the performance and the financial situation of our customers;
- our ability to generate sufficient cash flows in order to fulfill our future debt obligations and to pay distributions to the Holders of the CBFIs;
- limitations regarding liquidity and other operational aspects resulting from the financing transactions executed by us;
- our ability to obtain financing from third parties on favorable terms;
- the competition within the industry and the markets in which we participate;
- our ability to lease or sell our properties;
- our ability to maintain or increase the price of our leases and the occupancy rate in our properties;
- our ability to acquire strategic properties;

- our ability to successfully explore new markets;
- the lack of liquidity in the real estate market;
- our ability to acquire adequate insurance coverage for our properties;
- government legislation and regulations applicable to us and the interpretation of said legislation and regulations, including reforms to the tax and legal regime applicable to FIBRAs; amendments to the environmental, real estate and land use legislation and the increase in tax rates applicable to real estate;
- our ability to conclude the acquisition of all or any of the anticipated properties;
- natural disaster and other conditions affecting our properties, such as the existence of conditions that are harmful to the environment;
- the existence or possible existence of conflicts of interest among ourselves on the one hand, and the Manager and other Affiliates of Prologis, on the other hand;
- our dependence on the Manager's ability to manage transactions, implement growth strategies and provide maintenance to our properties;
- the general market situation, the economy and the political environment, especially in Mexico, including the effect of the recent economic downturn in world financial markets;
- inflation, interest rates and the fluctuations in the value of the Peso;
- the effect of the changes in the accounting principles, the intervention of the regulating authorities, the guidelines set forth by the government and the fiscal or monetary policy of Mexico;
- our ability to meet the necessary requirements in order to be considered as a FIBRA; and
- the risk factors described in section "1. General Information – (c) Risk Factors" in this Annual Report.

In the event one or more of the previously described risks or uncertain factors occurs, or that the assumptions upon which the statements with regards to the future are based are found to be inaccurate, the actual results could adversely and significantly affect the foreseen, expected, estimated, foretold or desired results. Possible investors should read the "1. General Information – (b) Executive Summary", "1. General Information – (c) Risk Factors", "4. Financial Information – (c) Comments and analysis of management regarding the financial situation and the transaction results" and "2. The Trust – (c) Trust Estate" sections in this Annual Report, to fully understand the factors that may affect our future performance and the markets in which we operate.

In view of the risks, uncertain factors and assumptions, there is a chance that the events described in the statements regarding the future, which are included in this Annual Report will not occur. The statements regarding the future are only valid as of the date of this Annual Report and we do not assume any obligation

whatsoever to update them in the event we should receive new information or regarding the facts or events that may occur. In addition, from time to time, additional factors affecting our activities may arise and it is impossible to predict the entirety of these factors, evaluate their possible effects on our operations or determine the extent to which a certain factor or a certain series of factors could cause that the actual results adversely and significantly differ from those set forth in the statements with regards to the future. We cannot guarantee that we will meet the plans, the intentions or the expectations expressly or implicitly stated in the statements with regards to the future contained in this Annual Report. Furthermore, investors should not interpret the statements regarding the trends or previous activities as a guarantee that said tendencies or activities will continue in the future. All the statements regarding the future — either oral, written, or in electronic format — attributable to us or to our representatives, are expressly subject to such exceptions.

Submission of Financial and certain Other Information

Unless otherwise specified or the context otherwise requires, references in this Annual Report to “us” “ours”, “the issuer” and every expression involving the use of first person plural are references to the trust issuer of CBFIs. References in this Annual Report to “the Trustee” are to Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria, in its capacity as our trustee. References in this Annual Report to “Prologis” are to Prologis, Inc. and its Subsidiary, including certain investment vehicles in which Prologis, Inc. or its other Affiliates have a minority interest. References in this Annual Report to “our Manager” or “the Manager” are to Prologis Property México, S.A. de C.V., or any other affiliate of Prologis that becomes the Manager of the Trust.

Financial Information

This Annual Report contains the financial and operating data related to our 200 properties, and a multimodal courtyard (201 investment properties in total).

This Annual Report includes the Financial Statements to December 31 of 2018, 2017 and 2016 and for the years closing on December 31, 2018, 2017 and 2016, of the trust, including the Notes thereto (the Financial Statements).

Exhibit A of this Annual Report includes the FIBRA Prologis’ audited financial statements as of December 31, 2018, 2017 and 2016, and for the years ending on these dates, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) to assist us to comply with the requirements of the National Securities and Banking Commission (CNBV).

Currency Information

In this Annual Report, references to “Pesos” or “MXN” and the “\$” symbol are to the lawful currency of Mexico; references to “USD\$” or “US\$” or “EU” or “USD” or “U.S. Dollars” are to the lawful currency of the United States of America (the United States).

We use Pesos as our reporting currency. Because most our ordinary course transactions, including our Lease Agreements, debt financings and property investments are denominated in U.S. Dollars, we use U.S. Dollars as our functional currency. The process of converting Mexican pesos to dollars that are shown in the different sections of the report is for convenience.

Rounding

We have made rounding adjustments to present some of the figures included in this Annual Report. Thus, numerical figures shown as totals in some tables may not be the arithmetic aggregations of the figures that precede them.

Industry and Market Data

Market data and other statistical information used throughout this Annual Report are generally based on our own internal research and/or on independent industry publications, government publications, reports by market research firms or other published independent sources.

Although we believe these various sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness including information based on our own or Prologis' research. In addition, these sources may use different definitions of the relevant markets than those we present. Data regarding our industry are intended to provide general guidance but is inherently imprecise and, accordingly, you are cautioned not to place undue reliance on such data and, particularly, on data based on Prologis' research.

Measurement Data

The standard for area measurement in the real estate market in Mexico is the square meter (m²), whilst in the United States the standard measure is the square foot (sq. ft.). Unless otherwise specified, all units of area shown in this Annual Report are expressed in terms of square feet. Ten square feet are equal to approximately 0.929 square meters. Certain percentages and totals may not add up due to rounding.

[413000-NBIS3] General Information

1. General Information

(a) Glossary of Terms and Definitions

Real Estate Assets means, in conjunction (a) properties, with everything which corresponds to them de jure or de facto intended for lease; (b) the buildings on the properties intended for lease; (c) funds obtained in relation to the acquisition or construction of properties or buildings intended for lease; and (d) the rights to obtain income derived from lease contracts entered into in relation to any property; in each case, those in which the Trust directly or indirectly invests through the Subsidiary Trust or any of the Investment Trusts.

Manager means Prologis Property México, S.A. de C.V., Affiliate of Prologis, acting in its capacity as manager of the Trust or its successors and assignees, or whomever is later appointed as manager of the Trust in accordance with the terms of the Trust Agreement and the Management Agreement.

Affiliate means, with respect to a Person in particular, the Person who Controls, directly or indirectly through one or more intermediaries, be it Controlled by or be it under common Control of, said Person; provided that neither the Trust, nor the Trustee, nor the Controlled Persons by the Trust or the Trustee will be considered "Affiliates" of the Manager.

Afore Banamex means Afore Banamex, S.A. de C.V., member of Grupo Financiero Banamex.

Initial Contribution means the amount of \$1.00 (one Peso 00/100) contributed to the Retention Account in Pesos of the Trust by the Settlor according to the Trust Agreement.

GLA or Gross Leasable Area means the total surface area of leasable properties in the properties which make up our Initial Portfolio at the end of the 12-month period, excluding exterior parking, operating space, measured in square feet.

Tenant means any Person who is party to the Lease Agreement with the right to occupy or use in any other way the properties which form part of the Trust's Real Estate Assets (as well as any other subtenant of said party).

Holders Meeting means a Regular Holders Meeting or a Special Holders Meeting.

Special Holders Meeting has the meaning attributed to such term in Clause 4.2(b) of the Trust Agreement.

Regular Holders Meeting has the meaning attributed to such term in Clause 4.2(a) of the Trust Agreement.

External Auditor means KPMG Cárdenas Dosal, S.C. or another external auditor hired by the Trust at any point; it being understood, that said auditor must be a public accountants' office of recognized international standing and independent from the Manager and the Trustee.

Governmental Authority means any country, government, dependency, state, municipality, or any political subdivision of the above, or any other entity or dependency which exercises administrative, executive, legislative, judicial, monetary, or regulatory government duties or duties which correspond to the government.

BMV means the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*)

CBFIs has the meaning attributed to such term in Clause 3.2 of the Trust Agreement.

Additional CBFIs has the meaning attributed to such term in Clause 3.2(a) of the Trust Agreement.

Initial CBFIs has the meaning attributed to such term in Clause 3.1(a) of the Trust Agreement.

Sole Issuers Regulations means the Provisions of General Character applicable to Stock Issuers and other Stock Market Participants, published in the Official Gazette of the Federation on March 19, 2003, and the respective amendments thereto.

CNBV means the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).

Management Fees has the meaning which is attributed to said term in the Management Agreement.

Audit Committee has the meaning attributed to such term in Clause 5.8 of the Trust Agreement.

Debt Committee has the meaning which is attributed to said term in Clause 5.10 of the Trust Agreement.

Practices Committee has the meaning attributed to such term in Clause 5.9 of the Trust Agreement.

Technical Committee has the meaning attributed to such term in Clause 5.1 of the Trust Agreement.

Initial Purchasers means the initial purchasers which enter into a purchase agreement under the laws of New York, with respect to the international offering of CBFIs and the international over-allotment option.

Management Agreement means the management contract entered into between the Trustee and the Manager, as may be amended, supplemented, or updated from time to time, including any management services contract which is entered into with a substitute Manager, if applicable, in accordance with Annex "D" of the Trust.

Lease Contracts means, the lease contracts entered into for the occupation and use of properties (as well as any sublease) which form part of the Trust's Real Estate Assets.

Trust Agreement or Trust or FIBRA Prologis means the Irrevocable Trust Agreement 1721, as may be amended, supplemented, or updated from time to time.

Control and **Controlled** has the meaning which is attributed to said term in the LMV.

Additional Account has the meaning attribute to such term in Clause 11.6 of the Trust Agreement.

Trust Accounts means the accounts which the Trust opens in its name, including but not limited to: the Retention Account, the Distribution Account, and the Additional Accounts opened by the Trustee in accordance with Clause 11.1 of the Trust Agreement.

Damages has the meaning which is attributed to said term in Clause 13.2 of the Trust Agreement.

Lawsuit has the meaning attributed to such term in Clause 13.2 of the Trust Agreement.

Business Day means any day other than Saturday or Sunday and those on which credit institutions in Mexico are obliged or authorized by law, regulation, or executive order to close, in accordance with the calendar which the CNBV publishes for such purposes.

Distribution means each one of the distributions which the Trustee must realize to the RETSI Holders in accordance with Clause 12.1 of the Trust Agreement.

Transactional Documents means, in conjunction, the Trust Agreement, the Management Agreement, each Title, each placement agreement entered into with respect to each Issue, and any other agreements, instruments, documents, and titles related to them.

Dollar, EU\$, U.S. Dollar or USD\$ means the lawful currency of the United States of America.

Issuance means the issue of CBFIs carried out by the Trust, including the Initial Issuance and any Additional Issue.

Additional Issuance means any additional issuance of CBFIs, public or private, within or outside of Mexico, approved by the Holders Meeting in accordance with Clause 3.2 of the Trust Agreement.

Initial Issuance has the meaning attributed to such term in Clause 3.1 (a) of the Trust Agreement.

Indebtedness means, in relation to any Person, (i) all of said Person's indebtedness from money lent and any other contingent obligations or other obligations of said Person with respect to finances, credit letters, and bank acceptances be they expired or not, excluding charges and other derivative contracts and similar financial instruments, (ii) all the obligations of said Person evidenced by promissory notes, bonds, obligations, or similar instruments, (iii) all the financial lease obligations of said Person, (iv) all the debts referred to in the previous numerals (i), (ii), (iii) guaranteed by (or for which the possessor of said debt has in existing, contingent, or any other nature of right, guaranteed by) any lien on the assets (including accounts and contractual rights) of said Person, regardless if said Person has not assumed nor become responsible for the payment of said debt, (v) all the indebtedness of third parties guaranteed by said Person (without doubly accounting for any debt referred to in the previous numerals (i), (ii), (iii) or (iv)), and (vi) all the amounts (including, but not limited to, default interests and prepayment premiums) owed over any debt referred to in the previous numerals (i), (ii), (iii), (iv) or (v). Indebtedness shall not include amounts available to be disposed or lent under credit agreements or similar obligations which have not been disposed or disbursed unless the Manager expects said amounts to be used to fund, wholly or in part, any of the Trust's existing obligatory commitments on said determination date, according to what the Manager determines.

Contributing Entities means those entities which, directly or indirectly, are proprietors of the properties which will make up our Initial Portfolio immediately before the completion of the global offering and the Formation Transactions and which will contribute said properties which make up our Initial Portfolio, indirectly through a subsidiary trust of the Trust, to the Trust Estate in accordance with the Formation Transactions. Before the completion of the global offering and the Formation Transactions, certain Affiliates of Prologis and other investors had the property rights in the respective Contributing Entities.

Stabilized means any property with at least 90% (ninety percent) occupancy.

Financial statements means the joint reference to (i) the financial position statements as to December 31, 2018, 2017 and 2016 and (ii) the statements of integral results, of changes in accountable capital, and cash flows for the years ending on December 31, 2018, 2017 and 2016, and the notes to the financial statements

that include a summary of the significant accounting policies and other explanatory information.

Acquisition Date means any date on which an acquisition of Real Estate Assets by the Trust is completed.

Initial Negotiation Date means the date on which the CBFIs were first valued in the BMV.

FIBRA means, given its initials in Spanish, a real estate investment trust authorized in accordance with article 187 to be taxed based on the fiscal treatment under article 194 of the Income Tax Law.

Investment Trust means any irrevocable trust constituted in Mexico in which the Trust, directly or indirectly, maintains an Investment to acquire, directly or indirectly through trusts, Real Estate Assets, provided, that the ends of said Investment Trust must allow it to qualify as a passive-income trust for the effects of the LISR or which in any other manner is not considered to be a taxed entity in accordance with the LISR.

Subsidiary Trust means the Investment Trust constituted in accordance with the number 1189 Irrevocable Trust Agreement on Management with Reversion Rights, from October 14, 2013, entered into by and amongst the Trustee, in its capacity as trustee in accordance with the Trust Agreement, as settlor and beneficiary, Banco Actinver, S.A., Multiple Banking Institution, Grupo Financiero Actinver, as trustee, with the appearance of Prologis Property Mexico, S.A. de C.V., as Manager (as may be amended or reformed from time to time), through which the Trust will make Investments in Real Estate Assets be it directly, or through other Investment Trusts; provided, that the purposes of said Subsidiary Trust shall allow it to qualify as a non-entrepreneurial trust for the purposes of the LISR or which in any other way is not considered to be an entity subject to the payment of taxes in accordance with the LISR.

Settlor means Prologis Property México, S.A. de C.V. in its capacity as settlor in accordance with the Trust Agreement.

Trustee means Banco Actinver, S.A., Institución de Banca Multiple, Grupo Financiero Actinver, División Fiduciaria in its capacity as trustee of Trust 1721, or its successors, designees, or whomever is subsequently assigned as trustee in accordance with the Trust Agreement.

Trust Expenses means the costs, expenses, and liabilities incurred or derived from the Trust's operation and activities, according to what is determined by the Manager and notified to the Trustee, including, but not limited to (a) management fees, (b) fees and expenses related to the management of assets (including transportation and lodging), Indebtedness, including the appraisal, acquisition, tenure, and transfer of the assets (including any reserve, breach, termination, and other similar fees payable by the Trust, nonrefundable deposits, deposits, or commitment, or other fees), to the extent that said fees and expenses are not repaid by the Subsidiary Trust, an Investment Trust, or a third party; (c) premiums from the Trust's protection insurance and the Covered Persons for responsibility before third parties with regard to the Trust's Investments and other activities, including the indemnification payments payable to third parties (which includes the placement broker) and including the allocated costs from any wide-coverage global policy under which Prologis and its Affiliate's assets are covered and under which any part of the Trust's Equity is covered; (d) the custodial, administrative, investigatory legal costs, registration and valuation services, auditing and accounting expenses (including the expenses related to the functioning of the Trust Accounts), including the expenses related to the preparation of the combined statements on operations of purpose, the Trust's tax declarations, and representation of the Trust or Holders with respect to fiscal questions, including the expenses payable or incurred with respect to representation, (e) banking and consulting expenses, and (f) the expenses of evaluation and other professional consulting fees; (g) Investment Expenses, including, but not limited to, the expenses related to the organization of the Subsidiary Trust or any other Investment Trust through which or in which the Investments can be made; (h)

expenses and fees of the Trustee, Technical Committee, Audit Committee, Practices Committee, Independent Evaluator, Common Representative, External Auditor, as well as any payment of fees and other necessary expenses in accordance with the applicable law to maintain the CBFIs registered in the RNV, listed in the BMV, and deposited in Indeval (including maintenance fees); (i) the taxes and other governmental expenses (such as VAT which cannot be recovered), fees and dues payable by the Trust; (j) the Damages; (k) the costs from the meetings with the Holders, with the CNBV, with the BMV (and with any other regulatory body) and the reports thereof, and the annual or periodical meetings; (l) coverage costs and brokerage fees and costs; (m) fees payable to members of the Technical Committee and the reimbursement of their expenses for attending Technical Committee meetings in accordance with Clause 5.3, (n) salaries, benefits, or payroll expenses of personnel employed exclusively for the operation or management of one or more Real Estate Assets; (o) D termination and settlement costs of the Subsidiary Trust or any Investment Trust and the Trust, including the payment of fees derived from these; (p) any expenses related to any Holder Meeting or any Technical Committee session, and (q) expenses related to defense of the Trust's Equity and the granting of powers.

Investment Expenses means, with respect to any Investment or Potential Investment, all and any expenses related to said Investment, which may include, but are not limited to, (i) expenses related to the creation of the Subsidiary Trust or any Investment Trust, if there is one, in which the Investment is made, and the issue of any securities issued by the Subsidiary Trust or any Investment Trust, as applicable, (ii) expenses related to the acquisition of Real Estate Assets, including, but not limited to, fees and expenses of legal, financial, fiscal, and/or accounting advisors, notaries public, public brokers, and any other advisors, consultants, contractors, or agents, incurred in relation to the above, (iii) expenses related to the development, construction, maintenance, and monitoring of Real Estate Assets, including, but not limited to, fees and expenses of legal, financial, fiscal, and/or accounting advisors, notaries public, public brokers, as well as any other advisors, consultants, contractors, or agents, incurred in relation to the above, (iv) capital expenses and expenses for carrying out refurbishments and renovations of Real Estate Assets, (v) expenses related to the leverage and/or coverage of said Investment, including, but not limited to, fees and expenses of legal, financial, fiscal, and/or accounting advisors, (vi) expenses incurred by the Trustee, the Investment Trust, or any Investment Trust and/or the Manager with respect to said Investment (completed or not) and its evaluation, acquisition, sale, financing, or coverage, including, not limited to, closure expenses, auditing expenses, notary public or broker fees, registration fees, and Trustee fees and expenses, (vii) expenses derived from the payment of taxes, litigations, indemnifications, and expenses derived from insurance policies, (viii) any expenses or costs derived from the appraisal of Real Estate Assets, including, but not limited to, fees of the corresponding appraiser, and (ix) expenses of any other nature related to said Investment or the Real Estate Assets related to said Investment.

Group of Persons has the meaning which is attributed to said term in the LMV.

IASB means the International Accounting Standards Board.

IFRS means the International Financial Reporting Standards, issued by the IASB.

Indeval means Indeval Institution for Securities Deposits (*S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.*).

Gross Revenues means all cash revenue of any type in nature derived from the operation of the Real Estate Assets during a specific month, including, but not limited to, rent, adjustments to rent, charges for public services, parking charges and service charges, income from rent interruption, insurance and Tenant reimbursement for operational costs, taxes and insurance; it being understood; nonetheless, that Gross

Revenue will not include: (i) guarantee deposits (to the extent that they are not applied to back rent) and other reimbursable deposits, (ii) the interests from bank accounts for the operation of Real Estate Assets; (iii) revenue from the sale or refinancing of Real Estate Assets, or any part of these, (iv) the yields from insurance or dividends received from the insurance policies corresponding to material loss or damage to Real Estate Assets, or any part of these (but not profits from income interruption insurance), (v) indemnification or payments received from the expropriation of Real Estate Assets or any part of them; (vi) any commercial discount or rebate received with respect to the purchase of properties, (vii) Tenant payments as reimbursement for Tenant improvements, unless said payments or part of them are redeemed during the lease term, in which case said redeemed amounts will be included as part of Gross Revenues, (viii) reimbursements for overpayments, including but not limited to tax and insurance premium reimbursements, and (ix) any amounts which are not required to be reimbursed to any Tenant or third party arising from compensations, settlement, or any other provision of any lawsuit or other judicial proceeding, except insofar as the net amount of said income which remains after accounting for all costs and expenses, including attorney fees, in obtaining said product which represents income proceeding from the Real Estate Assets not excluded herein. This measure does not belong to IFRS.

Net Operating Income (NOI): means the rent income minus the operating expenses. This measure does not belong to IFRS.

Class A Industrial Facilities means those facilities which fulfill the requirements of manufacturing companies and of logistics different from end-users with respect to operational effectiveness and which satisfy certain criteria with respect to size, location, design of the highest quality, comfort, and security, including: (i) location close to population centers and transport stations, excluding express transportation; (ii) location within industrial parks or closed industrial zones, providing additional security to clients; (iii) a building area of approximately 40% (forty percent) of covered land, which implies wide space for truck maneuvering and parking; (iv) efficient-roof height of at least 30 feet, approximately, (v) floor slabs of at least 6 inches thick; and (vi) wide floor space for storage with wide space between columns and a spacing between columns of approximately 50 feet.

Underwriters means Acciones y Valores Banamex, S.A. de C.V., Casa de Bolsa, member of Grupo Financiero Banamex, Casa de Bolsa Credit Suisse (Mexico), S.A. de C.V., Grupo Financiero Credit Suisse (Mexico), Actinver Casa de Bolsa S.A. de C.V., Grupo Financiero Actinver, Casa de Bolsa Banorte Ixe, S.A. de C.V., Grupo Financiero Banorte.

Investment means any investment made by the Trust in Real Estate Assets or in the Subsidiary Trust or in any Investment Trust which in turn invests in Real Estate Assets (including through the acquisition of beneficiary rights, trust certificates, or other credit titles or securities issued by the Subsidiary Trust or said Investment Trusts).

Allowed Investments has the meaning attributed to such term in Clause 11.7

ISAI means the tax which encumbers the acquisition of properties, regardless of the denomination of such tax, in accordance with the municipal, local or state fiscal laws in force in Mexico.

VAT means Value Added Tax.

U.S. Securities Act means the United States Securities Act of 1933, as may be amended.

LGTOC means the General Law on Titles and Credit Operations as may be amended or supplemented from

time to time (*Ley General de Títulos y Operaciones de Crédito*).

Leverage Guidelines means the Trust's leverage guidelines described in Exhibit "A" of the Trust Agreement, as amended, restated, added or replaced, from time to time by approval of the Regular Holders Meeting in accordance with Clause 4.3 subparagraph (g).

Investment Guidelines has the meaning attribute to such term in Clause 9.1 of the Trust Agreement.

LISR means the Income Tax Law as may be amended or supplemented from time to time (*Ley del Impuesto Sobre la Renta*).

LIVA means the Value-Added Tax Law as may be amended or supplemented from time to time (*Ley del Impuesto al Valor Agregado*).

LMV means the Stock Market Law as may be amended or supplemented from time to time (*Ley del Mercado de Valores*).

Mexico means the United Mexican States.

Independent Member means a Person who satisfies the requirements established in Articles 24, paragraph two, and 26 of the LMV to qualify as independent with respect to the Trustee, Settlor, Manager, and Investment Trust, or any Investment Trust, and is designated as an Independent Member at the time of its designation as a member of the Technical Committee.

NAREIT National Association of Real Estate Investment Trusts

Operations with Related Parties means any operation with Related Parties to the Trustee, Settlor, Manager, Subsidiary Trust, or any Investment Trust, or which in any other way represents a conflict of interest, in each case, in terms of what is established in the Sole Issuers Regulations.

Formation Transactions means the series of transactions which we perform concurrently with the global offering for the effect of consolidating our Initial Portfolio of properties.

Trust Estate has the meaning attributed to such term in Clause 2.5 of the Trust Agreement

Tax Loss means the result from subtracting the Trust's accruable income, the deductions authorized under terms of the LISR, when the accruable income is lower than the authorized deductions.

Person means a physical or legal person, trust, corporation, organization, corporate entity, Governmental Authority, or any other entity of any other nature.

Covered Person means the Manager and their Affiliates; each one of the shareholders, staff, advisors (including persons who are not advisors with duties in any advisory board or other committee of the Manager), employees, temporary personnel, members, directors, consultants, and agents of the Manager and each one of their respective Affiliates, current or former; the Common Representative and each one of their staff, advisors, employees, and representatives; and each person who acts, or who has acted, as a member of the Audit Committee and/or Practices Committee and/or Technical Committee.

Independent Person means a Person People who satisfies the requirements established in Articles 24,

paragraph two, and 26 of the LMV to qualify as independent with respect to the Trustee, Settlor, Manager, and Subsidiary Trust, or any Investment Trust.

Related Party has the meaning which is attributed to said term in the LMV.

Pesos, MXN or \$ means the lawful currency of Mexico.

Distribution Policy means the Trust's distribution policy as proposed by the Manager and approved by the Technical Committee at any time.

Initial Portfolio means the portfolio of Real Estate Assets consisting of 177 properties acquired through Formation Transactions.

Current Portfolio means the portfolio of Real Estate Assets consisting of 200 properties and an intermodal courtyard, 201 properties in total, which are comprised by the Initial Portfolio plus the properties acquired since the Initial Issuance.

Prologis means Prologis, Inc. and/or its Affiliates, including certain investment vehicles in which Prologis, Inc. and some of its other Affiliates have a minority interest.

Prologis Mexico Logistical Fund means the issuing trust of trust certificates known as "number F/300870 capital development certificates" dated July 28, 2010, entered into between Prologis Mexico Manager, S. de R.L. de C.V., as settlor and as manager, Headlands Realty Corporation and Prologis Mexico Manager, LLC, as second beneficiaries; HSBC México, S.A., Multiple Banking Institution, Grupo Financiero HSBC, División Fiduciaria, as trustee; and Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, as common representative of said fund's holders.

Issuance Proceeds means the proceeds received by the Trust from each Issuance.

BMV Internal Regulations means the Internal Regulations of the BMV, published in the BMV Bulletin on October 24, 1999, and its amendments.

Annualized Base Rent means the contractual rent established in a Lease Agreement to be paid by a Tenant during a period of 12 months, excluding reimbursements for operational expenses of the property, which are expenses usually incurred by the Landlord and with recourse to the Tenant.

Net Effective Rent ("NER") is calculated at the beginning of the lease using estimated total cash (including base rent and expense reimbursement) to be received over the term and annualized. The per square foot number is calculated by dividing the annualized net effective rent by the occupied square feet of the lease. This measure does not belong to IFRS.

Annual Report means the Trust's present annual report for the period from January 1 to December 31 of 2018 prepared in accordance with what is established in Clause 14.2 of the Trust Agreement.

Common Representative means Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero in its capacity as common representative of the Holders, or their successors, designees, or whomever is subsequently assigned as common representative of the Holders in accordance with the Trust Agreement.

Fiscal Result means the Trust's Fiscal Profit determined in accordance with Title II of LISR during the fiscal

year in question, minus the Trust's fiscal losses pending application from previous fiscal years.

RNV means the National Securities Registry (*Registro Nacional de Valores*, for its Spanish initials).

Holders means the Persons who hold one or more CBFIs at any moment, pursuant to Clause 2.3 of the Trust Agreement.

Title has the meaning attributed to such term in Clause 3.6 of the Trust Agreement.

UMA means the Unit of Measurement and Update (*Unidad de Medida y Actualización*, for its Spanish initials).

Fiscal Profit means the result of subtracting the deductions authorized in terms of the LISR from the total taxable income obtained by the Trust during the fiscal year, when the former is less than the income.

Independent Appraiser has the meaning attributed to such term in Clause 14.1 of the Trust Agreement?

(b) Executive Summary

This summary highlights selected information from this Annual Report and may not contain all the information that is important to you as an intended investor in our CBFIs issued by the Trust.

Overview

We are a Mexican real estate investment trust established to acquire, own and manage industrial properties in Mexico. We will be externally managed by Prologis Property México, S.A. de C.V., an affiliate of our sponsor Prologis, Inc. Prologis Inc. is a real estate investment trust headquartered in the United States and listed in the New York Stock Exchange. Prologis is the leading owner, operator and industrial real estate developer, focused on global and regional markets across the Americas, Europe and Asia. As of December 31, 2018, Prologis owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 768 million square feet (71 million square meters) in 19 countries. Prologis leases modern industrial facilities to more than 5,100 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises.

Our current portfolio is strategically located in six industrial markets of the country with a Gross Leasable Area of 36.0 (thirty six point zero) million square feet. On December 31, 2018, the occupancy rate of our properties was of 97.4 % (ninety-seven-point four percent) and no single customer accounted for more than 3.5% (three point five percent) of our total GLA. Our properties benefit from staggered lease expirations and a weighted average remaining lease term of 34 months as of December 31, 2018. As of December 31, 2018, approximately 68.6% (sixty-eight point six percent) of our rental income was denominated in U.S. Dollars.

We believe that being a leading owner and operator of strategically located industrial properties in Mexico positions us to capitalize on future growth in one of Latin America's largest economies and to generate attractive returns to our investors through stabilized dividends, steady portfolio growth and invested capital appreciation to benefit as customers, seek well-located, high-quality industrial facilities in Mexico's most desirable markets. Since there may be some changes, we are closer than ever to our clients. We understand their needs and we partner with them to help them growth and improve the efficiency of its transactions.

Strengths

Concentration of High Quality Assets in Strategic Locations. Our Class A Industrial Facilities portfolio for logistics and manufacturing facilities is one the largest in Mexico, as measured by GLA. We focus on industrial markets in Mexico that we believe have attractive long-term growth prospects. Many of our properties command premium rents and have higher occupancies rates than the broader Mexican market. Our significant market presence in Mexico provides us with extensive market information and enhances our ability to respond to market opportunities.

High Quality Assets. We focus on highly-functional, Class-A Industrial Facilities to benefit from growth in demand for modern industrial facilities in Mexico, as described under "2. The Trust – (b) Business Description – (vi) Market Data." Approximately 69% (sixty nine percent) of our facilities, as measured by GLA, were developed by Prologis and built to international state-of-the art specifications, and approximately 81% (eighty one percent) of our facilities are in master-planned industrial park settings. Our industrial park settings have high operational standards, including industrial park security, easy access from major roadways,

ample trailer parking, large truck courts and market-leading building maintenance. Our buildings are designed with features such as wide column spacing, flexible, divisible floor plates, high ceilings, large truck courts, high dock door counts and good vehicular access, in both multi-tenant and stand-alone settings. We believe the quality of our properties, combined with our portfolio scale, distinguishes us from many other competitors in Mexico, and that well-located Class-A industrial facilities have the potential to outperform industrial properties of lesser quality in terms of revenue generation and capital appreciation over time.

Strategic Locations. Our portfolio is in industrial markets in Mexico, with attractive infrastructure, deep labor markets and access to large concentrations of population and transportation and communication networks. As of December 31, 2018, approximately 65.3% (sixty five point three percent) of our portfolio (in terms of GLA) was placed in the global logistic markets of Mexico City, Guadalajara and Monterrey. These markets are highly industrialized and are benefit from its proximity to the main highways, airports and train terminals. The remaining portfolio is concentrated in the regional manufacturing markets of Tijuana, Reynosa and Ciudad Juarez which are the industrial centers that have the automotive, electronic, medical and aerospace industry, between others. These regional markets benefit from an ample supply of qualified labor at attractive costs.

Experienced Management Team. Our management team, which will be comprised of the executive officers of our Manager, has deep experience in real estate management, marketing, leasing, acquisition, development and finance. Our Manager's management team has worked together for 25 years and has experience operating publicly traded real estate entities in Mexico. Our Manager's Chief Executive Officer, Luis Gutiérrez Guajardo, has approximately 30 years of experience in the real estate sector including as President for Latin America for Prologis where he is responsible for all Brazil and Mexico-related activities including operations, investments, acquisitions and industrial property development. Our Manager's Chief Operating Officer, Héctor Ibarzábal, has 29 years of experience in the office, industrial, retail and residential real estate sectors. His experience includes real estate structuring, financing and fund raising. As Country Manager and Head of Operations in Mexico for Prologis, Mr. Ibarzábal has substantial experience managing Prologis' activities in Mexico, including development, operations and capital deployment. Our Chief Financial Officer, Jorge Girault, has 24 years of experience in the office, industrial, retail and residential real estate sectors. His experience includes real estate structuring, financing and fund raising. Mr. Girault is an officer of Prologis México Manager, S. de R.L. de C.V., manager of Prologis México Fondo Logístico, which is contributing substantially all of its assets to us as part of our Formation Transactions. See "2. The Trust – (j) Capital Market – (i) Structure of the Trust and Main Holders - Technical Committee" and "3. The Manager – (c) Managers and Shareholders."

Cash Flow Stability and Growth. We believe our facilities play an integral role in the supply chains of our customers. In addition to our large and diverse base of customers, we believe we have an optimal mix of logistics and manufacturing facilities and long-term lease contracts to create cash flow stability. For 2018, the occupancy of FIBRA Prologis properties 96.2%, (ninety six-point two percent) and FIBRA Prologis net actual rent average price for December 31, 2018 was US\$5.20 per leased square foot. Furthermore, we have developed deep customer relationships through its dedicated property managers and local expertise which has led to average 79.3% (seventy-nine point three percent) customer retention rate in Mexico from January 1 to December 31 of 2018.

We believe that the value of our real estate assets has benefited from three sources:

- The first is expected to be through opportunities to increase rental revenues from our current portfolio. After the financial crisis of 2008, real estate fundamentals weakened in Mexico and our

portfolio vacancies reached an average of 18.8% (eighteen point eight percent) in 2008 and our average rental rate in Mexico declined by 18.4% (eighteen point four percent) from 2008 to 2010. Since 2009, we have seen an improvement in market fundamentals. At December 31, 2018, our portfolio occupancy was of 97.4% (ninety seven point four percent) and average rental rates increasing 13.1% (thirteen point one percent) over the period from January 1 to December 31 of 2018. Accordingly, we believe there is an opportunity to increase rental revenue by increasing rents as leases expire.

- The second, due to the acquisition of additional real estate. In accordance with an exclusivity agreement with Prologis, we have access to a property portfolio that allows us to increase our real estate investments. Up to the 31 of December of 2018, Prologis had 4.3 million of square meters in development or pre-stabilization, from which 97% (ninety-seven percent) was leased or pre-leased at the end of the year. We expect these properties to be offered to FIBRA Prologis in the future. In the light of the possible changes in the commercial policy, currently we are currently giving priority to our balance, maintaining the liquidity and a low leverage level on capital use.
- The third, debt refinancing. We have achieved reducing the debt cost since the Initial Public Offer from 5.6 % (five point six percent) to 4.1% (four point one percent) for December 31, 2018.

We have extensive market knowledge and a global relationships network, and we believe our relationship with Prologis provides us with opportunities for organic growth, as well as growth through new acquisitions. We expect to benefit from access to Prologis' development pipelines through our right of first refusal to acquire certain investment properties in Mexico when disposed of by Prologis, and an exclusive right granted by Prologis to us to acquire Stabilized and not yet Stabilized industrial properties from third parties (except for development or redevelopment projects) in Mexico, each as described under "2. The Trust – (b) Business Description – (xi) Policies with Respect to Certain Activities—Investment Policies—Right of First Refusal."

In addition, our 236 customers in 200 facilities stand for a source of internal growth. Many of our customers are leaders in the third-party logistics business and global customers of Prologis.

Premier Sponsorship and Alignment of Interests. Prologis is the leading owner, operator and developer of industrial real estate focused on global and regional markets across the Americas, Europe and Asia. As of December 31, 2018, Prologis owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 768 million square feet (71 million square meters) in 19 countries. Prologis leases modern industrial facilities to more than 5,100 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises.

Prologis has been investing in Mexico since 1997, and prior to the consummation of the global offering, our properties have been, directly and indirectly, managed by affiliates of Prologis. Our Manager's management team is based in Mexico with responsibility for real estate investment management, including the acquisition, development and management, financing and risk management in respect of our properties. We believe that real estate is a fundamentally local business and best operated by local teams in each market. Our management team has a proven track record of acquiring, developing, financing and managing industrial real estate in Mexico and oversaw growth of our Initial Portfolio since 1997.

We expect to benefit from our Manager's access to Prologis' risk management, accounting, cash

management and compliance policies, as well as its access to Prologis' expertise in leasing, property management, acquisitions, development and financing activities. Prologis conducts a well-defined investment process that incorporates a high degree of teamwork, portfolio management and oversight from members of the Prologis senior management team. See "3. The Manager – (c) Managers and Shareholders — Investment Process."

As of December 31, 2018, Prologis held approximately 46.7% (forty six point seven percent) of our CBFIs and was largest holder of our CBFIs. Furthermore, a portion of our Manager's fees are payable only if holders of CBFIs have received total cumulative returns more than 9% (nine percent) of the total amount invested by the Holders. Pursuant to the provisions set forth in the Management Agreement, an Incentive Fee was created in favor of the Manager for the Incentive Fee Period ending on June 4, 2018. The Manager performed the calculations of the Incentive Fee, which was validated by a third party with the purpose of providing transparency to the methodology of such calculation. On July 5th the Regular Holders Meeting approved carrying out an Additional Issuance of 5,811,051 Additional CBFIs to be underwritten and paid to the Manager and/or any of its affiliates with the owed amounts of the Incentive Fee. See section "2. The Trust – (d) Material Contracts and Agreements – (ii) Management Agreement - Fees".

Corporate Governance. Our governance structure reflects a market-leading approach to corporate practices which considers the interests of our CBFIs Holders while leveraging the relationship with Prologis, which has a strong record of best-in-class governance.

Rights of CBFIs Holders. Holders of our CBFIs will have the right to vote on certain important decisions at our CBFIs holders meetings, including approving proposals by the Technical Committee and the removal of our Manager under the conditions set forth under "2. The Trust – (d) Material Contracts and Agreements – (ii) Management Agreement —Removal; Termination." In addition, each holder or group of CBFIs holders has the right to appoint a member of the Technical Committee for each 10% (ten percent) of our outstanding CBFIs held. In addition, Holders of our CBFIs will have the right to approve any investment or acquisition made by us representing 20% (twenty percent) or more of the value of our Trust Estate. On the 23 of August of 2016, the Technical Committee approved the inclusion of Xavier De Uriarte Berron as a new member of the Technical Committee, since Afore Banamex increased its CBFIs holding over 10% (ten percent) of the outstanding CBFIs. See "2. The Trust – (b) Business Description – (xi) Policies with Respect to Certain Activities."

Technical Committee Composition and Responsibilities. In compliance with our Trust Agreement, the Technical Committee is formed by 8 (eight) members, five of which are required and shall remain Independent Members. The initial independent members of the Technical Committee have been classified as independent by the initial Holders Meeting.

Subject to the right of the Holders of 10% (ten percent) of our outstanding CBFIs to appoint a member of the Technical Committee for every 10% (ten percent) of the CBFIs owned, as is the case of Afore Banamex, so long as the Manager of the Trust is a Prologis affiliate, Prologis will have the right to appoint all Technical Committee member including the independent ones. In addition, Holders of our CBFIs have the right to elect on an annual basis each independent member of the Technical Committee proposed by our Manager. Our Manager is entitled to appoint independent members of the Technical Committee to fill any vacancy.

Independent Sub-Committees. The Technical Committee has three wholly-independent sub-committees: (i) an Audit Committee, which will oversee compliance with our guidelines, policies, internal controls and

audit practices, and will review and approve our auditing and reporting obligations and the opinions and reports of our external auditor, (ii) a Practices Committee, which will aid the Technical Committee in making certain decisions relating to governance, particularly in the event of a potential conflict with our Manager or its Affiliates, and (iii) an Indebtedness Committee, which will monitor the establishment of internal controls and mechanisms to verify that each incurrence of indebtedness by our trust is compliant with applicable rules and regulations.

Market Opportunities and business strategy

The increasing middle class of the country, its competitive advantages and the general complexity of the supply chains suggest that Mexico will continue to be an important global manufacturing partner in the future. Additionally, our portfolio has a diversified industry clients base and space use. Such broadness prevents the dependency on any client and reduces the risk of any possible immediate negative impact that may emerge from the current geopolitical environment.

The operational conditions in our six markets were favorable in 2018. The national vacancy rate of the six main logistics markets decreased by 30 basis points during the year to reach a 4.2% (four point two percent) during the fourth quarter. The net absorption and the terminations were almost balanced with 15.7 million of square feet and 16.4 million square feet of net absorption, according to CBRE, NAI and the Prologis vision of the modern logistics market. The demand cycle continues to be led by Mexico City, where the vacancy rate remains below 2%. The structural changes that are unfolding in Mexico have allowed the growth of the demand for logistics real estate to significantly exceed the modest economic growth throughout the current cycle.

Internal Growth Strategies. We seek to obtain constant results, keeping rents and increasing occupancy in our initial portfolio. Most of our leases currently contain contractual and annual rental rate increases either through fixed annual adjustments or adjustments linked to an inflation index either in Pesos with the Mexican inflation or Dollars with inflation in the United States. The renewals and other agreements denominated in Pesos are executed were executed at an exchange rate in the period that were executed, looking forward to keep the income in Pesos equivalent to Dollars. We must seek to increase rents as existing leases expire. As of December 31, 2018, Leases Agreements representing approximately 20.7% (twenty point seven percent) and 22.4% (twenty two point four percent) of our total GLA were scheduled to expire in 2019 and 2020, respectively. Our Manager will provide us with market research and personnel support, use of the "Prologis" trade name and logo and other operational assistance including real estate acquisition support.

External Growth Strategies. We expect to benefit from Prologis' global network to source acquisition opportunities in our markets. Prologis and Prologis-affiliated entities own and operate 4.5 million square feet of Class-A Industrial Facilities in Mexico located in the markets of Mexico City, Guadalajara, Monterrey and Ciudad Juarez, under construction or in the process of being leased which may be subject to our right of first refusal should Prologis or its Affiliates dispose of such properties. Prologis also owns approximately 4.3 million square feet of GLA for future development and has granted us a right of first refusal to acquire such properties, should Prologis or its Affiliates sell such properties. Besides these properties, FIBRA Prologis has within its portfolio four lots for adjacent expansion of some of its current buildings, which it will be able to develop as required by the market. In addition to this right of first refusal, Prologis has granted us the exclusive right to acquire from third parties all stabilized and not yet stabilized industrial properties (other than development or redevelopment projects) in Mexico. We also believe that our ability to issue additional CBFIs as acquisition currency gives us an advantage over certain potential private acquirers.

The following graphic sets forth certain information related to Prologis' land bank by market as of December 31, 2018:



Mexico City market includes: Lerma, Tepotzotlán and Cuautitlán Izcalli.

Monterrey market includes city of Saltillo.

Markets in Reynosa include the cities of Nuevo Laredo and Matamoros.

Markets in Ciudad Juárez include the cities of Hermosillo and Nogales.

As of December 31, 2018, Prologis had 4.3 million of square feet in development or pre-stabilization, of which 97% (ninety-seven percent) was leased or pre-leased at the end of the year, for what we believe that sources of future value to investors in our trust may include (i) our potential acquisition of; these properties, which we expect to be offered to FIBRA Prologis in the future. Upon possible changes in the commercial policy, currently we are prioritizing the flexibility in our balance, keeping liquidity and a low leverage level over the capital use; and (ii) potential increases in rent payments from increasing rents under lease agreements with rental rates below market values, as well as annual rent increases provided by our existing lease agreements.

Properties

Upon the acquisitions performed during the year, our portfolio is made up by 200 Stabilized properties and an intermodal courtyard, 201 properties in total intended for the manufacturing and logistic industries, located in six industrial markets in Mexico, with a total of 36.0 million square feet of GLA. As of December 31, 2018, these properties were leased to a total of 236 customers under 321 Lease Agreements, with an occupancy rate of 97.4% (ninety seven point four percent) in terms of GLA. The following map illustrates the location of our properties in Mexico.



The following chart contains certain information with respect to our Current Portfolio as of December 31, 2018:

| square feet and currency in thousands | # of Buildings | Square Feet | | Occupied % | Leased % | Fourth Quarter NOI | Net Effective Rent | | | | | Investment Properties Value | | | |
|---------------------------------------|----------------|---------------|--------------|-------------|-------------|--------------------|--------------------|------------------|----------------|--------------|------------|-----------------------------|-------------------|------------------|--------------|
| | | Total | % of Total | | | | Annualized | | % of Total | Per Sq Ft | | Total | % of Total | | |
| | | | | | | | Ps. | US\$ | Ps. | US\$ | Ps. | US\$ | Ps. | US\$ | |
| Global Markets | | | | | | | | | | | | | | | |
| Mexico City | 52 | 12,402 | 34.5 | 99.6 | 99.6 | 280,270 | 14,211 | 1,352,159 | 68,789 | 37.8 | 109 | 5.57 | 18,433,960 | 937,800 | 39.2 |
| Guadalajara ^(C) | 28 | 6,355 | 17.7 | 92.0 | 92.0 | 136,990 | 6,946 | 564,498 | 28,718 | 15.7 | 97 | 4.91 | 7,879,348 | 400,850 | 16.8 |
| Monterrey ^(C) | 26 | 4,731 | 13.1 | 96.4 | 96.4 | 91,139 | 4,621 | 454,814 | 23,138 | 12.7 | 100 | 5.08 | 5,940,420 | 302,210 | 12.7 |
| Total global markets | 106 | 23,488 | 65.3 | 96.9 | 96.9 | 508,399 | 25,778 | 2,371,471 | 120,645 | 66.2 | 104 | 5.30 | 32,253,728 | 1,640,860 | 68.7 |
| Regional markets | | | | | | | | | | | | | | | |
| Reynosa | 30 | 4,712 | 13.1 | 98.8 | 98.8 | 118,871 | 6,027 | 480,820 | 24,461 | 13.4 | 103 | 5.25 | 5,317,602 | 270,525 | 11.3 |
| Tijuana | 33 | 4,214 | 11.7 | 100.0 | 100.0 | 100,055 | 5,073 | 401,683 | 20,435 | 11.2 | 95 | 4.85 | 5,022,261 | 255,500 | 10.7 |
| Ciudad Juarez ^(C) | 31 | 3,566 | 9.9 | 96.4 | 96.4 | 82,397 | 4,178 | 330,919 | 16,835 | 9.2 | 96 | 4.90 | 3,906,749 | 198,750 | 8.3 |
| Total regional markets | 94 | 12,492 | 34.7 | 98.5 | 98.5 | 301,323 | 15,278 | 1,213,422 | 61,731 | 33.8 | 99 | 5.02 | 14,246,612 | 724,775 | 30.3 |
| Total operating portfolio | 200 | 35,980 | 100.0 | 97.4 | 97.4 | 809,722 | 41,056 | 3,584,893 | 182,376 | 100.0 | 102 | 5.20 | 46,500,340 | 2,365,635 | 99.0 |
| Intermodal facility ^(A) | | | | | | 6,015 | 305 | | | | | | 316,471 | 16,100 | 0.7 |
| Excess land ^(B) | | | | | | | | | | | | | 140,742 | 7,160 | 0.3 |
| Total investment properties | | 35,980 | 100.0 | | | 815,737 | 41,361 | | | | | | 46,957,553 | 2,388,895 | 100.0 |

- (A) 100% (hundred-percent) occupied to December 31, 2018
- (B) We have 31.78 acres in Monterrey which has a leasable area of 963,218 square feet.
- (C) Net Effective Rent ("NER") is a measure that does not belong to IFRS.

Transactions During 2018

As of December 31, 2018, we have conducted a series of transactions (the "2018 Transactions") by means of which the Trust grew its Current Portfolio and amended its balance. In accordance with the above, we conducted the following transactions:

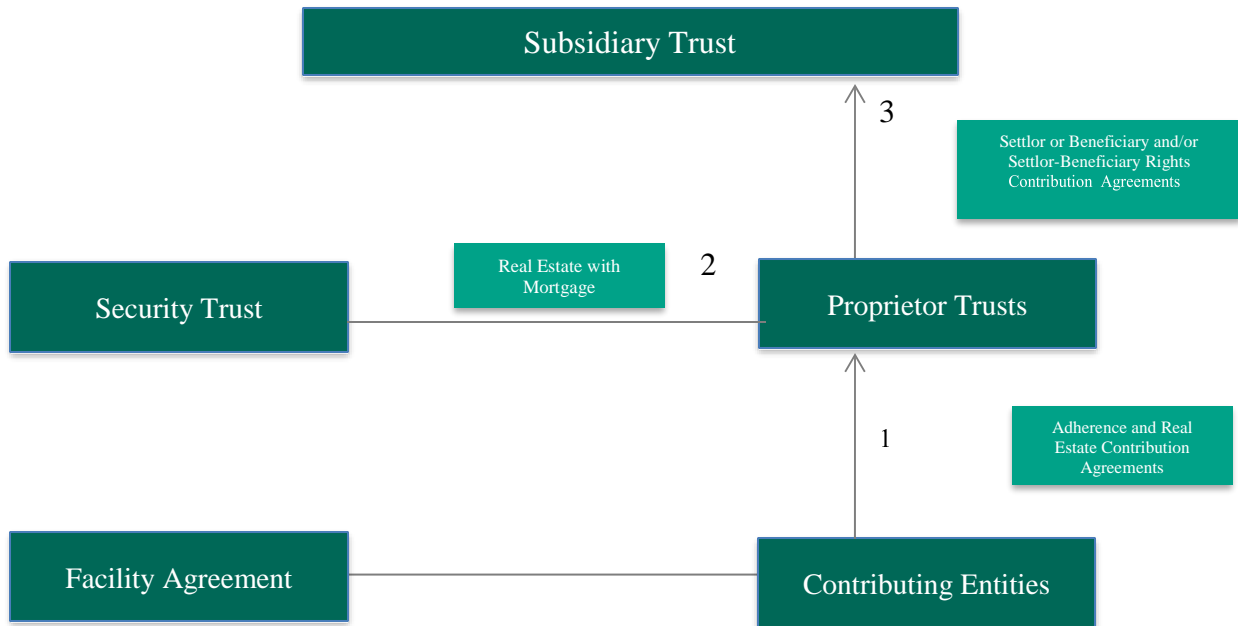
- We refinanced the secured Credit Facility with Pru-Met (3rd and 4th Section) for a total of \$74 million dollars with maturity date of December 15, 2018;
- On March 15, 2018, FIBRA borrowed \$225.0 million U.S. dollars (\$4,422.7 million Mexican pesos) on a new unsecured term loan with Citibank ("Citibank (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 credit facility
- We negotiated exchange rate forwards with HSBC Bank USA, National Association, to fix the exchange rates for the quarterly transactions in Mexican pesos;
- We 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);
- We acquired two Industrial Properties located in Guadalajara in the Chapala and Los Altos submarkets for a total of 518,000 square feet and a total investment of USD\$31.2 million, including closing costs;
- We acquired two Industrial Properties located in Monterrey in the Apodaca and Agua Fria submarkets for a total of 863,000 square feet and a total investment of USD\$48.8 million, including closing costs;
- 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;
- During 2018 a total of US\$78.3 million was distributed as part of dividends to the certificate holders for the periods corresponding to the fourth quarter of 2018 and the first three quarters of 2018;
- In accordance with the stated in the Administration Agreement, an Incentive Fee was created in favor of the Administrator for the period of the Incentive Fee Period that concluded on June 4, 2018, where the Additional Issuance was approved by the Ordinary Holders Meeting for a total of 5,811,051 additional CBFIs.

- On December 27, 2018, we signed an agreement for the purchase of an industrial portfolio of eight properties for USD \$62.0 million (USD \$57.73/ square foot), net of capital credit for near-term maintenance. On March 22, 2019, the sale of the portfolio was completed. The portfolio had an occupancy of 95.7 percent and was constituted by approximately 1.1 million square feet, which included: two buildings totaling 423,021 square feet in Guadalajara; three buildings totaling 342,809 square feet in Monterrey; a 139,673 square foot building in Nogales; a 95,949 square foot building in Queretaro; and a 71,868 square foot building in Saltillo.

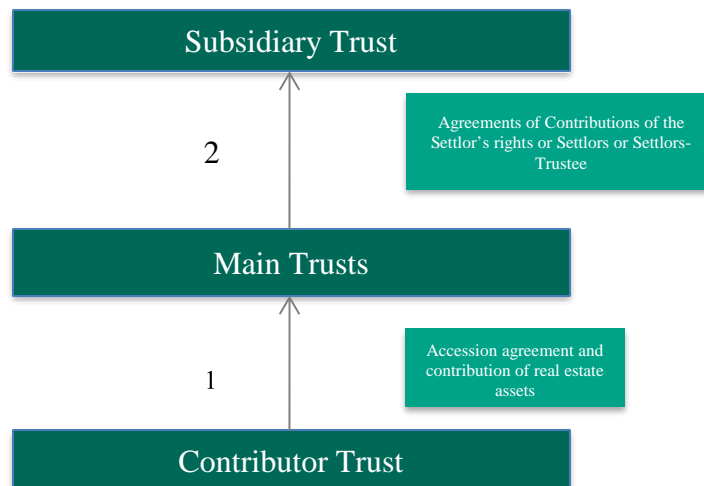
Organizational Structure

The following charts show the contribution transactions of properties that comprise our Initial Portfolio to the Trust, as well as our organizational structure.

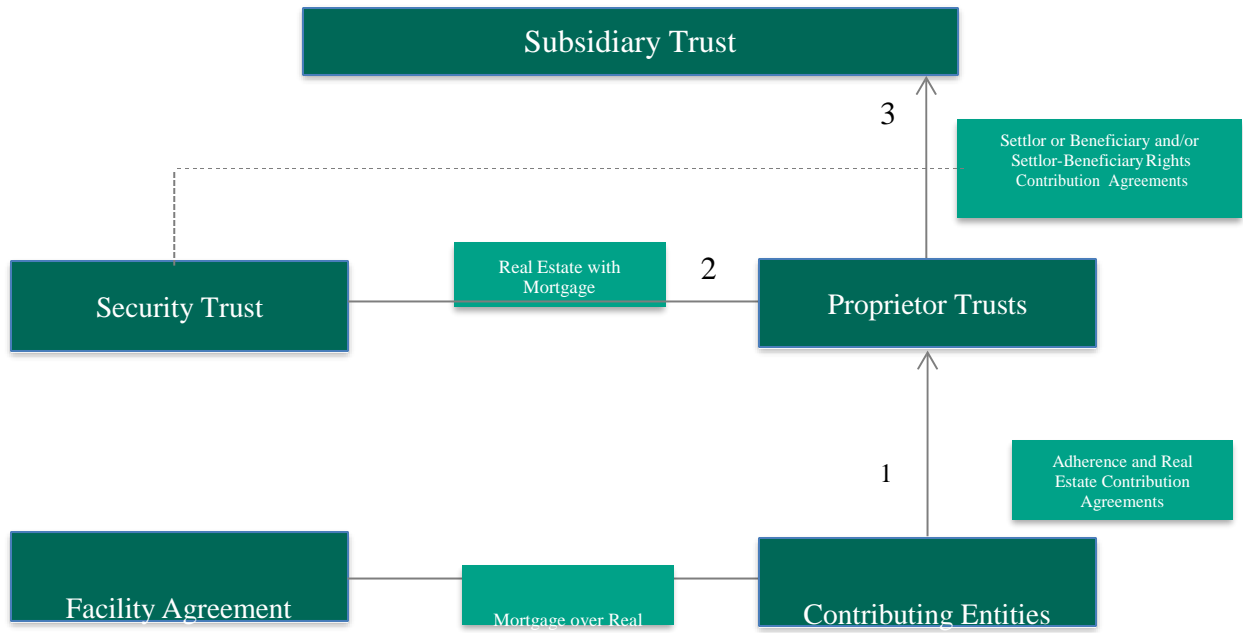
Properties Contributed to a Security Trust



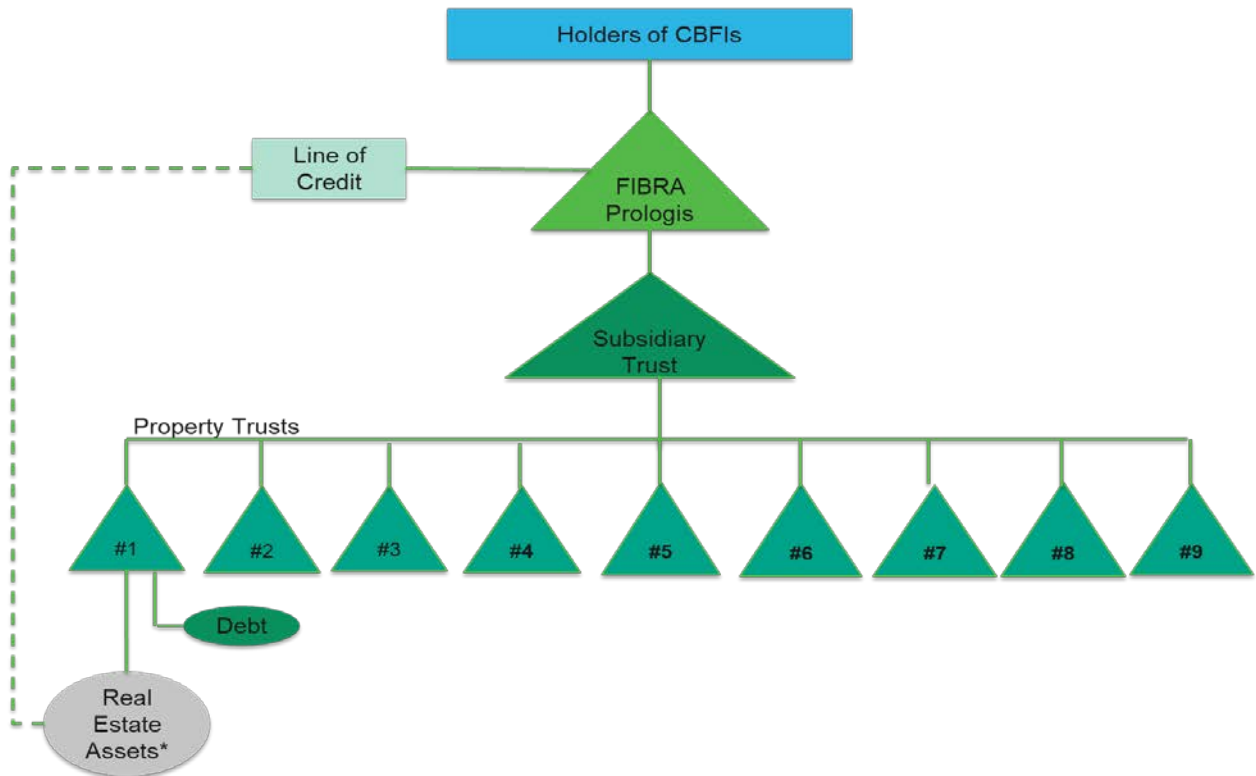
Unsecured real estate



Properties Secured with a Mortgage



General Overview of the Structure



*Subject to mortgages guaranteeing debt in Contributing Trusts

** The subsidiary trusts of the FIBRA Prologis structure are transparent entities with no financial identity, therefore the operations classified within the same are recorded and form part of the financial information of the Trust 1721, FIBRA Prologis.

The structure is composed by the Trust, the Subsidiary Trust, 9 Owner Trusts, and 1 Security Trust is owner of all property rights, included income rent.

For a description of the factors that investors need to take into consideration when making an investment decision with regards to the CBFIs issued by our Trust, see "1. General Information – (c) Risk Factors".

Financial Data Summary

The summary financial information as of December 31, 2018, 2017 and 2016, and for the years closing on such dates, should be read in jointly with the section of comments and analysis from management regarding the financial situation and the results of the operation included in the Annual Report.

Financial Position Statement

As of December 31, 2018, 2017, and 2016

| in thousands | December 31, 2018 | December 31, 2017 | December 31, 2016 |
|--|-------------------|-------------------|-------------------|
| Assets: | Ps. | Ps. | Ps. |
| Current assets: | | | |
| Cash | 339,276 | 371,364 | 370,909 |
| Trade receivables | 66,167 | 44,220 | 50,457 |
| Value added tax and other receivables | 171,082 | 73,553 | 141,348 |
| Prepaid expenses | 2,160 | 1,600 | 2,965 |
| Assets held for sale | 1,230,502 | - | - |
| | 1,809,187 | 490,737 | 565,679 |
| Non-current assets: | | | |
| Investment properties | 45,727,051 | 43,932,382 | 45,064,110 |
| Interest rate swaps | 77,201 | 84,319 | 42,492 |
| Other assets | 47,713 | 45,240 | 43,753 |
| | 45,851,965 | 44,061,941 | 45,150,355 |
| Total assets | 47,661,152 | 44,552,678 | 45,716,034 |
| Liabilities and Equity: | | | |
| Current liabilities: | | | |
| Trade payables | 121,559 | 112,875 | 59,904 |
| Due to affiliates | 52,476 | 98,895 | 110,111 |
| Current portion of long term debt | 23,726 | 21,847 | 4,556,722 |
| Liabilities directly associate with assets held for sale | 6,815 | - | - |
| | 204,576 | 233,617 | 4,721,737 |
| Non-current liabilities: | | | |
| Long term debt | 16,464,638 | 14,893,139 | 10,634,498 |
| Security deposits | 292,761 | 291,840 | 294,174 |
| | 16,757,399 | 15,184,979 | 10,928,672 |
| Total liabilities | 16,961,975 | 15,418,596 | 15,650,409 |
| Equity: | | | |
| CBFI holders capital | 13,952,327 | 13,746,963 | 14,313,287 |
| Other equity accounts | 16,746,850 | 15,387,119 | 15,752,338 |
| Total equity | 30,699,177 | 29,134,082 | 30,065,625 |
| Total liabilities and equity | 47,661,152 | 44,552,678 | 45,716,034 |

Comprehensive Income Statements

For the years ended on December 31, 2018, 2017, and 2016

| in thousands, except per CBFi amounts | For the year ended December 31, | | |
|--|---------------------------------|------------------|--------------------|
| | 2018 | 2017 | 2016 |
| | Ps. | Ps. | |
| Revenues: | | | |
| Lease rental income | 3,279,632 | 3,125,381 | 2,882,093 |
| Rental recoveries | 335,639 | 310,430 | 296,744 |
| Other property income | 58,212 | 67,567 | 60,517 |
| | 3,673,483 | 3,503,378 | 3,239,354 |
| Cost and expenses: | | | |
| Property operating expenses: | | | |
| Operating and maintenance | 203,211 | 189,221 | 176,650 |
| Utilities | 55,833 | 46,742 | 38,585 |
| Property management fees | 109,224 | 103,715 | 98,950 |
| Real estate taxes | 67,058 | 69,327 | 57,713 |
| Non-recoverable operating | 38,548 | 51,837 | 48,052 |
| | 473,874 | 460,842 | 419,950 |
| Gross profit | 3,199,609 | 3,042,536 | 2,819,404 |
| Other expenses (income): | | | |
| (Gain) loss on valuation of investment properties | (1,074,444) | 284,352 | (6,141) |
| Gain on disposition of investment properties | - | - | (5,197) |
| Asset management fees | 328,175 | 306,980 | 294,170 |
| Incentive fee | 205,364 | 139,162 | - |
| Professional fees | 52,125 | 98,085 | 36,691 |
| Interest expense | 647,972 | 627,112 | 627,656 |
| Amortization of debt premium | (4,639) | (71,103) | (145,222) |
| Amortization of deferred financing cost | 56,414 | 37,353 | 29,327 |
| Net (gain) on early extinguishment of debt | (4,027) | (35,941) | 57,105 |
| Unused credit facility fee | 29,566 | 24,685 | 42,547 |
| Unrealized loss on exchange rate options | 6,159 | - | - |
| Unrealized loss on exchange rate forwards | - | 8,563 | - |
| Realized loss on exchange rate forwards | 9,100 | 12,692 | - |
| Net Unrealized exchange (gain) loss | (34,996) | 26,544 | 41,064 |
| Net Realized exchange (gain) | (2,506) | (2,245) | (6,083) |
| Other general and administrative expenses | 13,143 | 18,336 | 14,948 |
| | 227,406 | 1,474,575 | 980,865 |
| Net income | 2,972,203 | 1,567,961 | 1,838,539 |
| Other comprehensive income: | | | |
| <i>Items that are not reclassified subsequently to profit or loss:</i> | | | |
| Translation (gain) loss from functional currency to reporting currency | 142,158 | 1,273,795 | (4,691,081) |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | |
| Unrealized loss (gain) on interest rate swaps | 9,271 | (42,047) | (42,492) |
| | 151,429 | 1,231,748 | (4,733,573) |
| Total comprehensive (loss) income for the period | 2,820,774 | 336,213 | 6,572,112 |
| Earnings per CBFi (A) | 4.6280 | 2.4624 | 2.8977 |

(c) Risk Factors

An investment in our CBFIs involves a high degree of risk. In addition to other information in this Annual Report, you should carefully consider the following risks before investing in our CBFIs. The occurrence of any of the following risks could materially and adversely affect our financial or operating performance. Thus, the trading price of our CBFIs may decline, and our investors may lose part or all of their investment. The risk factors listed below are not intended to be inclusive of all possible risks.

Risks Related to Our Business and Operations

Most our properties are concentrated in the Class-A industrial facility sector in Mexico, and our business would be adversely affected by a downturn in that sector.

Most our portfolio of properties is, and is expected to continue to be, comprised primarily of Class-A Industrial Facilities located in Mexico. The performance of our portfolio will directly depend on the performance of the Mexican logistics and manufacturing industries and the demand for Class-A Industrial Facilities, which are subject to factors beyond our control. Any slowdown in demand for Class-A Industrial Facilities such as ours could result in higher vacancy rates and lower rents, reduce the revenue we can generate from our properties and thereby have a material adverse effect on our financial performance. The concentration of our portfolio in Class-A Industrial Facilities may also expose us to the risk of downturns in the industrial real estate sector than if our portfolio were more diversified across other sectors of the real estate industry.

Our properties are concentrated in certain regions in Mexico and general economic conditions and other events or occurrences in those regions may impact our financial performance.

We are exposed to general economic conditions at the local, regional, national and international level, as well as to other events and occurrences that affect the markets in which our properties are located. Our properties are concentrated in certain regions in Mexico, including Mexico City. As of December 31, 2018, our current properties in Mexico City, Guadalajara and Monterrey represented approximately 65.3% (sixty five point three percent) of our total GLA and our current properties in Reynosa, Tijuana and Ciudad Juárez represented approximately 34.7% (thirty four point seven percent) of our total GLA. Because of this geographic concentration, we are particularly exposed to potential downturns in these local economies, including increased unemployment and decreased disposable income, social instability such as crime, natural disasters that occur in those areas and changes in local regulations, taxes and real estate market conditions. In addition, any decrease in demand for manufactured export or domestic consumption could have a material adverse effect on us. In the event of similar or other adverse economic changes in our main markets or in Mexico, our financial performance may be materially and adversely affected.

We are dependent on our customers for substantially all our income, and our business would be adversely affected if a significant number of our customers, or any of our major customers, were unable or unwilling to meet their lease obligations.

Substantially all our income is derived from rental income from our properties. Our income and funds available for distribution would be negatively affected if a significant number of our customers, or any one of our major customers, were to delay lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, exercise early termination rights, close their businesses or declare bankruptcy. Any of these actions could result in the termination of the customers' lease and the loss of rental income attributable to the terminated lease. As of December 31, 2018, our 10 largest customers, as measured by GLA, occupied 18.3% (eighteen point three

percent) of our total GLA and represented 19.1% (nineteen point one percent) of Annualized Base Rent. To the extent that a significant number of our customers, or any one of our major customers, experiences a downturn in their businesses, its financial condition could be weakened, which could result in its failure to make timely rental payments or their default under its lease, which could adversely affect our financial performance. We may be limited from protecting ourselves against such losses using contractual provisions that limit a tenant's right to terminate, such as early termination penalties, if the courts refuse to uphold such contractual provisions or limit their effect. In addition, customers have a statutory right to demand the reduction of rent under certain circumstances, which may cause a reduction in rent or a refund of excess rent ordered by the court.

Under the laws of the various jurisdictions in which our properties are located, if one of our customers is unable to utilize their property as result of an act of God or force majeure, such tenant would have the right either to a partial reduction of their rent or to cease paying rent entirely, depending on the extent of the impairment, for the period for which the impairment exists. If an impairment were to continue for a prolonged period, the relevant tenant would have the right to terminate its lease agreement without penalty. Although we carry risk and business-interruption insurance with respect to all our properties, our income and funds available for distribution may be negatively affected if a significant number of our lease agreements ceased to generate rent payments because of certain unforeseen events

In addition, if any of our customers were declared insolvent in an insolvency proceeding (concurso mercantil) by a Mexican court pursuant to the Mexican Insolvency Statute (Ley de Concursos Mercantiles), the mediator (conciliador) overseeing such proceeding may elect to either continue such tenant's lease in accordance with its terms (with the relevant rent payments prioritized over other payments due to other creditors of such tenant) or terminate such tenant's lease. A declaration of insolvency by any of our customers could impair or impede our ability to collect past-due and future rent payments and may significantly delay the repossession of the leased property, impairing our ability to re-lease such property. While we may decide to initiate litigation or other legal proceedings against customers who have defaulted on their lease obligations to protect our investment and re-lease our property, we cannot guarantee that we will regain possession of the property in a timely fashion or be successful in recovering any amounts in such proceedings, including our costs and expenses of initiating such litigation.

Our financing arrangements require debt service payments, impose refinancing costs and contain restrictive covenants relating to our operations, which may affect our distributions and operating policies and the market price of our CBFIs.

The existing financing agreements related to our properties that we will assume, as part of the Formation Transactions, in addition to any new financing arrangements related to our properties, include or may include credit facilities and property-level debt, including mortgages and other collateral arrangements. We may be required to dedicate a substantial portion of our cash flow from operations to make the required payments of principal and interest thereby reducing funds available for distribution to holders of our CBFIs, operations and capital expenditures, future business opportunities or other purposes.

As of December 31, 2018, our debt was of \$16,551 million Pesos, equivalent to USD\$842.0 million. We will also have the capacity to borrow an additional approximately USD\$150 million under the Revolving Facility. This credit facility can be increased to USD\$475 million subject to the approval of

the lenders. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Obligations to Lenders.”

Of our outstanding USD\$842.0 million as of December 31, 2018, USD\$105 million have been used of the Revolving Facility. When it is drawn from, this causes variable interest rates can be incurred and we may also in the future enter credit agreements or otherwise incur in indebtedness with variable interest rates. Therefore, increases in interest rates, if not completely and effectively hedged, may increase interest payments. If we need to refinance existing debt during periods of rising interest rates, tightened credit environment or financial market turmoil, we may be unable to arrange refinancing or be required to arrange it at higher rates or on unattractive terms, which could have a material adverse effect on us.

The Revolving Facility and any other credit facility we may enter may contain, customary covenants which, among other things, may restrict our ability to: (i) acquire or dispose of assets or businesses, (ii) incur additional indebtedness, (iii) make capital expenditures, (iv) create liens on assets, (v) enter investments or acquisitions, (vi) engage in transactions that would result in changes in control or (vii) make distributions without the consent of the lenders. Furthermore, pursuant to certain of our credit facilities, if our Manager is removed or resigns as provided for in our Management Agreement and we are unable to find a substitute manager that is approved by the lenders under such credit facilities (with consent not to be withheld or delayed without just cause), or if our Manager ceases to be an approved Manager under such credit facilities (causing a change of control), the lenders under such credit facilities will have the right to declare an event of default. In addition, certain of our loan agreements require the borrower to maintain a credit ratio/maximum value and a minimum portfolio occupancy rate. The Revolving Facility will also require us to maintain specified financial ratios and comply with financial tests. See “4. Financial Information – (d) Report on Material Loans—Revolving Facility.” The failure to meet any of these covenants, including financial coverage ratios, could cause an event of default under or accelerate some or all the existing indebtedness related to our properties at a time when we might be unable to arrange financing for such repayment or to arrange it on attractive terms or at all, which could have a material adverse effect on us.

Our hedging strategies may not be successful in mitigating our risks associated with interest rates and could reduce the overall returns on your investment.

On March 28th, 2018 we acquired swaps with Bank of Nova Scotia and HSBC Bank USA, for the Citibank loan, which started on April 16th, 2018, setting the average base rate in 2.486% (two point four eight six percent) for a theoretical debt amount of USD\$112.5 million and 2.486% (two point four eight six percent) for a theoretical debt amount of USD\$112.5 million, respectively, both with maturity date of March 15th, 2021. Additionally, on the 13th of October of 2017, we acquired swaps with Bank of Nova Scotia and HSBC Bank USA, for the Citibank loan, which started on the 18 of October of 2017 setting the average base rate in 1.752% (one point seven five two percent) for a theoretical debt amount of USD\$75 million and of 1.752% (one point seven five two percent) for a theoretical amount of USD\$75 million, accordingly, ending in both cases on the 18 of October 2020. In turn, on the 21 of January of 2016, FIBRAPL acquired swaps with Bank of Nova Scotia and HSBC Bank USA, paying a fixed interest rate of 1.0635% (one point zero six three five percent) and 1.066% (one point zero sixty six percent) respectively, receiving a variable rate based on the LIBOR rate at one month. These swaps are used to cover the payments of the variable interest rates of the secured variable loans. In addition, we may use derivative financial instruments to provide a level of protection against interest rate fluctuation risks, but no hedging strategy can protect us completely. Hedging instruments involve risks, such as the risk that the counterparties may fail to honor their obligations under these arrangements and that these arrangements may not be effective in reducing our exposure to interest

rate changes. In addition, the nature and timing of hedging transactions may influence the effectiveness of our hedging strategies. Poorly designed strategies or improperly executed transactions could instead have the effect of increasing our risk and losses. Moreover, hedging strategies involve transaction and other costs. We cannot assure you that our hedging strategy and the derivatives that we use will adequately offset the risk of interest rate volatility or that our hedging transactions will not result in losses that may reduce the overall return on your investment.

We have obligations secured by security interests on a portion of our assets, and therefore our assets and our financial performance could be adversely affected if we are unable to make required payments on our debt.

Lenders under all our credit facilities are the beneficiaries of liens over some of the properties that comprise our Current Portfolio, and the cash flows generated therefrom.

If we are unable to make debt service payments as required, creditors under our credit facilities could foreclose on the assets securing those facilities. A default on this indebtedness could therefore cause us to lose part of our investments. During any continued event of default under these credit facilities, we will be limited or prohibited from receiving any of the cash flows deriving the encumbered properties. We expect that we will incur additional indebtedness in the future, whether fixed-rate or variable-rate, to finance additional acquisitions, which will increase our total indebtedness. Any such indebtedness may include, or any non-compliance may give rise to, collateral pledges, security interests or other liens or encumbrances over the assets of our trust, which security interests may be senior to the rights of our CBFIs Holders.

We may rely on external sources of capital to fund future capital needs, and if we encounter difficulty in obtaining such capital, we may not be able to make future acquisitions necessary to grow our business, complete development or redevelopment projects, meet any maturing obligations or invest in capital expenditures.

To qualify as a FIBRA under Articles 187 and 188 of the Income Tax Law, we will be required, among other things, to distribute each year to holders of our CBFIs, at the latest on March 15, at least 95% (ninety five percent) of the Fiscal Result of the immediately preceding fiscal year. In accordance with the Income Tax Law, our net Fiscal Result (*resultado fiscal neto*) for a given year is calculated as taxable income for such year reduced by applicable deductions authorized under Income Tax Law and the redemption of fiscal losses for previous years. Because of this Fiscal result distribution obligation, we foresee that cash flow from our transactions may not be enough to cover our future capital needs, including capital needed to make acquisitions, maintain or renovate our properties and satisfy or refinance maturing debt obligations. Our retained funds from operations may also be insufficient to cover the costs associated with investing in capital expenditures necessary for the proper functioning and operation of our properties, or to cure any deficiencies in the buildings located thereon. In addition, we do not anticipate that we will maintain any permanent capital reserves.

Accordingly, we may rely on external financing sources, including debt and equity financing, to fund future capital needs. The interest rates and general terms and conditions available for debt financings in Mexico are often not competitive with those of countries such as the United States. The availability of equity capital will depend in part on the market price of our CBFIs, which may fluctuate based on our financial performance and general market conditions. If we are unable to obtain needed capital on satisfactory terms or at all, we may not be able to make the investments needed to expand our business, complete development or redevelopment projects, or meet our obligations and

commitments as they mature without incurring increased costs or at all. Our access to capital will depend upon several factors over which we have little or no control, including general market conditions, the market's perception of our current and potential future earnings and cash distributions and the market price of our CBFIs. We may not be able to take advantage of attractive investment opportunities for growth if we are unable to access the capital markets on a timely basis on favorable terms.

The new leverage guidelines and the hedge rate of service of required debt contained in proposed amendments to Sole Issuers regulations, may adversely affect our capacity to incur additional indebtedness.

Under the Sole Issuers Regulations, we must comply with a long-term liquidity requirement when assuming any Indebtedness. The current leverage limit established by the CNBV is a maximum indebtedness percentage of 50% (fifty percent). The minimum debt service coverage index currently established by CNBV is 1.0x. To the 31 of December of 2018, the leverage level of FIBRA Prologis was 34.7% (thirty four point seven percent). On the other hand, to the 31 of December of 2018, the coverage index for debt service applicable to FIBRAs is 7.2x times, in compliance with the applicable legislation. Currently we are in full compliance pursuant to the calculations established by the Sole Issuers Regulations.

We will comply with the CNBV requirements under the Sole Issuers Regulations. Nevertheless, such requirements may prevent us from engaging additional indebtedness, which may restrict our operational flexibility and our capacity to make our business grow through acquisitions or to fund ourselves in any new manner. In case that we are not capable of increasing our leverage per the new regulation, we may face the need to issue additional CBFIs, which would dilute the interests of our existing Holders, or to sell some assets to pay off the debt and reduce the leverage level.

In the event the maximum level of indebtedness exceeded, and/or the minimum debt service coverage index is not met, we would be unable to continue incurring Indebtedness, which may have a material adverse effect on our ability to carry out additional Investments, so long such requirements are not met. Similarly, these restrictions may not be waived by our Technical Committee and if we incurred in a breach in this regard, the Manager shall have to submit to the Holders Meeting a detailed report of any breach to the leverage limits or the minimum debt service coverage index, as well as a corrective plan setting out the measures to be considered to comply with such requirements. Such report and corrective plan requires the approval of the majority of the independent members of our Technical Committee.

Significant competition may decrease or prevent increases in our properties' occupancy and rental rates and may reduce our investment opportunities.

We compete with several owners, developers and managers of Industrial Facilities and real estate properties in Mexico, many of which own properties like our properties in the same markets in which our properties are located. Our properties compete based on a wide range of factors, including location, years, functionality, construction quality, maintenance and design. In recent years, the real estate sector in Mexico has become more institutionalized, including the entry into the market during the past year of other new FIBRAs, including FIBRAs with a focus on industrial properties. Thus, we may increasingly find ourselves in competition, whether for acquisition opportunities, customers or otherwise, with large institutions that have greater resources than we do and may be able or willing to accept more risk than we are. In addition, new funds may enter the market, also seeking to take

advantage of the tax advantages of investing in real estate through FIBRAs, or similar vehicles, which could significantly increase competitive pressures with respect to real estate activities in Mexico. Competition among potential buyers reduces the investment opportunities for us and may increase the bargaining power of property owners seeking to sell. In addition, some competing properties may be newer, better located or otherwise more attractive than ours. Further, depending on available resources, our competitors may have more flexibility than we do in their ability to offer rental discount to attract customers. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our customers, we may lose existing or potential customers and we may be pressured to reduce our rental rates below those we currently charge or to offer substantial rent abatements, customer improvements, early termination rights or customer-favorable renewal options in order to retain customers when our customers' leases expire, and our financial performance may be materially and adversely affected.

If we are unable to renew the existing leases or lease vacant space in our properties, either at or above existing rental rates or at all our rental revenue may be adversely affected.

As of December 31, 2018, approximately 97.4% (ninety seven point four percent) of our properties in our Current Portfolio were occupied (in terms of GLA), and the Lease Agreements thereof had an average of 34 months remaining lease term. As of December 31, 2018, Lease Agreements scheduled to expire in 2019 and 2020 represented 20.7% (twenty point seven percent) and 22.4% (twenty two point four percent) of our total GLA, respectively. We cannot assure you that all such leases will be renewed or that our properties will be re-leased at equal to or higher than the existing rental rates or that substantial rent abatements, customer improvements, early termination rights or customer-favorable renewal options will not need to be offered to attract new customers or retain existing customers. Furthermore, we may acquire additional developed properties in the future as part of our growth strategy, and we cannot assure you that we will be able to acquire and maintain customers for any such properties on favorable terms or at all.

Several factors, including competitive pricing pressure in our markets and the current global economic uncertainty, may cause our rental rates to decline and our ability to maintain our current rental rates or increase those rates in the future may be limited. Rental rates for expiring leases may be higher than those of new leases and we may also be required to offer greater concessions than we previously have. To the extent that our properties, or portions of our properties, remain vacant for extended periods of time, we may receive reduced or no revenue from such properties. In addition, the sale value of a property could be diminished because the market value of a property depends significantly upon the value of the Lease Agreements of such property.

We may be unable to timely evict a customer upon termination of our leases, which may adversely impact our revenue and results of operations.

If a customer is delinquent in rent payments and refuses to vacate the property, we will be required to initiate an eviction process against the customer. According to law, there are the landlord may only repossess the leased premises after obtaining a final and non-appealable judgment from a competent court, however the law tends to favour Tenants. Under the civil codes of many of the states of Mexico, notice is required for eviction at the end of a lease. A trial and enforcement in Mexico of a final resolution for termination of a lease agreement, eviction of property and collection of rents may be a costly and time consuming process which may take up to several years. Our inability to evict our customers in a timely manner and replace them with new customers would adversely affect our financial performance.

Our future growth strategy may partially depend upon future property acquisitions, and these acquisitions may not occur, and if they do occur, the properties may not perform as we expect.

Our ability to achieve profitable rental revenues and asset growth depends largely on our ability to identify and acquire properties and retain customers on favorable terms. Our ability to acquire properties on favorable terms and successfully integrate and operate them is subject to the following risks:

- we may not be able to identify properties that meet our investment objectives or that we will be successful in acquiring;
- competition from other potential acquirers may significantly increase the purchase price of a desired property;
- we may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms;
- agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and we may spend significant time and money on potential acquisitions that we do not complete;
- our cost estimates for bringing an acquired property up to market standards may prove inaccurate;
- we may acquire properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations; and
- we may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by customers, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot complete property acquisitions on favorable terms or operate acquired properties to meet our goals or expectations, our financial performance could be materially and adversely affected.

We may be unable to successfully expand our operations to new markets, which could adversely affect our income from real estate investments in those markets.

If the opportunity arises, we may explore acquisitions of properties in new markets inside of Mexico. Each of the risks applicable to our ability to successfully acquire, integrate and operate properties in our current markets also apply to our ability to successfully acquire, integrate and operate properties in new markets. In addition to these risks, we may not possess the same level of knowledge with respect to market dynamics and conditions of any new market in which we may attempt to expand, which could adversely affect our capacity to expand into and operate in any such

markets. We may be unable to obtain the desired returns on our investments in these new markets. If we are not successful in expanding into new markets, our financial performance may be adversely affected.

We are dependent on our relationship with Prologis.

Our relationship with Prologis is important to our business. Among other factors, we expect that we will benefit from and, to a certain extent, rely on, our relationship as an affiliate of Prologis, to gain access to industry expertise, market knowledge, a network of customer relationships, top personnel and potential investment opportunities or advice. Therefore, if our relationship with Prologis deteriorates, or if Prologis' support is insufficient to enable us to achieve our business and strategic goals, our financial performance may be materially and adversely affected.

We may not be able to identify all material defects or other deficiencies related to our properties or any properties we may in the future acquire, and therefore, we may be subject to unknown liabilities that could affect the value and profitability of these properties.

As part of our Formation Transactions, we may assume existing liabilities about the acquisition of our initial portfolio of properties, and some of these existing liabilities may be unknown or unquantifiable at the time the global offering and our Formation Transactions are consummated. Similarly, in the future we intend to make acquisitions, which may be subject to unknown liabilities. Although we undertake due diligence investigations which we believe to be reasonable, we cannot assure you that our reviews, surveys or inspections would have revealed any or all defects or deficiencies affecting the applicable properties, including to the title thereof and existing environmental contamination or hazardous substances thereon. Furthermore, as part of our Formation Transactions, the Contributing Entities who will contribute our initial portfolio of properties to our trust have made only limited representations and warranties to us regarding such properties, which survive only for specified periods, and have agreed to indemnify us for breaches of such representations subject to specified deductibles or thresholds and caps, as applicable. Because many defects and liabilities, including environmental liabilities, may not be identified within the applicable representation and warranty survival, we may have no recourse against the original owners for these defects and/or liabilities.

Unknown defects or deficiencies might include title defects, title disputes, liens, servitudes or other encumbrances. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of customers, vendors or other persons dealing with the entities prior to the Acquisition Date, tax liabilities, employment-related issues, and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. If the magnitude of such unknown defects, deficiencies and liabilities is high, either singly or in the aggregate, they could adversely affect our financial performance. Furthermore, it is possible that in the future we may acquire properties with debt obligations and may need to pay the properties' debt, incur new loans to service the debt or refinance the debt attached to such properties. We may not have the necessary resources to meet the obligations of such debts and we may be unable to repay the debt attached to such properties, which may have a material adverse effect on us.

We may not be successful in the sale of properties to third parties.

Real estate investments are relatively illiquid and difficult to sell quickly. This lack of liquidity may limit our ability to react promptly to changes in economic or other conditions. A property that incurs

a vacancy, by the continued default of a customer under its lease or the expiration of one of our leases or otherwise, may be difficult to dispose of and/or re-lease. Furthermore, the resale value of a property could be diminished because the market value of a property will depend principally upon the value of the Lease Agreements of such property. We may also acquire properties through contracts that could restrict our ability to dispose of the property for a period. These "lockout" provisions could affect our ability to turn our investments into cash and could affect cash available for Distributions to Holders of our CBFIs.

We are also subject to certain negative covenants of the financing arrangements related to our properties, which restrict our ability to dispose of assets without the consent of the relevant lenders. In addition, our ability to sell properties on advantageous terms is affected by competition from other owners of properties that are trying to dispose of their properties, market conditions, including the capitalization rates applicable to our properties, and other factors beyond our control. The third parties who might acquire our properties may need to have access to debt and equity capital, in the private and public markets, to acquire such properties from us. Should the third parties have limited or no access to capital on favorable terms, then dispositions could be delayed resulting in adverse effects on our financial performance.

In addition, we are subject to limitations on our ability to dispose of properties to maintain our status as a FIBRA for Mexican tax purposes. To qualify as a FIBRA, we are subject to various requirements, including the requirement that we may not sell any real estate that is developed or acquired by us for a period of at least four years following the completion of the development or acquisition, as applicable, to retain the tax benefits attributable to that property. If we were to sell a property during this period, we would be subject to significant adverse tax consequences, which may make a sale of the property less desirable. These restrictions and rights could impede our ability to sell properties and to raise cash quickly, or timely.

If we were to incur uninsured or uninsurable losses, or losses exceeding our insurance coverage, we would be required to pay for such losses, which could adversely affect our financial performance.

We carry insurance coverage including property damage and rental loss insurance resulting from certain risks such as fire and other events as covered under an extended coverage policy, namely windstorm, flood, earthquake and terrorism; commercial general liability insurance; and environmental insurance, as appropriate for the markets where each of our properties and business operations are located. Our insurance coverage contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There are certain losses, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. If an uninsured loss or a loss more than insured limits occurs with respect to one or more of our properties, we could experience a significant loss of capital invested and future revenues in these properties and could potentially remain obligated under any recourse debt associated with the property.

Furthermore, we cannot assure you that our insurers will be able to continue to offer products with sufficient coverage at commercially reasonable rates. If we experience a loss that is uninsured or

that exceeds insured limits with respect to one or more of our properties or if our insurers fail to meet their coverage commitments to us in the event of an insured loss, we could lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties and, if there is recourse debt, we would remain obligated for any mortgage debt or other financial obligations related to the properties. Any such losses or increase in insurance costs could adversely affect our financial condition, results of operations, cash flow and ability to make Distributions and payments to CBFH Holders and the market price of the CBFHs performance.

In addition, we may reduce or discontinue certain coverage or other insurance conditions on some or all our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. Our failure to obtain or maintain insurance could also constitute a default under our financing agreements.

We may not be able to control our operating costs, or our expenses may remain constant or increase, even if our revenue does not increase, causing our operations results to be adversely affected.

Our operating costs may increase because of factors that are beyond our control, including related to increases in (i) insurance costs; (ii) needed maintenance with respect to our properties; (iii) vacancy rates of our properties; (iv) costs of compliance with governmental regulations, including zoning, environmental and real estate and other tax laws, and related fines and penalties; (v) interest rates; and (vi) capital expenditure requirements. While the property is occupied, expenses related to insurance, security and maintenance are generally passed on to the customer. We must pay these expenses with respect to vacant properties, however.

The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property. In addition, other costs associated with real estate investments, such as real estate taxes and loan payments, generally will not be reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. Thus, if revenue declines, we may not be able to reduce our expenses accordingly. Costs associated with real estate investments generally will not be reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. Therefore, if our operating costs increase because of any of the foregoing factors, our financial performance may be adversely affected.

We may be required to make significant capital investments to improve our properties to retain and attract customers, causing a decline in operating revenue and reducing cash available for Distribution to the Holders of our CBFHs.

We may, upon expiration of Lease Agreements of our properties, be required to make rent or other concessions to customers, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our customers. Thus, we may have to make significant capital or other expenditures to retain customers whose leases expire and to attract new customers in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by customers upon expiration of their leases, which could materially and adversely affect our financial performance.

Our operations are subject to extensive environmental and safety laws and regulations and we may incur costs that have a material adverse effect on our financial performance because of any liabilities under or potential violations of environmental and safety laws and regulations.

Our operations are subject to Mexican federal and state environmental laws and regulations. Under such laws and regulations, the Mexican government has implemented an environmental protection program by enacting provisions on matters such as ecological planning, environmental risk and impact assessment, air pollution, natural protected areas, flora and fauna protection, conservation of natural resources and soil pollution, among others. Mexican federal authorities, such as Mexico's Federal Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*, SEMARNAT), the Federal Attorney General's Office for the Protection of the Environment (*Procuraduría Federal de Protección al Ambiente*, PROFEPA), the National Water Commission (*Comisión Nacional del Agua*, CONAGUA) and state and municipal governments, have the authority to: (i) bring civil, administrative and criminal proceedings against companies that breach environmental laws; (ii) definitively or temporarily close down or suspend totally or partially a non-complying establishment; and (iii) impose economic penalties for the equivalent to up to 50,000 current UMAs, among others. In addition, under applicable Mexican federal environmental laws, an owner or operator of real property may be liable for the cost of removing or remediating damages caused by hazardous or toxic substances on such property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances.

While we have recourse to our customers under our Lease Agreements for environmental damages caused by such customer's operations and we maintain insurance against certain of these environmental risks in an amount we believe is consistent with amounts customarily obtained in accordance with industry norms, we cannot assure you that such customers will fully reimburse losses or remedy environmental damages, that our insurance will be sufficient to cover damages suffered by us or that insurance coverage will always be available for these possible damages. Furthermore, such insurance typically excludes coverage for fines and penalties that may be levied for non-compliance with environmental laws and regulations. Additionally, the properties comprising our initial portfolio do not rely on environmental impact studies updated as of the date of this Annual Report, therefore there might exist recent environmental contingencies concerning such properties that we might not be aware of.

We anticipate that the regulation of our business operations under Mexican federal, state and local environmental laws and regulations will increase and become more stringent over time. We cannot predict the effect, if any, that the adoption of additional or more stringent environmental laws and regulations would have on our results of operations, cash flows, capital expenditure requirements or financial condition.

Compliance with the laws, regulations and covenants that are applicable to our properties, including permit, license, zoning, water use and environmental requirements, may result in significant costs and adversely affect our growth strategy.

Our properties are subject to various covenants and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and other restrictive covenants imposed by local authorities or private community organizations may restrict the use of our properties and may require us to obtain approval from such bodies at any time with respect to our properties, including prior to acquiring or developing such

properties or when developing or undertaking renovations of properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions, developments or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our growth strategy may be materially and adversely affected by our ability to obtain permits, licenses and zoning approvals. Our failure to obtain such permits, licenses and zoning approvals could have a material adverse effect on our financial performance.

We cannot ensure we will carry out Distributions. Holders may not receive funds under Distributions for we may reinvest such funds. . We may use funds from credit facilities or funds from other persons to make Distributions.

We intend to make Distributions to the Holders of our CBFIs to the extent required to maintain our status as a FIBRA. If our assets are insufficient to pay cash Distributions, we have no obligation to make such Distributions to the Holders. There is no obligation to pay Distributions from funds other than those which form part of our assets. Neither the Trust, nor our Manager or any of its Affiliates will be responsible for making Distributions under our CBFIs.

Our Manager will determine when Distributions are to be paid in accordance with our distribution policy. Distributions will depend on our earnings, our financial condition, tax position and other factors as may be deemed relevant from time to time. Our Manager may determine, in lieu of making Distributions in respect of revenues or other amounts we receive, to reinvest any such amounts, in which case the Holders of CBFIs may not receive Distributions for any period or periods. We may be required to fund Distributions from working capital, net proceeds of the global offering, or the sale of assets. Funding distributions from working capital would restrict our operations. Lastly, selling assets may require us to dispose of assets at a time or in a manner that is not consistent with our sale strategy. If we assume loans to fund Distributions, our leverage ratios and future interest costs may increase, thereby reducing our earnings and cash funds and cause from what they otherwise would have been. We may not be able to pay Distributions.

We may be limited under our credit agreements to make Distributions to the Holders of our CBFIs. Although such restrictions will allow us at any time to make minimum distributions to meet FIBRA regulations, the same may impair our ability to make distributions exceeding the threshold required to qualify as a FIBRA.

We may experience an impairment in the fair value of our Real Estate Assets and be forced to acknowledge impairment losses, which could materially and adversely impact our financial performance.

The value of our Real Estate Assets is recorded at reasonable value in our financial statements, initially based upon the acquisition costs plus the transaction expenses, and subsequently pursuant to independent annual appraisals. Each independent appraisal may determine that there has been an impairment in the fair value of our real estate assets. A decrease in the fair value of our real estate assets could result from several factors that are beyond our Control, including market conditions, inability of customers to make rent payments or early termination of our Lease Agreements. In addition, IFRS require us to record the aggregate value of our properties as the sum of the fair value of the individual properties. Because the initial accounting of an acquisition of a portfolio of real

estate properties (including our initial portfolio of properties and any property portfolio we may acquire in the future) is based upon the total consideration for such acquisition, this initial accounting may reflect a 'portfolio premium', which would not be reflected at the subsequent valuation, which is based upon the sum of individual property valuations, and may therefore result in a decrease in the recorded value of our assets.

If future fair value analyses result in a decrease in the fair value of our real estate portfolio, we will have to acknowledge a loss for revaluation in the Income Statement of the applicable period, which will be a non-incurred loss, and which will not lead to a cash expense. Subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the amount of consideration received and the carrying value of such assets at the time of disposition or sale. Any recognition of a fair value decrement may adversely impact our financial performance and the price of our CBFIs.

We rely on third party information, including expert appraisals and engineering and environmental reports, as well as industry and market data, all of which are subject to significant uncertainties.

We may obtain appraisals as well as engineering and environmental reports to assist us in determining whether to acquire properties and how to operate properties we will own. However, these reports are not intended to be a representation as to the past, present or future value or engineering and environmental condition of the relevant property. Furthermore, different review methodologies or different sets of assumptions could affect the results of such reports and the conclusions drawn from them. Thus, different experts reviewing the same property could reach significantly different conclusions.

Property appraisals are largely based on forward-looking information that is inherently speculative and difficult to verify, and the appraisal values provided to us may not reflect the prices that we could obtain upon the sale of the relevant property. The appraisal values of the properties provided to us represent the analysis and determination of the relevant appraiser based on his or her assumptions, estimations and judgments about the value of the properties appraised, which necessarily include subjective elements. Different sets of assumptions or different estimations and judgments could result in significantly different appraisal values for the same property. Thus, other qualified appraisers could reach materially different conclusions regarding the value of our properties, including those we intend to acquire.

Although the engineering and environmental reports we have obtained for our initial portfolio of properties have not revealed any liabilities that we believe will have a material adverse effect on our business, because such risks are often hidden or difficult to evaluate, the reports we have obtained may not meaningfully assess such risks. Furthermore, the reviews conducted in preparation of such reports typically have a more limited scope than similar reviews conducted in similar situations in other jurisdictions. If we were to discover any significant, unidentified engineering or environmental liabilities, the value of the affected property could fall, we may be required to incur additional costs and discharge of the liability could be time consuming.

In addition, we rely on certain market reports and industry and market data and analyses obtained from independent third-party industry sources to make property investment and operating decisions. We generally do not independently verify the data or analyses obtained from these

sources, and such data and analyses reflect the assumptions, estimates and judgments used by these sources at such times. Thus, we cannot assure you that any industry and market data and analyses obtained from these sources are accurate evaluations of the relevant market conditions at the time we use them to make investment or operating decisions. If any of these data or analyses proves to be incorrect, misleading or incomplete, any decisions we make in reliance on such data or analyses expose us to potential risks. For example, we may be induced to make certain investments at prices that are too high, to sell certain other investments at prices that are too low or to miss favorable opportunities altogether.

Certain of our properties may be subject to natural or other disasters, which could cause significant damage to our properties and adversely affect our financial performance.

Certain of our properties are located in areas which are more susceptible to, and could be significantly affected by, natural disasters that could cause significant damage to our properties. Several of our properties are located in regions that are susceptible to earthquakes. Moreover, several of our properties are also located in regions that are susceptible to droughts and water scarcity, which would lead to unexpected increases in our or our customers' water supply costs. If we experience a loss, due to such natural disasters or other relevant factors, that is uninsured, or which exceeds our policy limits, we could incur significant costs and lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties, which could adversely affect our financial performance.

Customers of our properties may conclude they have a statutory right of first refusal to acquire their leased properties derived from of our Formation Transactions.

In the states of Mexico in which our properties are located, a Tenant (and, in certain cases, a co-owner) has a statutory right of first refusal to acquire a property leased by them in the event the landlord intends to sell such property to a third party. Our Current Portfolio was not subject to a sale transaction as part of our Formation Transactions but was rather acquired by our Trust by purchasing beneficial interests of the Investment Trusts, which will directly or indirectly own the properties. We are therefore of the opinion that the customers of our properties do not have a right of first refusal to purchase the properties they lease from us. Those customers who did not waive their right of first refusal in their Lease Agreement may, however, have a different view and may pursue legal actions claiming such right of first refusal and, to the extent any such Lawsuits prevail, our purchase of the respective property could be rescinded or annulled, or we could be liable for damages or lost profits. If this occurs, our purchase of such property may be reverted, and we may be forced to return the relevant property in exchange for the purchase price we paid therefor, or we may be required to pay damages or lost profits.

We may incur losses with regards to our U.S. Dollar-denominated leases due to fluctuations in the exchange rate.

As of December 31, 2018, approximately 68.6% (sixty eight point six percent) of our Annualized Base Rent, was denominated in U.S. Dollars, and approximately 31.4% (thirty one point four percent) of our Annualized Base Rent was denominated in Pesos. We may not be able to receive payments of amounts owed to us by our clients in U.S. Dollars because, under the Mexican Monetary Law (*Ley Monetaria de los Estados Unidos Mexicanos*), obligations to make payments to any Mexican or foreign companies or individuals in Mexico in a foreign currency, whether by agreement or upon enforcement of a judgment, may be discharged in Pesos at the exchange rate for Pesos prevailing at the time and

place of payment or judgment as determined by the Mexican Central Bank and published in the Official Gazette on the date of the payment. Thus, we may not receive such rent payments in U.S. Dollar owed to us by our clients and be forced to receive such payments in Pesos. In such case, we may not be able to convert such U.S. Dollars amounts at the same exchange rate used for converting U.S. Dollars into Pesos.

Risks Related to Our Structure and Management

There are potential conflicts of interest between our Trust Prologis, our Manager and the Technical Committee.

Given that (i) our Manager is an affiliate of Prologis, (ii) all of the members of the management team of our Manager are officers of Prologis and (iii) the members of the Technical Committee (except those appointed by the Holder of CBFIs representing 10% (ten percent) or more of our outstanding CBFIs) shall be appointed by our Manager and will include officers of Prologis, we are subject to potential conflicts of interest in the context of these entities' performance of their obligations to our Trust. Prologis is a global manager and developer of Industrial Facilities, with a wide array of investments and business interests, some of which are likely to compete or come into conflict with the interests of our Trust or our CBFI holders.

Prologis' business interests in Mexico currently include nine Class-A Industrial Facilities which have not yet been contributed to our Trust. These excluded properties will continue to be held and managed by Prologis and certain members of our management team are also members of the management and/or Technical Committee, as applicable, of such other Prologis-managed entities, as described below. Further, Prologis intends to continue to develop Industrial Facilities in Mexico and has no obligation to offer any of such developed facilities to us via our right of first refusal or otherwise. If Prologis, our Manager or the Technical Committee acts or is caused to act in their own interests or otherwise in a manner compromising the interests of our Trust or our other CBFI Holders, there may be a material adverse effect on our financial performance. Such conflicts of interest may include the following:

- *The Contribution Agreements were negotiated by related parties.* Our Initial Portfolio of properties will be contributed to us by Affiliates of Prologis, and we may acquire additional properties from Prologis Affiliates in the future. Because these contributions and/or acquisitions are not negotiated at arm's-length and no third party bid or independent appraisal was obtained for any of our properties in connection therewith, potential conflicts of interest with respect to the negotiation of the consideration price and the other terms may arise. Therefore, the terms of any such contribution or acquisition may not be as favorable as they would have been had they been negotiated in a transaction among unrelated third-parties. In addition, because of our desire to maintain ongoing relationships with Prologis and its Affiliates, we may choose not to enforce, or to enforce less vigorously, our rights under our current and any future contribution or acquisition agreements with Affiliates of Prologis.
- *Our Management Agreement was negotiated among related parties.* Our Management Agreement was not negotiated on an arm's-length basis and therefore it presents certain conflicts of interest with respect to the negotiation of certain terms thereof, including the fees and removal procedures for our Manager. Therefore, the terms of our Management

Agreement may not be as favorable as they would have been had it been negotiated in a transaction among unrelated third-parties. In addition, because of our desire to maintain ongoing relationships with Prologis and its Affiliates, we may choose not to enforce, or to enforce less vigorously, our rights under our Management Agreement. Furthermore, our Management Agreement may only be terminated under limited circumstances as described under "2. The Trust – (d) Material Contracts and Agreements – (ii) Management Agreement —Removal; Termination."

- *Potential Conflicts may arise from our Manager's fees.* The decisions of our Manager may at times conflict or not wholly align with the best interests of our Trust. The fees paid by us to our Manager could influence its decisions with respect to our activities. Among other matters, these compensation arrangements could affect our Manager's judgment with respect to an Additional CBFIs offering, future acquisitions or dispositions, or current and future Lease Agreements. The fees our Manager receives in connection with transactions involving the management of our assets and the management of our properties and our Lease Agreements are not necessarily based on the long-term quality of the investment or lease or the quality of the services rendered to us. Furthermore, certain of our Manager's fees are performance based, and this method of compensation could encourage certain acquisitions, Lease Agreements, contracting of services or other transactions or activities related to our properties in which we overpay or take on undue risk. See "2. The Trust – (d) Material Contracts and Agreements – (ii) Management Agreement - Fees". Furthermore, as described below, Prologis' Affiliates, in their capacity as CBFIs, Holders may participate and vote in Holders Meetings convened to discuss adjustments (including increases) to the fees and compensation paid to our Manager.
- *Affiliates of Prologis and our Manager may pursue business strategies like our own and may compete with us in the future.* Prologis continues to own and operate certain industrial facilities in Mexico that will not be contributed to the Trust. We cannot ensure these entities will not compete with us, whether with respect to customers, as described below, or otherwise.
- *Competition for investment opportunities.* We may compete with certain other Prologis entities for property acquisition opportunities. There may be conflicts of interest for our Manager when competing on our behalf against such other Prologis entities. Thus, we may not be able or can acquire attractive properties that other Prologis companies also desire to purchase. Although Prologis has granted us and has agreed to cause its affiliates to grant us, a preemptive right to acquire certain investment properties being sold by third parties in Mexico, there are certain potentially significant limitations to such right, as further described under "2. The Trust – (b) Business Description – (xi) Policies with Respect to Certain Activities—Investment Policies—Right of First Refusal". Therefore, we cannot ensure all potentially suitable investment opportunities which come to the attention of Prologis will be made available to us.
- *Competition with regards to customers.* We may also compete for customers with certain other Prologis entities related to or managed by Prologis. Although Prologis has granted us a right to acquire certain investment properties in Mexico when it disposes of such properties, there are potentially significant limitations to such right, as further described under "2. The Trust – (b) Business Description – (xi) Policies with Respect to Certain

Activities—Investment Policies—Right of First Refusal,” including (i) the absence of legal recourse against the owners of such properties if they fail to comply with their commitments to Prologis with respect to the right of first refusal, (ii) the absence of any penalties against Prologis if it fails to comply with the terms of the right of first refusal described in “2. The Trust – (b) Business Description – (xi) Policies with Respect to Certain Activities—Investment Policies—Right of First Refusal” and that we may not be able to claim any payment to any person. Alternatively, we may elect not to purchase one or more properties offered to us pursuant to our right of first refusal. In such situations, we may compete for customers with the Prologis entities that own Class-A Industrial Facilities and other properties like ours.

- *Time and attention of our Manager’s senior management.* Our Manager engages in businesses in addition to managing our trust and, accordingly, it will not be devoted exclusively to managing our properties. Even where no direct conflict of business interests is present, the outside business interests and investments of Prologis, the members of our Manager or of the Technical Committee may divert their time and attention away from us, which could have a material adverse effect on their performance of their obligations to us, and consequently, our financial performance.
- *Potential co-investment.* We may co-invest with funds or investment vehicles managed or sponsored by affiliates of Prologis, and the relationship with such entities could influence the decisions made by our Manager, the Technical Committee or the personnel responsible for these co-investments.

Although we have implemented Related Party Transaction and conflict of interest policies and procedures, we cannot assure you that these policies and procedures will be effective in preventing actual or potential conflicts of interest from being resolved in a manner unfavorable to us or our CBFH Holders. In addition, we will have no recourse against Prologis if it pursues its own interests in developing, acquiring or operating industrial facilities in Mexico in a manner that conflicts with our business or growth strategy. In the event of any conflict of interest resulting in favorable treatment to Prologis companies or affiliated funds, or to any other outside interests of the personnel of our Manager or members of the Technical Committee, or otherwise resulting in a reputational loss to us, our financial performance may be materially and adversely affected.

Each of Prologis and our Manager has significant influence over our business and investment activities, and Prologis has significant influence with respect to our Manager and the Technical Committee.

Under our Management Agreement, our Manager has broad authority to manage our business and investment decisions (including acquisitions, dispositions, borrowings and Distributions), and the Technical Committee and our CBFH Holders have only limited rights to review and approve their decisions with respect to the operations of our trust. As a Prologis affiliated entity is also be subjected to Prologis’ investment committee process as it relates to our acquisition and disposition decisions. Each investment made by us will be subject to the overall policy direction of Prologis’ investment committee. See “3. The Manager – (c) Managers and Shareholders — Investment Process.” These decisions may affect our trust’s compliance with applicable Mexican federal income tax regulations, acquisitions, dispositions, growth strategies, operations, indebtedness, capitalization and distributions. Such actions could adversely affect the market value of our CBFHs and our ability to

provide returns to our investors. In addition, Prologis is expected to hold approximately 46.2% (forty six-point two percent) of our CBFIs upon completion of the Global offering and thus will have significant influence over the deliberations of our Holders Meetings, including, without limitation, deliberations with respect to amendments to our Trust Agreement and Management Agreement and changes to the compensation schemes and Manager Fees of our Manager. In addition, our Manager is entitled to appoint all members of the Technical Committee, so long as an affiliate of Prologis continues to be our Manager. Although each of our RETSI holders, or group of RETSI holders, has the right to appoint or remove, as the case may be, one member of the Technical Committee and his or her corresponding alternate member for each 10% (ten percent) of our outstanding CBFIs it holds, our Trust Agreement provides that, subsequent to the completion of the global offering, no Holder of our CBFIs, other than Prologis and any purchaser of CBFIs in the global offering, will be permitted to acquire more than of 9.9% (nine point nine percent) of our outstanding CBFIs, except pursuant to the prior approval of the Technical Committee.

We cannot assure you that these entities will not exercise such influence in a manner that is not in the best interest of our Trust or our CBFIs Holders, whether as a result of actual or potential conflicts of interest as described under the risk factor “—There are potential conflicts of interest between our Trust Prologis, our Manager and the Technical Committee,” or for any other reason. If these entities exercise their influence in a manner that is not in the best interest of our Trust, our financial performance may be materially and adversely affected.

We are dependent upon our Manager to manage our business, implement our growth strategy and manage and maintain our properties.

We have no employees. Personnel and services that we require will be provided to us by our Manager. Our ability to achieve our business objectives depends on our Manager and its ability to manage our Trust, identify and complete new acquisitions for us and execute our financing strategy, as well as to retain key personnel with relevant professional experience and knowledge in order to manage our business. We also depend on our Manager’s ability to maintain our properties and manage our Lease Agreements with customers, among other day-to-day property management activities associated with our properties. Accordingly, our business is dependent upon the efforts, experience, diligence, skills and business contacts of our Manager and its personnel. If we lose the services provided by our Manager or by any of its key personnel, our business and financial performance may be adversely affected.

We cannot assure you that our Manager, or the key personnel of our Manager will continue to serve in such capacities, or that we will continue to have access to the services and expertise of such persons, and the failure to retain the services of such persons could have an adverse effect on our financial performance. Our Management Agreement may be terminated as set forth under “2. The Trust – (d) Material Contracts and Agreements – (ii) Management Agreement —Removal; Termination.” Managing our trust requires a high level of expertise and we cannot assure you that it will be possible to hire a replacement with the requisite competency in order to comply with the object and purpose of our trust on terms substantially similar to those in our Management Agreement, or at all. As a self-managed entity or under a replacement manager, we may be unable to duplicate the quality and experience in providing investment management services, and therefore we may not be able to execute our business plan. Furthermore, we are dependent on the services of the key personnel of our Manager, and we may be unable to retain the services of such individuals, whether due to competition for such qualified business personnel from entities such as other real

estate companies, including FIBRAs and other real estate investment funds, as well as investment and commercial banking institutions, or for any other reason. In addition, in the event our Manager or any key personnel of our Manager cease to serve in such capacities, our cost of obtaining substitute services may be greater than the fees we will pay these persons under the then current arrangements, and as a result our expenses may increase.

The removal, resignation or substitution of our Manager may also trigger acceleration events or other contractual rights or obligations under our financings or other agreements. For example, contractual counterparties such as lenders may require that our financing agreements include conditions such as the ongoing involvement of Prologis in our Trust, and may require that the removal or resignation of our Manager or substitution of our Manager with a non-Prologis entity trigger events of default giving rise to acceleration of loan repayments, or other contractual rights or obligations. In addition, co-investment arrangements which we may enter into with co-investors (which co-investors may include other Prologis or Prologis-managed vehicles or investments), may also be conditioned on the ongoing involvement of Prologis in our trust, and may require that the removal or resignation of our Manager or substitution of our Manager with a non-Prologis entity trigger certain rights on behalf of the co-investors. The consequences of any of these or other contractual events, rights or obligations that may be triggered by the removal or resignation of our Manager or substitution of our Manager with a non-Prologis entity could adversely affect our financial performance.

Provisions of our Trust Agreement restrict the ability of our CBFH Holders to acquire significant ownership interests in our CBFHs, which may conflict with the interests of our CBFH Holders.

Our Trust Agreement provides that, other than Prologis and any Holder, no holder of our CBFHs, will be permitted to acquire more than of 9.9% (nine point nine percent) of our outstanding CBFHs, except pursuant to the prior approval of the Technical Committee. Accordingly, some CBFH Holders, acting individually or as a group, may be prevented from obtaining the 10% (ten percent) interest that would entitle them to appoint one member of the Technical Committee, which would consequently increase the relative influence that our Manager has over our Trust. A relatively limited influence of our CBFH Holders, and a relatively greater influence of our Manager over our Trust could result in, or increase the likelihood of, decisions that are not in the best interests of our CBFH Holders.

Our Trust is an issuing trust, not a security trust.

Our Trust is not a security trust created pursuant to an agreement whereby our CBFH Holders acquire rights to receive distributions on our CBFHs with the net proceeds that, from time to time, constitute our Trust Estate, but rather an issuing trust. Therefore, the recovery of our CBFH Holders investment is subject to the receipt by our trust of sufficient funds from real estate investments.

The assets of our Trust may be used to pay indemnities.

The Trustee may use the funds contained in our trust accounts in order to indemnify and hold harmless our Manager and its affiliates, and their respective shareholders, employees, advisers, temporary personnel, members, directors and agents, and all of the affiliates of the foregoing; the Trustee any of its employees, advisers, agents or fiduciaries; each person that is or has been a member of the Technical Committee; and any other person designated by our Manager as a covered person that provides services to our trust, among others. These indemnities could also apply to reimbursements of costs expenses incurred with respect to making a claim. If the Trustee uses our

trust's assets to pay indemnities, the resources available to pay distributions would be reduced and thereby distributions would be negatively affected.

Risks Related to Mexico

We are a Mexican trust and all of our assets and operations are located in Mexico. Therefore, we are subject to political, economic, legal and regulatory risks specific to Mexico and the Mexican real estate industry.

We are a trust created in Mexico, all of our assets and operations are located in Mexico and our business is affected by the performance of the Mexican economy.

In the past, Mexico has experienced prolonged periods of economic crisis, caused by internal and external factors over which we have no control. Those periods have been characterized by exchange rate instability, high inflation, high domestic interest rates, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. Decreases in the growth rate of the Mexican economy or in the local economies where our properties are located, periods of negative growth or increases in inflation or interest rates may result in lower demand for our properties. Because a large percentage of our costs and expenses are fixed, we may not be able to reduce costs and expenses upon the occurrence of any of these events, and our profit margins may suffer as a result. We cannot assure you that economic conditions in Mexico will not worsen, or that those conditions will not have an adverse effect on our financial performance.

Political, social and other developments in Mexico could affect our business.

Political, social and other developments in Mexico could affect our business. Social unrest, such as strikes, suspension of labor, demonstrations, acts of violence and terrorism in the Mexican states in which we operate could disrupt our financial performance. In addition, no single party currently has an absolute majority in any chamber of the Mexican Federal Congress. The absence of a clear majority in the legislature, as well as any misalignment between the legislature and the executive branch could result in deadlock and prevent the timely implementation of structural reforms, which in turn could have an adverse effect on the Mexican economy. 2018 Presidential elections create uncertainties and impact the financial markets regarding the potential winner of such elections. Regardless of the result, as with any change in management, this may trigger significant changes in governmental policies and may contribute to economic uncertainty or cause heightened volatility of the Mexican capital markets and securities issued by Mexican companies. We cannot assure you that political developments in Mexico will not have an adverse effect on our financial performance.

Developments in other countries may adversely affect the Mexican economy, our financial performance and the price of our CBFIs.

The Mexican economy and the market value of Mexican companies may be, to varying degrees, affected by economic and market conditions globally, in other emerging market countries and major trading partners, in particular the United States. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in other countries may have an adverse effect on the market value of securities of Mexican issuers or of Mexican assets. In the past, for example, prices of Mexican debt and equity securities dropped substantially as a result of developments in Russia, Asia, and Brazil. Most recently,

the global financial crisis has resulted in significant fluctuations in the financial markets and economy in Mexico.

Economic conditions in Mexico are highly correlated with economic conditions in the United States because of the North American Free Trade Agreement ("NAFTA") and increased economic activity between the two countries. Adverse economic conditions in the United States, or the termination or re-negotiation of NAFTA in North America or other related events, could have an adverse effect on the Mexican economy. Moreover, the current fiscal crisis in the European Union may also affect the global and Mexican economies. We cannot assure you that events in other countries will not adversely affect our financial performance.

Fluctuations in the value of the Peso against the U.S. Dollar, as well as the reinstatement of exchange controls and restrictions, could adversely affect our financial performance.

Our results of operations are dependent on economic conditions in Mexico, including fluctuating currency rates. Fluctuations in currency rates may adversely affect our ability to acquire assets denominated in other currencies and may also adversely affect the performance of the investments in such assets. The Mexican Central Bank may from time to time participate in the foreign exchange market to minimize volatility and support an orderly market. The Mexican Central Bank and the Mexican government have also promoted market-based mechanisms for stabilizing foreign exchange rates and providing liquidity to the exchange market, such as using over-the-counter derivatives contracts and publicly-traded futures contracts on the Chicago Mercantile Exchange. However, the devaluation of the Peso, which started at the end of 2014 and continued in 2017 and is still showing a high volatility. Since the second half of 2008, the value of the Peso relative to the U.S. Dollar has fluctuated significantly, especially in 2015. Per the Banco de México, during this period the exchange rate registered a low of \$9.9200 per US\$1.00 at August 6, 2008 and a high of \$21.9076 per US\$1.00 at January 12, 2017 and \$19.7354 per US\$1.00. Because assets may be purchased with and income may be payable in Pesos, the value of these assets measured in our functional currency, the U.S. Dollar, may be affected favorably or unfavorably by changes in currency rates, costs of conversion and exchange control regulations. Thus, our reported earnings, which are expressed in Pesos, are subject to fluctuations in the value of the Peso relative to the U.S. Dollar. Similarly, because the CBFIs are denominated in Pesos, holders of CBFIs bear the risk of fluctuations in the National Consumer Price Index (*Indice Nacional de Precios al Consumidor*), which may decrease the acquisition value of Pesos received as Distributions by Holders of our CBFIs.

Severe devaluation or depreciation of the Peso caused disruption of the international foreign exchange markets. This may limit our ability to transfer or to convert Pesos into U.S. Dollars and other currencies and may have an adverse effect on our financial performance in future periods by, for example, increasing in Peso terms the amount of our foreign currency-denominated liabilities and the rate of default among our borrowers.

Inflation in Mexico, along with government measures to curb inflation, may have an adverse effect on our financial performance.

Mexico historically has experienced high levels of inflation. High inflation rates can adversely affect our financial performance. In 2012, 2013, 2014, 2015, 2016, 2017 and 2018 the annual inflation rate published by the Mexican Central Bank was 3.6% (three point six percent), 3.97% (three point ninety seven percent), 4.1% (four point one percent), 2.13% (two point thirteen percent), 3.36% (three point thirty six percent), 6.77% (six point seventy seven percent) and 4.83% (four point eighty three percent),

respectively. If Mexico again experiences high inflation in the future, we may not be able to adjust the rents we charge our customers to offset its effects on our operations.

Most of the leases related to our properties contain contractual increases in rent at rates that are either fixed or tied to inflation. As of December 31, 2018, 69.1%, (sixty-nine point one percent) respectively, of these Lease Agreements, in terms of GLA, were denominated in U.S. Dollars. Inflation adjustments to our income may not correspond with actual inflation with respect to our operating expenses, most which are expected to be denominated in Pesos. Additionally, increases in the rental rates for our assets are annualized and therefore rent adjustments for inflation may not take effect until the following year and may not match actual inflation. In addition, many of our customers operate in the manufacturing sector in Mexico, and therefore an increase in labor costs in Mexico because of inflation could adversely affect our customer's financial performance and consequently their ability to pay rent, which, in turn, could adversely affect our financial performance.

Mexico is experiencing high levels of criminal activity, which could affect the economy and our financial performance.

Mexican drug related violence and other organized crime have escalated significantly since 2006, when the Mexican federal government began increasing the use of the army and police to fight drug trafficking. Drug cartels have carried out attacks largely directed at competing drug cartels and law enforcement agents, however they also target companies and their employees, including companies' industrial properties, including through extortion, theft from trucks or industrial sites, kidnapping and other forms of crime and violence. This increase in violence and criminal activity has led to increased costs for companies in the form of stolen products and added security and insurance.

Approximately 34.7% (thirty four point seven percent) of the properties that will comprise our Current Portfolio, in terms of GLA, are in Reynosa, Tijuana and Ciudad Juárez, which are among the Mexican states most affected by drug cartel activity. The level of drug cartel activity or risk of criminal activity states may change over time and, thus, a higher percentage of our properties may be in areas considered to exhibit high or medium to high risk of drug cartel or criminal activity. This has resulted in a decline of the business environment in some of cities in which we operate, which has, in turn, affected the occupancy of industrial facilities therein. If the violence continues or develops in such cities or other cities in Mexico in where we own properties, we could experience a negative impact on our financial performance. Corruption and links between criminal organizations and authorities also create conditions that affect our business operations, as well as extortion and other acts of intimidation, which may have the effect of limiting the level of action taken by federal and local governments in response to such criminal activity.

Mexican authorities may exercise expropriation proceedings over any of our properties pursuant to the Mexican Federal Law of Eminent Domain (Ley Federal de Extinción de Dominio).

Mexico's federal government has the authority to seize private property located in Mexico that is employed to commit a felony related to organized crime, drug distribution, kidnapping, car theft or human trafficking. If any of our properties are used to commit any such felonies and the Mexican federal government were to exercise its right of eminent domain and seize any such properties, we may lose all or a portion of our investment in such property. The seizure of any of our properties could adversely affect our financial performance. We cannot guarantee that the relevant authorities will not exercise this power of eminent domain over one or more of the properties that

comprise our initial portfolio. The seizure of any of our properties could adversely affect our expected performance and, consequently, funds flow available to make Distributions to our CBFHolders.

We are required to comply with the Mexican Law for the Prevention and Identification of Transactions with Proceeds from Criminal Activities due to our activities.

Mexico's Law for the Prevention and Identification of Transactions with Proceeds of Criminal Activities (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*, or the "Anti-money Laundering Statute") was published in the Official Gazette on October 17, 2012 and came into effect on July 17, 2013. Regulations issued pursuant to the Anti-money Laundering Statute were published on August 16, 2013 and August 23, 2013 (Acuerdo 2/2013) and came into effect on September 1, 2013 (collectively with the Law-money Laundering Statute, the "Anti-money Laundering Statute"). Under the Anti-money Laundering Law, we are required to submit to the Ministry of Finance certain notices by the 17th day of each month following any month during which we engage in (i) real estate construction or development services, or act as intermediaries in the transfer of property or real estate rights related to sales or purchases of real estate, on behalf of customers for whom we perform such services, when such services relating to one customer exceed 8,025 current UMAs or (ii) the creation of personal rights to use and enjoyment of real property, when such activities relating to one customer in any month exceed 3,210 current UMAs (such services are subject to the anti-money laundering law when monthly services for one customer in any month equal or exceed 1,605) current UMAs (collectively, the "vulnerable activities").

In addition, under the anti-money laundering law, we must compile and retain information about customers with whom we enter into vulnerable activities, and we must appoint a representative to the relevant financial authorities in order to comply with our obligations under the Anti-Money Laundering Law. If we fail to comply with the obligations imposed by the Anti-Money Laundering Law, we may be liable to sanctions, including fines, which could have a material adverse effect on our financial performance.

The Mexican government has exercised, and continues to exercise, significant influence over national economy.

The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state controlled, funded or influenced financial institutions could have a significant impact on private sector entities in general and on us in particular, and on market conditions, prices and returns on securities of Mexican companies. The Mexican federal government occasionally makes significant changes in policies and regulations and may do so again in the future. Actions to control inflation and other regulations and policies have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. Tax legislation in Mexico is subject to continuous change and we cannot assure you whether the Mexican government may maintain existing political, social, economic or other policies, or whether changes may have a material adverse effect on our financial performance.

In addition, Mexican authorities can expropriate assets under certain circumstances. Although there is a legal obligation to indemnify the owner of expropriated assets, such indemnification is often lower than the market value of the expropriated assets. If any trust assets or

any of our properties were expropriated, there is a possibility that we would lose all or part of our investment in such property, which could result in a material adverse effect on our financial performance.

Risks related to our Tax Treatment

Our failure to maintain our trust in compliance with applicable Mexican federal income tax regulations could have significant adverse consequences on us.

We intend to comply with the LISR applicable to FIBRAs. Compliance with the LISR depends on complex statutory requirements, for which there are only limited judicial and administrative interpretations. Under FIBRA regulations, we are required to, among other things, distribute, on a yearly basis, an amount equal to at least 95% (ninety five percent) of our Fiscal Result to maintain our FIBRA status. Even if our Trust complies with this requirement, maintaining our status as a FIBRA will require us to continue to satisfy certain tests concerning, among other things, our distributions, the nature of our assets and the sources of our income. All Distributions will be made pursuant to our distribution policy (unless otherwise approved by the Technical Committee) and will depend on our earnings, financial condition, cash requirements, covenants in financing arrangements, maintenance of our FIBRA qualification and other factors as may be deemed relevant from time to time. If we fail to comply with these requirements, we may, among other things, lose our FIBRA status and be required to change the way we conduct our operations, which could adversely affect our financial performance.

We may be subject to adverse legislative or regulatory tax changes that could affect our Trust or the value of our CBFIs.

Mexican federal, state or local laws and regulations or the judicial or administrative interpretations thereof may be amended at any time. We cannot predict when or if any new law, regulation or judicial interpretation, will be adopted, promulgated or may become effective, and any such law, regulation or interpretation may take effect retroactively. We and holders of our CBFIs could be adversely affected by any such changes and interpretations or the issuance of new tax laws or regulations. Additionally, holders of our CBFIs should be mindful that potential future changes in such laws and regulations, especially tax provisions relating to economic activity in general and provisions governing the FIBRA could adversely affect our financial performance.

Our property taxes could increase due to property tax rate changes or reappraisals of our properties, which could adversely impact our cash flows.

We will be required to pay local property tax on our properties. The property tax on our properties may increase as property tax rates change or as the value of our properties is appraised or reappraised by tax authorities. The amount of property tax we pay in the future may differ substantially from the property tax that we pay currently. If the property tax we pay increases, our ability to make Distributions to our CBFi Holders could be materially and adversely affected.

Tax consequences to the original investors in the Contributing Entities upon a sale of properties in our initial portfolio of properties by us may cause their interests to differ from the interests of other holders of our CBFIs.

While the tax on the acquisition of our initial portfolio of properties may be paid upon our acquisition of such properties and the original investors in the Contributing Entities, including Prologis, will have tax consequences upon our sale of such properties. The taxes on the contribution of such properties may be deferred initially, but if we sell of any such properties or the Initial Portfolio or if such investors sell the CBFIs received by them as consideration for the contribution of such properties, they shall have to pay the differed tax updated through the passage of time and due to the changes in prices in the country, in accordance with the tax provisions in force at that time; therefore, these parties may have different objectives regarding the appropriate pricing, timing and other material terms of any sale of such properties and could exercise their influence over our affairs by attempting to delay, defer or prevent a transaction that might otherwise be in the best interests of the rest of our CBFH Holders.

Our real estate acquisitions may be subject to property acquisition tax.

We may be subject to tax when we acquire our initial portfolio of properties, as well as any properties we may acquire in the future, portfolio and the acquisition portfolio. These tax rates may be up to 5.955% (five point nine five percent) of the greater of the purchase price of the property or the appraised value of the property, depending on the location of the property. With respect to the Tax on the Acquisition of Real Estate Property (*Impuesto Sobre la Adquisición de Inmuebles*) or its equivalent, depending on the local legislation applicable in the municipality in which the acquired real estate is located, local taxing authorities may determine that one or more of our acquisitions constitute a "disposition" and that we are therefore subject to the Tax on the Acquisition of Real Estate or its equivalent.

Risks Related to Ownership of our CBFIs

The market price of our CBFIs may fluctuate significantly, and our investors could lose all or part of your investment.

Volatility in the market price of our CBFIs may prevent you from being able to sell your CBFIs at or above the price you paid for your CBFIs. The market price and liquidity of the market for our CBFIs may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, among others:

general economic trends in the Mexican, U.S. or global economies or financial markets;

significant volatility in the market price and trading volume of securities of companies in the real estate sector, which are not necessarily related to their operating performance;

the general reputation of FIBRAs and the attractiveness of their CBFIs compared to other equity securities (including securities issued by other real estate companies);
increases in market interest rates, which may lead Holders of our CBFIs to demand a higher yield;

changes in earnings or variations in operating results;

publication of research reports about our Trust or the real estate industry;

new laws or regulations or new interpretations of laws and regulations, including tax guidelines or accounting principles, applicable to our industry; and

the market's perception of our growth potential and our current and potential future cash Distributions, as well as the real estate market value of the underlying assets.

Furthermore, securities offered in an initial public offering often trade at a discount to the initial offering price due to underwriting discounts and offering related expenses. This represents an immediate value dilution per CBFi for the new investors acquiring our CBFis in such offering at the initial public offering price. As a result of this dilution, investors purchasing CBFis in the offering may receive significantly less than the full purchase price that they paid for the securities purchased in the offering in the event of settlement of the Trust. The possibility that our CBFis may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per CBFi may decline. We cannot predict whether our CBFis will trade above, at or below our asset's net value.

Future issuances of CBFis by us, or a sale by our principal CBFi Holders of their interest in our Trust and speculation about such possible sales, may dilute our CBFi Holders or adversely affect the market price of our CBFis.

We intend to grow in large part through acquisitions, which will require us to raise additional funding. We may attempt to increase our capital resources through future issuances of CBFis, which may dilute the holdings of our existing Holders or reduce the market price of our CBFis, or both. Because our decision to issue CBFis in the future will depend on market conditions and other factors beyond our control and subject to approval by our CBFi Holders, we cannot predict or estimate the amount, timing or nature of our future issuances. Furthermore, our Trust Agreement does not grant CBFi Holders preemptive rights that entitle them to participate in future offerings. Thus, CBFi Holders bear the risk of our future issuances diluting their interest in us and reducing the market price of our CBFis. In addition, subsequent to the global offering, pursuant to our Management Agreement, our Manager will receive a portion of its compensation in CBFis as described under "2. *The Trust - (d) Contracts and Agreements - (ii) Management Agreement - Fees*" which will dilute the interest of our CBFi Holders.

Our major investors, including Prologis or the investors in a capacity of Related Parties to our Trust, including Prologis, our Manager and its affiliates, may sell of their interests in our Trust or sell a significant number of CBFis. Any such issuances could result in a dilution of the economic and voting rights of our CBFi Holders in our Trust, and any such sales or the prospect or speculation of any such sales could result in a negative market perception and potentially a decrease in the market price of our CBFis. Prologis holds approximately 46.2% (forty six-point two percent) of our CBFis. Prologis and its Affiliates have agreed that, for a period of 180 (one hundred and eighty) days from the date of the public offer, neither it nor its affiliates will not without the prior written consent of the representatives of the Initial Purchasers and the Underwriters, dispose of or hedge any of our CBFis or any securities convertible into or exchangeable for our CBFis. However, after such lock-up period, however, Prologis and its affiliates may sell our CBFis, and any such sales, or any speculation by the press, stock analysts, CBFi Holders or other persons, with respect to the disposal of Prologis or its Affiliates, may could adversely affect the market price of our CBFis.

Because our decision to issue securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond our control, we cannot predict or estimate

the amount, timing or nature of our future offerings or financings, any of which could reduce the market price of our CBFIs and dilute the value of our CBFIs.

Future securities offerings or debt obligations ranking senior to our CBFIs may limit our operating and financial flexibility and any issuance of convertible or exchangeable securities may result in dilution to our CBFHolders.

If we decide to issue securities in the future ranking senior to our CBFIs or otherwise incur Indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to make distributions to holders of our CBFIs. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges, including with respect to Distributions, more favorable than those of our CBFIs and may result in dilution of our CBFHolders.

Our Trust Agreement contains provisions which may limit the liquidity of our CBFIs.

In accordance with our Trust Agreement, except for Prologis and any Holder acquiring CBFIs in the global offering, no CBFHolders of our shall acquire more than 9.9% (nine point nine percent) of our outstanding CBFIs, except pursuant to the prior approval of the Technical Committee. These restrictions may impact the liquidity of our CBFIs and the possibility of CBFHolders to benefit from divestment opportunities thereof.

(d) Other Securities Issued by the Trust

On the date of the present Annual Report, neither the Trustee (nor the Settlor maintain securities registered in the RNV or listed in a market other than those securities registered under the slate code FIBRAPL14.

In terms of articles 33, 34, 50, and others applicable to the Sole Issuers Regulations, the Trustee will have the obligation to give to the BMV and the CNBV, financial, economic, accounting, administrative, and juridical information quarterly and annually, such as annual financial statements audited by the Trust's External Auditor. Likewise, the Trustee has the obligation to periodically reveal any occurrence or event which is a material event, in accordance with the LMV and the applicable regulation.

(e) Significant Changes to the Rights of the Securities Listed in the Registry

No significant changes to the rights of the securities listed in the RNV have been recorded during the period between January 1 and December 31, 2018.

(f) Destination of the Funds

Pursuant to the provisions set forth in the Management Agreement, an Incentive Fee was created in favor of the Manager for the Incentive Fee Period which ended on June 4, 2018. On Monday July 5, 2018 the Regular Holders Meeting approved performance of an Issuance of 5,811,051 Additional CBFIs to be underwritten and paid to the Manager and/or any of its Affiliates with funds of the Incentive Fee owed to the Manager, therefore the amount of outstanding CBFIs have increased.

There are no resources pending application derived from the Initial Issuance or any Additional

Issuance. Finally, the use of proceeds specified in the prospectus has had no variation whatsoever.

(g) Public documents

All the information contained in the present Annual Report, can be consulted by the investors via the BMV, in its offices, or on its webpage: www.bmv.com.mx, or via the CNBV, on its webpage: www.gob.mx/cnbv

The Manager shall make available for the CBFH Holders relevant information on the Trust, including that concerning its Constitution, its management, and its situation now of consultation. The person in charge of relations with investors on behalf of the Manager is Jorge Girault Facha, at the address avenida Prolongación Paseo de la Reforma 1236, piso 9, desarrollo Santa Fe, telephone number 11-05-29-00, and email jgirault@prologis.com.

Common Representative:

Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero
Paseo de la Reforma 284 Piso 9
Col. Juárez Zip Code 06600
Mexico City
Lic. Héctor Esaú Tapia Rivera / Lic. Alejandra Tapia Jiménez
htapiar@cantu.com.mx / altapia@monex.com.mx
(55) 5231 0141 / (55) 5231 0161

Trustee:

Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria
Montes Urales 540, Piso 3
Col. Lomas de Chaultepec 11000. Delegación Miguel hidalgo, Ciudad de México.
Karla Ivette Ruiz Barreto/ Ricardo Granados Rivera
kruizb@actinver.com.mx / rgranadosr@actinver.com.mx
(55) 5950 4691 / (55) 8636550 Ext 1476

2. THE TRUST

(a) Background and Development of the Trust

Our trust was created by means of and management trust agreement identified as F/17464-3 dated August 13, 2013; provided that (i) on October 2, 2013 a trustee substitution agreement was entered into by means of Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria was appointed Trustee and the number of the trust was changed to F/1721, (ii) on October 8, 2013 a second amendment agreement was entered into, by means of which the name of the Trust was changed to "FIBRA Prologis", (iii) on November 29 of 2013, a third amendment agreement was entered into and (iv) on May 28, 2014 a fourth amendment agreement was entered into and (v) on September 28, 2017 a fifth amendment agreement was executed and, (vi) on December 14, 2017 a sixth amendment agreement was executed, by means of which such trust was restated as described in this Annual Report, including the trustee substitution from Deutsche Bank México S.A., Institución de Banca Múltiple, División Fiduciaria to Banco Actinver S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria, and the amendment of the reference number of the Trust, being 1721. Our Trust Agreement was filed before the CNBV and the BMV and is available for review in the websites of such authorities, www.gob.mx/cnbv and www.bmv.com.mx, respectively.

We are a real estate investment trust formed to acquire, own and manage industrial properties in Mexico. We are managed by Prologis Property México, S.A. de C.V., an affiliate of Prologis, Inc. Prologis is a real estate Investment Trust headquartered in the United States and listed on the New York Stock Exchange. Prologis is the leading owner, operator and developer of industrial real estate, focused on global and regional markets across the Americas, Europe and Asia. As of December 31, 2017, Prologis owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 768 million square feet (71 million square meters) in 19 countries. Prologis leases modern industrial facilities to more than 5,100 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises.

In accordance with the Trust Agreement, the general purpose of our Trust is the acquisition or construction of properties in Mexico which are destined for leasing, as well as the acquisition of the right to earn income coming from the lease of said assets, as well as granting loans for these purposes with a collateral for the leased assets, in all cases directly or through trusts (including, without limitation, the Investment Trusts), in accordance with articles 187 and 188 of the LISR. Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria, has been named as fiduciary in terms of the Trust Agreement and, in said character, will perform certain acts in our representation in accordance with the instructions which our Manager provides to the effect in terms of our Management Agreement.

The Trust Agreement will remain in full force and effect until the Purposes of the Trust have been fully complied with, the term of the Trust Agreement may not exceed the 50 (fifty) year term established in article 394 of the LGTOC; provided that, in case the term of the Trust Agreement in accordance with such article 394 of the LGTOC is about to expire, the Manager will have to instruct the Trustee, with the prior approval of the Ordinary Holders Meeting, either in order to (a) create a new trust to receive the Real Estate Assets, in which case, the Manager must instruct the Trustee to conduct all the actions related with the CBFIs in order to define the deadline to take the necessary measures related with the CBFIs issued in accordance with the prior Trust, or (b) dissolve the Trust

and liquidate the Trust Estate pursuant to the procedure described in Clause 15.3 of the Trust Agreement, or (c) distribute the Trust Estate in kind to the Holders in a pro rata basis. If the Regular Holders Meeting does not approve any of such alternatives, then the Manager must instruct the Trustee to dissolve the Trust and to liquidate the Trust Estate pursuant to the procedure described in Clause 15.3 of the Trust Agreement. In case of termination of the Trust, or in case the Trustee cancels the registry of the CBFIs before the RNV as provided in the Trust Agreement. The Trustee must timely notify Indeval in writing about such situation.

The offices are located in Paseo de los Tamarindos No. 90, Torre 2, Piso 22, Bosques de las Lomas, Mexico City ,with telephone number +(52) 55 1105-2900.

Below there is a list of the material events occurred in 2018 regarding asset sales and acquisitions:

- We acquired two Industrial Properties located in Guadalajara in the Chapala and Los Altos submarkets for a total of 518,000 square feet and a total investment of USD\$31.2 million, including closing costs;
- We acquired two Industrial Properties located in Monterrey in the Apodaca and Agua Fria submarkets for a total of 863,000 square feet and a total investment of USD\$48.8 million, including closing costs;

The capital use activities are shown below:

| US\$ in millions | 2018 | 2017 | 4Q 2018 | 4Q 2017 | Notes |
|-----------------------------------|-----------|----------|-----------|----------|--|
| Acquisitions | | | | | |
| Buildings: | | | | | |
| Acquisition cost | US\$ 80.4 | US\$29.6 | US\$ 66.5 | US\$29.6 | <i>In 2018, we acquired four properties, two in Monterrey and two in Guadalajara</i> |
| GLA | 1.4 MSF | 0.4 MSF | 1.1 MSF | 0.4 MSF | |
| Weighted avg. stabilized cap rate | 7.0% | 7.6% | 6.8% | 7.6% | |

Since the initial public offering no public offerings have been conducted.

(b) Business Description

(i) Real estate sectors in which the Trust means to invest

Our properties consist of 200 strategically-located logistics and manufacturing facilities and one intermodal courtyard, 201 properties in total, in six industrial markets in Mexico totaling 34.6 million square feet of GLA. Our geographically diversified properties had an average occupancy rate of 97.4% (ninety seven point four percent) as of December 31, 2018, and no single customer accounted for more than 3.5% (three point five percent) of our total GLA as of that date. Around 65.3% (sixty five point three percent) of our portfolio of real states of Prologis in Mexico in terms of GLA is in global markets represented by the main logistic markets of Mexico City, Guadalajara and Monterrey; and approximately 34.7% (thirty four point seven percent) was in regional markets represented by the main manufacturing markets of Reynosa, Tijuana and Ciudad Juarez. Our properties benefit from scheduled lease expirations and a weighted average remaining lease term of 34 months as of December 31, 2018. As of December 31, 2018, approximately 68.6% (sixty eight point six percent) of our rental income was denominated in U.S. Dollars.

Our objectives include to acquire, own and manage Industrial Facilities in Mexico and to increase value to our CBFH Holders by maintaining a portfolio that generates stable dividend income and achieves steady portfolio growth and capital appreciation over the long term through acquisitions and proactive portfolio management. We intend to achieve this objective through the performance of our high-quality portfolio of industrial facilities, best-in-class management and corporate governance and access to the global platform, industry expertise and network of relationships of Prologis.

We believe that being a leading owner and operator of strategically-located industrial properties in Mexico positions us to capitalize on future growth in one of Latin America's largest economies and generate attractive returns for our investors through stabilized dividend income, steady portfolio growth and capital appreciation.

We believe that our portfolio will benefit as customers seek well-located, high-quality industrial facilities in Mexico's most desirable markets. Furthermore, we believe Mexico's growing consumer class will keep growing the internal consumption, and, in turn, demand for our facilities.

(ii) Patents, licenses, trademarks, and other agreements

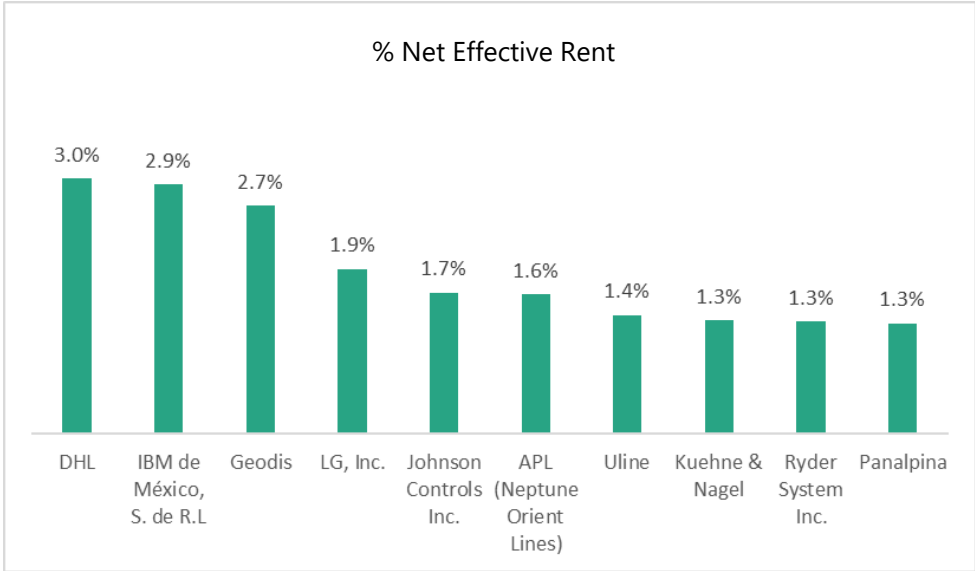
Other Agreements – Insurance

We carry insurance coverage including property damage and rental loss insurance resulting from certain risks such as fire and other events as covered under an extended coverage policy, namely fire, windstorm, flood, earthquake and terrorism; commercial general liability insurance; and environmental insurance, as appropriate for the markets where each of our properties and business operations are located, including Class A Industrial Facilities. The insurance coverage contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There are certain losses, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so.

Insurance is maintained through a combination of commercial insurance, self-insurance and a wholly-owned captive insurance entity of Prologis. We believe that our insurance coverage contains policy specifications and insured limits that are customary for similar properties, business activities and markets. Notwithstanding our insurance coverage, any damage to our facilities, equipment, machinery or buildings could have a material adverse effect on our financial condition and results of operations, to the extent that this disrupts the normal operation of our properties or our businesses. For further information, see section “1. General Information – (c) Risk Factors—Risks related with the activities and operation of the Trust.”

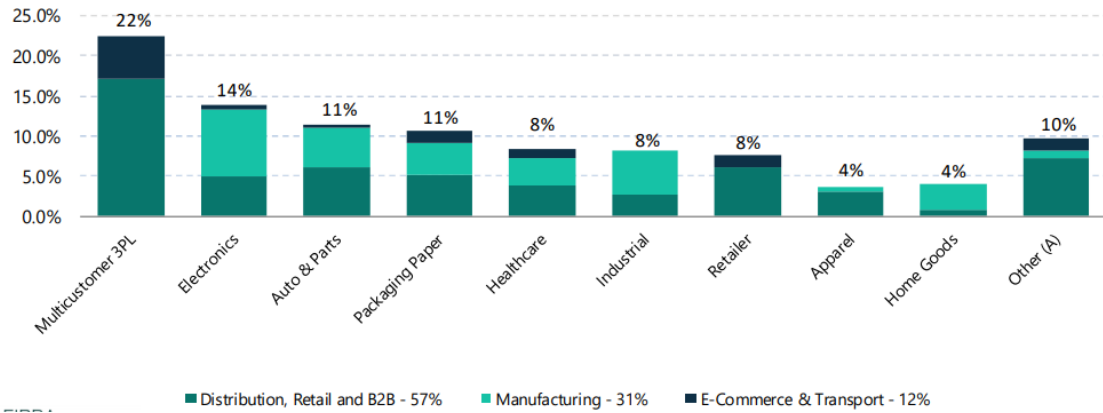
(iii) Main Clients

As of December 31, 2018, the 10 principal clients of the Trust represent 19.3%(nineteen-point three percent) of the effective rent, and not any of them represents more than 10% (ten percent) of the total rent income, for which the termination of the agreement with any of them does not affect the operative results.

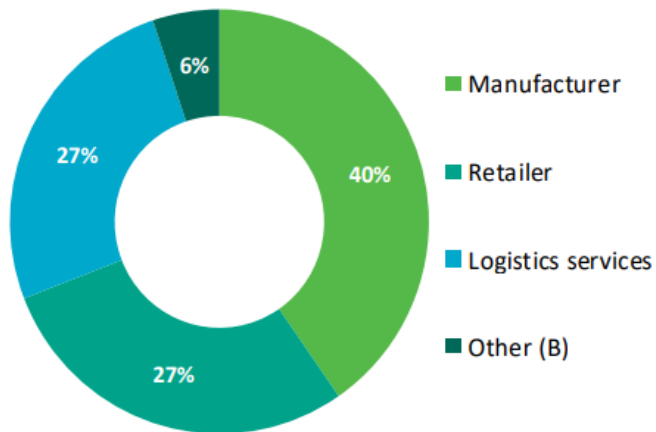


Our clients reflect a diversified portfolio diversified by sector region and balanced between consumption and manufacturing.

Use of Space by Customer Industry % of Portfolio NER



Customer Type % of Portfolio NER



- (A) Other include: transportation, food / drinks, consumption products, construction, data center / office
- (B) Other include: transportation and freight, services

(iv) Applicable Laws and Tax System

Our properties are subject to various laws, ordinances and regulations. We believe that we have the necessary permits and approvals to operate each of our properties and follow applicable laws.

Environmental Matters

Our operations are subject to the General Law of Ecological Stability and Environmental Protection (*Ley General del Equilibrio Ecológico y la Protección al Ambiente*, or LGEEPA), which establishes the general legal framework that regulates the preservation, restoration and protection of the environment in Mexico. Regulations issued pursuant to LGEEPA encompass areas such as ecological planning, environmental risk and impact assessment, air pollution, natural protected areas, flora and fauna protection, conservation and rational use of natural resources, and soil pollution, among others.

In addition, our operations are also subject to the National Waters Law (*Ley de Aguas Nacionales*), the General Waste Prevention and Management Law (*Ley General para la Prevención y Gestión Integral de los Residuos*), the General Sustainable Forest Development Law (*Ley General de Desarrollo Forestal Sustentable*) and the General Wildlife Law (*Ley General de Vida Silvestre*), among other, and numerous regulations known as Official Mexican Standards (*Normas Oficiales Mexicanas*, NOMs) which complement the environmental regulations.

SEMARNAT and PROFEPA are the main federal authorities responsible for overseeing, enforcing, formulating and implementing the environmental policies in Mexico, including environmental impact authorizations to engage in certain activities. CONAGUA is responsible for managing water supply and wastewater discharges within the federal jurisdiction. In addition, the Mexican state governments may issue specific environmental laws and regulations on those matters falling under their respective jurisdictions that are not expressly reserved for the federal jurisdiction. Local ordinances may also be imposed and applied at the municipal level. These federal and local authorities have the power to bring civil, administrative and criminal proceedings against companies that breach the applicable environmental laws and may halt a noncomplying development.

Mexico is a party to many international conventions and agreements on environmental protection. These international conventions, upon ratification by the senate, become a part of Mexican law. Under the North America Agreement on Environmental Cooperation (NAAEC), a side agreement to NAFTA, each NAFTA country, including Mexico, must ensure that its environmental laws and regulations are duly enforced. While NAAEC does not empower any of the environmental agencies of the three NAFTA partners to enforce the environmental laws of another party, if a NAFTA partner fails to enforce its domestic environmental laws, it may be subject to the dispute mechanism created within the NAAEC, which may lead to monetary penalties, and in some cases, to the suspension of NAFTA benefits.

There are currently no material legal or administrative proceedings pending against us with respect to any environmental matter. We believe that our operations comply in all material respects with all applicable environmental laws and regulations.

Tax System

We intend to be taxed as a FIBRA under Article 187 and 188 of the Mexican Income Tax Law for the fiscal year ending on December 31, 2013, and then each year thereafter on commencing with January 1 and ending with December 31. The Mexican Income Tax Law requires that a FIBRA distribute annually at least 95% (ninety five percent) of the taxable result of the immediately preceding fiscal year. In accordance with the Mexican Income Tax Law, our net tax result for a given year is calculated by reducing the taxable income by deductions permitted under the Mexican Income Tax Law. For more information, see "Taxation—Certain Mexican Federal Income Tax Considerations." To satisfy the requirements to qualify as a FIBRA, we intend to pay annual distributions in an amount equal to at least 95 % (ninety five percent) of our tax result to holders of our CBFIs. The Mexican Income Tax Law expressly provides that when the tax result of a fiscal year is greater than the amounts effectively distributed by the FIBRA to the Holders of our CBFIs on or before March 15 of the immediately following fiscal year, the FIBRA is required to pay taxes for the difference at a rate of 30% (thirty percent) for 2018), on behalf of the Holders of our CBFIs and such taxes paid by the FIBRA may be credited by the Holders of CBFIs to the extent such taxes are accruable to such Holders, without there being a withholding obligation by the FIBRA with respect to such difference paid.

(v) Human resources

We have no employees. Services that would otherwise be provided by employees are provided by our Manager and any other entities contracted by us or on our behalf from time to time. See "3. The Manager – (b) Business Description – (ii) Human resources".

(vi) Market data

General overview of the economic cycle

Favorable operation conditions in the six main logistics markets. The national vacancy rate of the six main logistics markets decreased 30 points during the year to reach 4.2% in the fourth quarter. The net absorption and the terminations were almost balanced with 15.7 million of square feet and 16.4 million square feet of net absorption, according to CBRE, NAI and the Prologis vision of the modern logistics market. The demand cycle continues to be led by Mexico City, where the vacancy rate remains below 2%. The structural changes that are unfolding in Mexico have allowed the growth of the demand for logistics real estate to significantly exceed the modest economic growth throughout the current cycle.

Market rent growth accelerated in 2018. The positive disequilibrium between supply and demand in the past years, together with the vacancies adjustment, were a catalyzer for the source of increase of the market rents, especially in the second half of the year. In general, the growth in the market rents for assets at an institutional level in the six main markets, increased 13.1% each year, partially due to the strong increase of the rents in pesos in Mexico City. We have seen an increase in the number of clients that lock longer term leases as market rents increase. From our point of view, the market rent increase in Mexico City falls within the 5 markets with greatest development in 2018, within the 100+ markets in which Prologis Research currently provides follow-up.

Catalyzers structural factors for demand growth. Real estate properties intended for logistics in Mexico are an industry in growth, driven by multiple and diverse demand motors. Even if it is not completely unlinked to the cycle economy in general, these structural factors (mainly demography of the consumers and lack of offer of modern facilities in Mexico City) have allowed that the demand growth for real estate logistics exceeds economic production in all Mexico in the past years. We continue finding significant growth in e-commerce clients' demands in Mexico City. E-commerce is booming in Mexico. Online sales increased by 25% in 2018, according to Euromonitor. In addition, some of our most important e-commerce clients, achieved duplicating their sales in the past twelve months.

Expected winds, in favor and against. Even though there is a good balance between economic indicators and operating conditions in logistics real estate in Mexico and USA, we take a cautious approach towards the future economic cycle. We are confident in the demand long term drivers of our business, however, there are many macroeconomic factors that could alter consumer and market confidence. On the domestic front, the new administration, led by Andres Manuel Lopez Obrador, is shifting from campaign rhetoric to actual implementation, which has caused business confidence to become more cautious in the hope for greater clarity in internal politics. However, it is too early to measure the impact. In the international arena, trade relation between the United States and China remain, unresolved, and the new trilateral treaty between United States, Mexico and Canada (USMCA) has yet to be approved by the US Congress. Some experts estimate that there is an economic slowdown in the coming years, so we remain cautiously optimistic for a constructive 2018, expecting an operational performance similar to 2017 with some frictional vacancies

Strengths

Concentration of high quality assets in strategic locations. We focus on industrial markets in Mexico that we believe have attractive long-term growth prospects. Many of our properties command premium rents and have higher occupancies than the broader Mexican market. Our significant market presence in Mexico provides us with extensive market information and enhances our ability to respond to market opportunities.

High Quality Assets. We focus on highly-functional, Class-A Industrial Facilities to benefit from growth in demand for modern facilities in Mexico, as described under "2. The Trust – (b) Business Description – (vi) Market data." Approximately 69% (sixty nine percent) of our properties, as measured by GLA, were developed by Prologis and built to international state-of-the art specifications, and approximately 81% (eighty one percent) of our facilities are in master-planned industrial park settings. Our industrial park settings have high operational standards, including industrial park security, easy access from major roadways, ample trailer parking, large truck courts and market-leading building maintenance. Our buildings are designed with features such as wide column spacing, flexible, divisible floor plates, high ceilings, large truck courts, high dock door counts and good vehicular access, in both multi-tenant and stand-alone settings. We believe the quality of our properties, combined with our portfolio scale, distinguishes us from many other competitors in Mexico, and that well-located Class-A Industrial Facilities have the potential to outperform industrial properties of lesser quality in terms of revenue generation and capital appreciation overtime.

Strategic Locations. Our portfolio is in industrial markets in Mexico, with attractive infrastructure, deep labor markets and access to large concentrations of population and transportation and communication networks. As of December 31, 2018, approximately 65.3% (sixty five point three percent) of our portfolio (in terms of the GLA) which was in the global logistic markets of Mexico City,

Guadalajara and Monterrey. These markets are highly industrialized and are benefit from its proximity to the main highways, airports and train terminals. The remaining portfolio is concentrated in the regional manufacturing markets of Tijuana, Reynosa and Ciudad Juarez which are the industrial centers that have the automotive, electronic, medical and aerospace industry, between others. These regional markets benefit from an ample supply of qualified labor at attractive costs.

Experienced management team. Our management team, which will be comprised of the executive officers of our Manager, has deep experience in real estate management, marketing, leasing, acquisition, development and finance. Our Manager's management team has worked together for 20 years and has experience operating publicly traded real estate entities in Mexico. Our Manager's Chief Executive Officer, Luis Gutiérrez Guajardo, has approximately 28 years of experience in the real estate sector including as President for Latin America for Prologis where he is responsible for all Brazil and Mexico-related activities including operations, investments, acquisitions and industrial property development. Our Manager's Chief Operating Officer, Héctor Ibarzábal, has approximately 28 years of experience in the office, industrial, retail and residential real estate sectors. His experience includes real estate structuring, financing and fund raising. As Country Manager and Head of Operations in Mexico for Prologis, Mr. Ibarzábal has substantial experience managing Prologis' activities in Mexico, including development, operations and capital deployment. Our Chief Financial Officer, Jorge Girault, has approximately 23 years of experience in the office, industrial, retail and residential real estate sectors. His experience includes real estate structuring, financing and fund raising. Mr. Girault is an officer of Prologis México Manager, S. de R.L. de C.V., manager of Prologis México Fondo Logístico, which is contributing substantially all its assets to us as part of our Formation Transactions. See "2. *The Trust – (j) Capital Market – (i) Structure of the Trust and Main Holders – Technical Committee*" and "3. *The Manager – (c) Managers and Shareholders.*"

Stability and growth in net cash flows obtained in operating activities. We believe our facilities play an integral role in the supply chains of our customers. In addition to our large and diverse base of customers, we believe we have an optimal mix of logistics and manufacturing facilities and long-term lease contracts to create cash flow growth. During 2018, occupancy of FIBRA Prologis' properties remained above 96.2 % (ninety six point two percent), and the effective rent as of December 31, 2018 of FIBRA Prologis was USD\$5.20 per leased square foot. Further, Prologis has developed deep customer relationships through its dedicated property managers and local expertise which has led to average 79.3% (seventy nine point three percent) customer retention rate in Mexico between January 1 to December 31, 2018.

We believe that the value of our real estate portfolio will have two sources of growth. The first is expected to be through opportunities to increase rental revenues from our current portfolio, and the second is expected to be through the acquisition of additional properties.

Prologis has extensive market knowledge and a global network of relationships, and we believe our relationship with Prologis will provide opportunities for organic growth, as well as growth through external acquisitions. We expect to benefit from access to Prologis' development pipelines through our right of first refusal to acquire certain investment properties in Mexico when disposed of by Prologis, and an exclusive right granted by Prologis to us to acquire from third parties Stabilized and not yet Stabilized Industrial Facilities (other than development or redevelopment projects) in Mexico, each as described under "2. *The Trust – (b) Business Description – (xi) Policies with Respect to Certain Activities—Investment Policies—Right of First Refusal.*"

In addition, our 236 customers in 120096 facilities and an intermodal courtyard (201 properties in total) also provide a source of internal growth. Many of our customers are leaders in the third-party logistics business and global customers of Prologis.

Global sponsorship and aligned interests. Prologis is the leading owner, operator and developer of industrial real estate focused on global and regional markets across the Americas, Europe and Asia. As of December 31, 2018, Prologis owned or had investments in, on a wholly-owned basis or through co-investment ventures, properties and development projects expected to total approximately 768 million square feet (71 million square meters) in 19 countries. Prologis leases modern industrial Class A facilities to more than 5,100 customers, including manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises.

Prologis has been investing in Mexico since 1997, and prior to the consummation of the global offering, our properties have been, directly and indirectly, managed by affiliates of Prologis. Our Manager's management team is based in Mexico with responsibility for real estate investment management, including the acquisition, development and management, financing and risk management in respect of our properties. We believe that real estate is a fundamentally local business and best operated by local teams in each market. Our management team has a proven track record of acquiring, developing, financing and managing industrial real estate in Mexico and oversaw growth of our portfolio from inception in 1997.

Prologis holds 46.7% (forty six point seven percent) of the CBFIs, which gives a position of majority among the Holders of CBFIs.

Corporate governance. We believe our governance structure reflects a market-leading approach to corporate governance which considers the interests of our CBFIs Holders while leveraging our relationship with Prologis, which has a strong record of best-in-class governance.

Rights of CBFIs Holders. Holders of our CBFIs will have the right to vote on certain important decisions at our Holders Meetings, including resolution of issues raised by the Technical Committee and the removal of our Manager under the conditions set forth under "2. The Trust – (d) material contracts and Agreements – (ii) Management Agreement —Removal; Termination." In addition, each holder or group of CBFIs Holders has the right to appoint a member of the Technical Committee for each 10% (ten percent) of our outstanding CBFIs. In addition, Holders of our CBFIs will have the right to approve any investment or acquisition made by us if it represents 20% (twenty percent) or more of the value of our trust estate. See "2. The Trust – (b) Business description – (xi) Policies with Respect to Certain Activities."

Integration and duties of the Technical Committee. Pursuant to the Trust Agreement, the Technical Committee shall be comprised by a maximum of 21 (twenty one) members, from which the majority must be Independent Members always. The Technical Committee is composed of 8 (eight) members of which 5 (five) are independent members.

Subject to the right of Holders of 10% (ten percent) of our CBFIs to appoint a member of the Technical Committee for every 10% (ten percent) of the CBFIs owned, while the Trustee Manager is a Prologis Affiliate, Prologis have the right to appoint every Technical Committee member including the independent ones. In addition, CBFIs Holders have the right to elect on an annual basis each

Independent Member of the Technical Committee proposed by our Manager. Our Manager is entitled to appoint Independent Members of the Technical Committee to fill any vacancies.

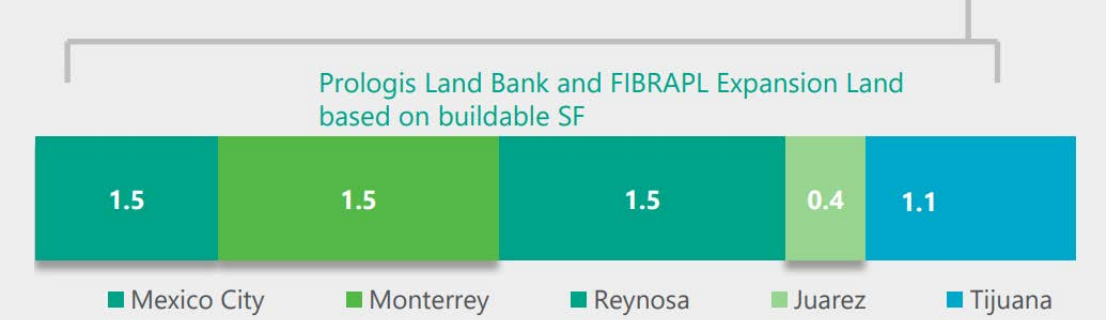
Independent Sub-Committees. The Technical Committee has three wholly-independent sub-committees: (i) an Audit Committee, which will oversee compliance with our guidelines, policies, internal controls and audit practices, and will review and approve our auditing and reporting obligations and the opinions and reports of our external auditor, (ii) a Practices Committee, which will aid the Technical Committee in making certain decisions relating to governance, particularly in the event of a potential conflict with our Manager or its affiliates, and (iii) an Indebtedness Committee, which will monitor the establishment of internal controls and mechanisms to verify that each incurrence of indebtedness by our trust is compliant with applicable rules and regulations.

Market opportunity and business strategy

Internal Growth Strategies. We aim to grow at an internal level through the increase of cash flows generated by our Current Portfolio by increasing rents and increasing occupancy in our initial portfolio. All our valid Lease Agreements have provisions containing annual rent increases, either by fixed annual adjustments or adjustments based on the inflation index. We believe that it is possible for the rental prices to increase in 2018 and we have planned to increase our rents once the valid Lease Agreements expire. As of December 31, 2018, approximately 2.6% (two point six percent) of our space was vacant and available for lease, and leases representing 22.4% (twenty two point four percent) and 20.7% (twenty point seven percent) of our total leased GLA were scheduled to expire in the remainder of 2019 and 2020, respectively. While we expect to benefit from continuing recovery in our logistics markets, we see further upside potential in our manufacturing markets, and thus we believe that our manufacturing markets are poised for growth. Our Manager will provide us with market research and personnel support, use of the "Prologis" (trade name and logo) and other operational assistance including acquisition support.

External Growth Strategy. We expect to benefit from Prologis' global network to source acquisition opportunities in our markets. Prologis and Prologis-affiliated entities own and operate 4.3 million square feet Class-A industrial facilities in Mexico, Guadalajara, Monterrey and Ciudad Juarez, currently under construction or in the process of being leased that will be subject to our right of first refusal should Prologis dispose of such properties. Prologis also the bank and land growth of Prologis and FIBRA of 6.0 million of square feet of GLA that could support future development by Prologis, all of which are subject to our right of first refusal should Prologis dispose of such properties.

The following graphic sets forth bank and land growth of Prologis' and FIBRA Prologis



Markets in Mexico City include: Lerma, Tepotzotlán and Cuautitlán Izcalli.
Markets in Monterrey include the city of Saltillo.
Markets in Reynosa include the cities of Nuevo Laredo and Matamoros.
Markets in Ciudad Juárez include the cities of Hermosillo and Nogales.

(vii) Management Structure

We are not part of a business group, nor hold the interest of associated or subsidiary relevant companies.

(viii) Judicial, administrative or arbitral procedures

Neither we nor our properties comprising our Initial Portfolio, nor our Manager is presently involved in any material litigation and, to our knowledge, no material litigation is threatened against us, our properties comprising our initial portfolio or our Manager. We and our Manager may from time to time be involved in litigation arising in the ordinary course of business.

(ix) Rights

Pursuant to article 63 and 64 Bis 1 of the LMV, CBFIs bestow the following rights upon the Holders: (a) the right to a part of the profits, proceeds and, if applicable, to the residual value of the properties or rights reserved for such purpose in regard to the Trust, and (b) the right to a part of the proceeds resulting from the sale of the properties or rights that are a part of the Trust Estate, in each of these cases, according to the terms set forth in the Trust Agreement. Furthermore, the CBFIs bestow upon the holders the follow rights: (i) Holders who either individually or collectively hold 10% (ten percent) or more of the outstanding CBFIs, shall have the right to request that the Common Representative summons a Holders Meeting, specifying in their request the items to be covered in said Holders Meeting; (ii) holders who either individually or collectively hold 10% (ten percent) or more of the outstanding CBFIs shall have the right to request the Common Representative to postpone once, for 3 calendar days and without the need for a new summons, the vote for any item in regard to which they feel they have not been given sufficient information; (iii) Holders who either individually or collectively hold 20% (twenty percent) or more of the outstanding CBFIs, shall have the right to judicially oppose the resolutions adopted by a Holders Meeting; (iv) Holders who either individually or collectively hold 10% (ten percent) of the CBFIs shall have the right to appoint, and if applicable, to revoke, the appointment of a member of the Technical Committee (and his/her respective alternate) for each 10% (ten percent) of the CBFIs they hold; and (v) Holders who either individually or collectively hold 15% (fifteen percent) of the outstanding CBFIs, may exercise responsibility actions against the Manager for failure to comply with his obligations set forth in the Trust Agreement, in the understanding that such action shall prescribe five years after the date on which the event or action resulted in the corresponding property damage.

The appointment of the members of the Technical Committee (and their respective alternates) made by the holders, shall be subject to the following: (1) Holders with the right to appoint or revoke members of the Technical Committee shall only be able to exercise said right during a Holders Meeting; (2) members of the Technical Committee (and their respective alternates) who are appointed by those Holders qualifying as Independent Persons at the time of their appointment shall be designated as Independent Members; (3) the appointment of a member of the Technical Committee (and his/her respective alternate) made by a Holder as foreseen herein, may only be revoked through

a Holders Meeting when all of the members of the Technical Committee have been dismissed, in the understanding that the members of the Technical Committee whose appointment has been revoked may not be appointed again to be part of the Technical Committee within the 12 months following the revocation of their appointment; (4) the right of the Holders to appoint members of the Technical Committee (and their respective alternates) may be waived by the Holders during a Holders Meeting; and (5) in the event that, at any time, Holders who have appointed a member of the Technical Committee no longer hold 10% (ten percent) or more of the outstanding CBFIs, such Holders must submit a written notice in regard to the above to the Subsidiary, the Trustee and the Common Representative, and said Holders shall remove the member appointed during the next Holders Meeting.

(x) Distributions

We have the intention of fulfilling at all times the applicable regulations for a FIBRA in accordance with the LISR. In accordance with the legal scheme applicable to the FIBRAS, to preserve the status of FIBRA we are obligated to annually distribute to CBFIs Holders an amount equivalent to at least 95% (ninety five percent) of our Fiscal Result. In accordance with the provisions of the LISR, the Trust's Fiscal Result is calculated by subtracting the deductions authorized by the LISR from the total taxable income of the respective year. We will not incur fiscal losses nor amounts to deduct which do not correspond to us with respect to the acquisition of our properties, since we will acquire the properties which make up our Current Portfolio at its market value.

In addition, we can distribute to the Holders excess quantities once the aforementioned requirements which are required to qualify as a FIBRA have been fulfilled. The time, manner, and amounts of said distributions, if applicable, must be approved by the Technical Committee taking into consideration several factors, including:

- the results of real operations (including annual Fiscal Result);
- level of cash flows retained by the Trust;
- the terms, requirements, and conditions of any credit agreements;
- the corresponding requirements for investment in assets related to our properties;
- our operational expenses;
- our future perspectives, our expected financial performance, and our needs for work capital;
- the legal reforms and changes in the economic and business situation; and
- other factors which the Technical Committee deems pertinent, including the amount of the Distributions made by other similar businesses.

We cannot guarantee that we will make Distributions, that we will distribute annually in a determined amount, or that the Distributions which we may make will be maintained at the same level. All future Distributions which we carry out will depend on our real operational results, the economic situation, and other factors which could differ substantially from our current expectations. Our real operational results will be affected by various factors, including the income generated by our real estate portfolio, our operational expenses, our expense on interests, and the ability of our clients to fulfill their obligations. In the case that our real estate portfolio does not generate sufficient cash flows, we may encounter the need to fund the Distributions through (i) working capital, including the

resources derived from the global offering and (ii) financings through the issuance of debt or capital instruments, which does not have the certainty of obtaining it.

(xi) Policies regarding certain activities

The following is a description of some of our policies in terms of investments, sales, financing, and other matters. Such policies have been approved by the Technical Committee and are, in general terms, subject to modification by the Technical Committee in time, with no need of the consent by our CBFH Holders.

Investment Policies

Real estate investors or investors in real estate rights

- All acquisitions to be performed will be subject to approval of Prologis investment committee based on its internal delegation policies. If the Holders Meeting must also approve by the Technical Committee or such Investment, it is to be submitted for approval by such parties so long as the Prologis Investment Committee has previously approved them. The decisions by the Investment Committee are to be always approved by majority vote.
- Subject to the policies with regards to conflicts of interest as described in this section under title "*Policies in terms of conflicts of interest*", we may acquire and sell properties of individuals related to each other, including members of the Technical Committee and officers of our Manager. Subject to the previously mentioned contractual restrictions, we consider that our relationship with our Manager and the relationship of our Manager with Prologis will provide access to an attractive access channel for possible acquisitions. See "*Relations and operations with certain individuals*" section.
- Also, pursuant to our Trust Agreement, the properties to be acquired must comply with our investment guidelines. Such guidelines are to be approved by the Technical Committee, while any significant modification to the same is to be subject to approval by the Regular Holders Meeting. Our initial investment guidelines allow us to invest in industrial properties located within the Mexican territory. As our business grows, our investment guidelines will allow us to diversify in terms of property location, size, and market; while remaining free from any limitations with regards to the number or percent of assets to be investment in a specific property or geographic location. Furthermore, we may remodel and expand properties or perform improvements in the same. We plan to manage our business, including future investment and refurbishment activities, so as to comply with the necessary requirements in order to maintain our FIBRA profile for tax purposes.
- Any acquisition that represents 5% (five percent) or more (but less than 20% (twenty percent)) of the Trust Estate value, whether by means of an operation or a series of related operations executing during a 12 consecutive month period but that, due to its terms, are regarded as a single operation, must be previously approved by the Technical Committee; provided, that additionally to the above, approval of any acquisition or transfer of assets, properties, or rights by the Trust (or Investment Trusts) that represent 5% (five percent) or more, but less than 20% (twenty percent) of the Trust Estate value must comply with any other requirement as applicable in accordance to the Sole Issuers Regulations implemented at the time of acquisition or transfer of assets, properties, or rights. Also, any investments or acquisitions directly or indirectly made by us, or series of related operations executed during a 12 consecutive month period but that, due to its terms, are regarded as a single operation, must

be previously approved by the majority of our CBFH Holders. In any case, the corresponding determination is to be made based on our financial statements for the previous quarter.

Preemptive rights

- Prologis has granted and caused its Affiliates to grant us (i) a preemptive right to acquire all Stabilized industrial properties, or properties on the path to stabilization (excluding development or refurbishment project) located in Mexico and that belong to Prologis Affiliates (excluding any other fund or investment vehicle managed by Prologis or in which Prologis is a general partner all Stabilized industrial properties, or properties on the path to stabilization (except for development or refurbishment project) located in Mexico and that comply with our Investment Guidelines, offered for sale by third parties, regarded by our Manager, to its own discretion, as adequate. No Prologis Affiliates have submitted any document to compel them to grant us such preemptive or exclusive right; and therefore, we will be entitled to no appeal against them in any case where Prologis fails to cause its Affiliates to comply with the commitments assumed by Prologis itself. In such case, we will not have access to the acquisition of the previously mentioned properties, and we may possibly be unable to claim any payments or compensations whatsoever against any party.

Investment Process

- Since we are a Trust affiliated to Prologis, our decisions with regards to any acquisitions or sales will be subject to the decision-making process established by the Prologis investment committee. Therefore, each of the investments performed will be subject to the policy objectives of the Prologis investments committee. See the "3. Management-Our Manager-Investment Process" section.

Sales Policies

- Pursuant to our Trust Agreement, our Manager, subject to any approval under the Trust Agreement, is responsible for the establishment of the sales policies of our assets to guarantee that our properties are at all times the most adequate to achieve our long-term revenue growth goals and to contribute to the increase in value of our investments portfolio. Any disinvestment or transfer of assets, properties, or property rights that represent 20% (twenty percent) or more of our Trust Estate value executed in a single operation or in a series of related operations within a 12-month period are to be approved by the Meeting of Holders. Any disinvestment or transfer of assets, properties, or property rights by the Trust (or Investment Trusts) that represent 5% (five percent) or more, but less than 20% (twenty percent) of the Trust Estate value must comply with any other applicable requirement as per the Sole Issuers Regulations valid at the time of such acquisition or transfer of assets, properties, or rights.
- We currently have not planned the sale of any of our properties, but we reserve the right to do so in the understanding that the Technical Committee will determine such to be in the best interests of our CBFH Holders. For example, properties that have ceased to comply with our objectives in terms of total yield, or with our valid investment criteria are to be prepared for their sale to generate investment capital. Also, we may sell the properties acquired as part of a portfolio that are not located within the markets to which we are focused.

Policies in terms of conflict of interests

- We are exposed to conflicts of interests because of our relationship with our Manager and its Affiliates. See the "Relations and operations with certain individuals" section.

Operations with Related Parties.

- In compliance with our Trust Agreement, the Technical Committee oversees approving our policies with regards to the execution of Related Party Transactions with. Likewise, in compliance with our Trust Agreement, any contract, operation, or relation (or series of contracts, operations, or related relations executed within a period of twelve consecutive months) with parties related to our trust, our Manager, or its affiliates, or that constitutes for any other reasons a Related Party Transaction, must be approved by majority vote of the independent members of the Technical Committee, and subject to previous and written consent by the Practices Committee.
- We cannot guarantee that our policies will eliminate the influence of such conflicts of interests. In the cases where our policies result ineffective, certain decisions might be taken that fail to fully reflect the interests of all our CBFH Holders. See *"Risk factors – Risks Related to Our Structure and Management – There are potential conflicts of interest between our Trust Prologis, our Manager and the Technical Committee"*.

Independent appraisals

- CB Richard Ellis, S.A. de C.V. is currently the Independent Appraiser for our properties. In the future, we may replace our independent appraisers or hire additional independent appraisers in compliance with our Trust Agreement.
- The Independent Appraiser prepares an appraisal of our properties based on our Manager's previously approved guidelines. Such appraisals will be available for all CBFH Holders at the offices of the Common Representative, and are to be delivered to our trust, our Manager, the Common Representative, our external auditors, and to the members of the Technical Committee. Our Trust will pay the cost of such appraisals as part of its maintenance costs.

Policies with regards to other activities

Environmental Risk and Sustainability Management Strategy

- We have implemented environmental and sustainability risk management policies that seek to reduce environmental risks and guarantee the sustainable development of our business based on a multidisciplinary focus involving care for the economy, the environment, and the community. We plan to adhere to the Phase I and Phase II Environmental Site Assessment procedures (ESA), based in part on the ASTM 1527 standards, as well as analyzing our Leasing Contracts from an environmental point of view. In every case, possible, our Leasing Contracts will include sustainability clauses, green-leasing clauses, and environmental clauses. Also, we will perform annual risk management visits to all our customers and land reserves and provide environmental training for our employees.

Issuance of Additional CBFs

- In accordance with applicable law and subject to the formalities demanded by the same, including without limitation the approval by the Holders Meeting and retrieval of any necessary authorizations by the government authorities, we are authorized to offer CBFs in exchange for properties, and to purchase and acquire for any other means, our own CBFs in the open market. We may, the future, perform any of such actions. Unless for the purposes of Formation Transactions, the Technical Committee has not planned to provide us with purchase instructions for any of our CBFs. Our Trust Agreement does not contemplate the

Issuance of preferential CBFIs by our Trust. See "Description of our CBFIs and certain provisions under our Trust Agreement and the applicable regulations".

Maintenance of FIBRA status

- We have not partaken, nor have we planned to partake in the negotiation, placement, distribution, or sale of securities from other issues. We have the intention to perform all our investments to comply always with the necessary requirements to be graded as a FIBRA for the purposes of Income Tax unless, provided the circumstances or because of any FIBRA law reforms, such is no longer pursuant to our best interests. We have not provided any loans to third parties although, in compliance with the applicable regulations, we might grant loans to third parties, if such are related to the purpose of our business.
- We have the intention of submitting our financial statements and annual reports to the CBFH Holders disposal. See "Available information".

Leverage Guidelines

- The Trust, Subsidiary Trust, or any Investment Trust may, in compliance with the previous written instructions by the Manager, incur in or assume Indebtedness from any Party at any time and for any reason, pursuant to the Leverage Guidelines; in the understanding that any incurrence in Indebtedness that, at the time of such incurrence, fails to comply with the Leverage Guidelines, will require previous approval by the Regular Holders Meeting . In case that the respective Indebtedness is destined to the acquisition of securities subscribed in the RNV, the Trust must be adjusted to the provisions by article 7, section VII, subsection(a), number of the Sole Issuers Regulations); provided, further, that, in any case, regardless of the above, in the retrieval or purchase of credits, loans, or financing, along with any extension, refinancing, or modification to the same, the Trust must adhere to the limits and requirements that, for the indebtedness of trusts issuing real estate trustee stock securities, is provided by the Sole Issuer's Regulations.
- Additionally, in the understanding that such Indebtedness exceeds the leverage limits established by the Sole Issuers Regulations, (i) the Trust may not assume, against the Trust Estate, additional Indebtedness until complying with such leverage limits, unless such additional Indebtedness is related to the existing Trust, and the Technical Committee documents the evidences for such case; provided that, in no cases the result of such refinancing may imply an increase in the Trust Indebtedness registered before such refinancing operation; and (ii) the Manager must submit before the Holders Meeting a report of such status, along with a corrective plan, which establishes the method, terms and, given the case, term to comply with the Leverage Guidelines; also in the understanding that, the report and corrective plan must be approved by the majority of the Technical Committee Independent Members previous to its submission before the Holders Meeting.

Submission of information

- The Trustee, with the information provided by the Manager, should submit any information related to Indebtedness as required per the Sole Issuers Regulations.

(c) Trust Estate

From August 13, 2013 (incorporation date) to December 31, 2018, FIBRA Prologis has Invested in real estate developments with an estimated value of USD\$2,226 million. This Investments accrues to a total of 200 industrial properties located in the Mexico City, Guadalajara, Monterrey, Reynosa, Tijuana, and Ciudad Juárez markets, with an approximate leasable area of 36,000 thousand square feet, plus an intermodal courtyard.

The appraisal of the investment properties was conducted by independent experts to determine the reasonable value of the properties as of December 31, 2018,

(i) Properties owned by the Trust as of December 31, 2018

| square feet and currency in thousands | # of Buildings | Square Feet | | Occupied % | Leased % | Fourth Quarter NOI | | Net Effective Rent | | | | Investment Properties Value | | | |
|---------------------------------------|----------------|---------------|--------------|-------------|-------------|--------------------|---------------|--------------------|----------------|--------------|------------|-----------------------------|-------------------|------------------|--------------|
| | | Total | % of Total | | | Ps. | US\$ | Annualized | | % of Total | Per Sq Ft | | Ps. | US\$ | % of Total |
| | | | | | | | | | | | | | | | |
| Global Markets | | | | | | | | | | | | | | | |
| Mexico City | 52 | 12,402 | 34.5 | 99.6 | 99.6 | 280,270 | 14,211 | 1,352,159 | 68,789 | 37.8 | 109 | 5.57 | 18,433,960 | 937,800 | 39.2 |
| Guadalajara ^(C) | 28 | 6,355 | 17.7 | 92.0 | 92.0 | 136,990 | 6,946 | 564,498 | 28,718 | 15.7 | 97 | 4.91 | 7,879,348 | 400,850 | 16.8 |
| Monterrey ^(C) | 26 | 4,731 | 13.1 | 96.4 | 96.4 | 91,139 | 4,621 | 454,814 | 23,138 | 12.7 | 100 | 5.08 | 5,940,420 | 302,210 | 12.7 |
| Total global markets | 106 | 23,488 | 65.3 | 96.9 | 96.9 | 508,399 | 25,778 | 2,371,471 | 120,645 | 66.2 | 104 | 5.30 | 32,253,728 | 1,640,860 | 68.7 |
| Regional markets | | | | | | | | | | | | | | | |
| Reynosa | 30 | 4,712 | 13.1 | 98.8 | 98.8 | 118,871 | 6,027 | 480,820 | 24,461 | 13.4 | 103 | 5.25 | 5,317,602 | 270,525 | 11.3 |
| Tijuana | 33 | 4,214 | 11.7 | 100.0 | 100.0 | 100,055 | 5,073 | 401,683 | 20,435 | 11.2 | 95 | 4.85 | 5,022,261 | 255,500 | 10.7 |
| Ciudad Juarez ^(C) | 31 | 3,566 | 9.9 | 96.4 | 96.4 | 82,397 | 4,178 | 330,919 | 16,835 | 9.2 | 96 | 4.90 | 3,906,749 | 198,750 | 8.3 |
| Total regional markets | 94 | 12,492 | 34.7 | 98.5 | 98.5 | 301,323 | 15,278 | 1,213,422 | 61,731 | 33.8 | 99 | 5.02 | 14,246,612 | 724,775 | 30.3 |
| Total operating portfolio | 200 | 35,980 | 100.0 | 97.4 | 97.4 | 809,722 | 41,056 | 3,584,893 | 182,376 | 100.0 | 102 | 5.20 | 46,500,340 | 2,365,635 | 99.0 |
| Intermodal facility ^(A) | | | | | | 6,015 | 305 | | | | | | 316,471 | 16,100 | 0.7 |
| Excess land ^(B) | | | | | | | | | | | | | 140,742 | 7,160 | 0.3 |
| Total investment properties | | 35,980 | 100.0 | | | 815,737 | 41,361 | | | | | | 46,957,553 | 2,388,895 | 100.0 |

(ii) Real estate acquisitions for the year ended December 31, 2018

| | FY 2018 | | |
|---|--------------|----------------------------------|---------------|
| | Sq Ft | Acquisition Price ^(A) | |
| | | P s. | US\$ |
| square feet and currency in thousands | | | |
| Building Acquisitions | | | |
| Global Markets | | | |
| Mexico City | - | - | - |
| Guadalajara | 518 | 624,097 | 31,669 |
| Monterrey | 863 | 966,144 | 48,765 |
| Total Global Markets | 1,381 | 1,590,241 | 80,434 |
| Regional Markets | | | |
| Reynosa | - | - | - |
| Tijuana | - | - | - |
| Ciudad Juarez | - | - | - |
| Total Regional Markets | - | - | - |
| Total Building Acquisitions | 1,381 | 1,590,241 | 80,434 |
| Weighted average stabilized cap rate | | | 7.0% |

(iii) Evolution of the Trust's Assets

The operative portfolio is summarized below:

| | # of Buildings | Square Feet | | | | Net Effective Rent | | | | | | Investment Properties Value | | | |
|---------------------------------------|----------------|---------------|--------------|-------------|-------------|--------------------|---------------|------------------|----------------|--------------|------------|-----------------------------|-------------------|------------------|--------------|
| | | Total | % of Total | Occupied % | Leased % | Fourth Quarter NOI | | Annualized | | % of Total | Per Sq Ft | | Total | % of Total | |
| | | | | | | P s. | US\$ | P s. | US\$ | | P s. | US\$ | | | P s. |
| square feet and currency in thousands | | | | | | | | | | | | | | | |
| Global Markets | | | | | | | | | | | | | | | |
| Mexico City | 52 | 12,402 | 34.5 | 99.6 | 99.6 | 280,270 | 14,211 | 1,352,159 | 68,789 | 37.8 | 109 | 5.57 | 18,433,960 | 937,800 | 39.2 |
| Guadalajara ^(C) | 28 | 6,355 | 17.7 | 92.0 | 92.0 | 136,990 | 6,946 | 564,498 | 28,718 | 15.7 | 97 | 4.91 | 7,879,348 | 400,850 | 16.8 |
| Monterrey ^(C) | 26 | 4,731 | 13.1 | 96.4 | 96.4 | 91,139 | 4,621 | 454,814 | 23,138 | 12.7 | 100 | 5.08 | 5,940,420 | 302,210 | 12.7 |
| Total global markets | 106 | 23,488 | 65.3 | 96.9 | 96.9 | 508,399 | 25,778 | 2,371,471 | 120,645 | 66.2 | 104 | 5.30 | 32,253,728 | 1,640,860 | 68.7 |
| Regional markets | | | | | | | | | | | | | | | |
| Reynosa | 30 | 4,712 | 13.1 | 98.8 | 98.8 | 118,871 | 6,027 | 480,820 | 24,461 | 13.4 | 103 | 5.25 | 5,317,602 | 270,525 | 11.3 |
| Tijuana | 33 | 4,214 | 11.7 | 100.0 | 100.0 | 100,055 | 5,073 | 401,683 | 20,435 | 11.2 | 95 | 4.85 | 5,022,261 | 255,500 | 10.7 |
| Ciudad Juarez ^(C) | 31 | 3,566 | 9.9 | 96.4 | 96.4 | 82,397 | 4,178 | 330,919 | 16,835 | 9.2 | 96 | 4.90 | 3,906,749 | 198,750 | 8.3 |
| Total regional markets | 94 | 12,492 | 34.7 | 98.5 | 98.5 | 301,323 | 15,278 | 1,213,422 | 61,731 | 33.8 | 99 | 5.02 | 14,246,612 | 724,775 | 30.3 |
| Total operating portfolio | 200 | 35,980 | 100.0 | 97.4 | 97.4 | 809,722 | 41,056 | 3,584,893 | 182,376 | 100.0 | 102 | 5.20 | 46,500,340 | 2,365,635 | 99.0 |
| Intermodal facility ^(B) | | | | | | 6,015 | 305 | | | | | | 316,471 | 16,100 | 0.7 |
| Excess land ^(B) | | | | | | | | | | | | | 140,742 | 7,160 | 0.3 |
| Total investment properties | | 35,980 | 100.0 | | | 815,737 | 41,361 | | | | | | 46,957,553 | 2,388,895 | 100.0 |

(A) 100% occupied as of December 31, 2018

(B) We have 31.78 acres of land in Monterrey that have a building area of 963,218 square feet.

(C) 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.

As of December 31, 2018, a total of 20 properties are committed to guarantee the loans contracted with Prudential Insurance Company and Metropolitan Life Insurance Co. in their 1st and 2nd Sections for a total amount of \$2,019,558 thousand pesos (\$102,742 thousand US dollars), representing 8.45% of the total value of the portfolio of the trust.

(iv) Performance of the Trust Estate

The results of the investment properties, as a product of the performance of the Trust estate for the year ended December 31, 2018, 2017, are grouped pursuant to the market in which they are located below:

| in thousands Mexican Pesos | For the year ended December 31, 2018 | | | | | | Total |
|-----------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | Mexico City | Guadalajara | Monterrey Tijuana | | Reynosa | Juarez | |
| 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 |
| Cost and expenses: | | | | | | | |
| Property operating expenses | 1,381,772 | 575,849 | 420,891 | 433,202 | 495,644 | 366,125 | 3,673,483 |
| | 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 |

| in thousands Mexican Pesos | For the year ended December 31, 2017 | | | | | | | Total |
|-----------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------|
| | Mexico City | Guadalajara | Monterrey | Tijuana | Reynosa | Juarez | | |
| 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 | |

Indexed operative results generated during this period appear below:

| Operative portfolio | 2018 |
|--|---------|
| Occupancy at the end of the period | 97.4% |
| Executed lease agreements (million square feet) | 8.7 MPC |
| Client retention | 79.3% |
| Change in Net Effective Rent | 13.1% |
| Increase of the NOI (in cash) over the same properties | 2.2% |
| NOI over the same properties | 2.6% |

Average rotation expenses per leased square foot

USD\$1.54

Comparisons in Pesos and Dollars, as a summary of the performance applicable to the year ended December 31, 2018 are:

| in millions | M.N.\$ | USD\$ |
|---|---------|-------|
| Revenues | 3,673.5 | 191.1 |
| Gross Profit | 3,199.6 | 166.5 |
| Net Income | 2,972.2 | 153.6 |
| FFO (as modified by FIBRA Prologis excluding incentive fee) | 2,070.3 | 107.1 |
| AFFO | 1,602.5 | 82.9 |
| EBITDA | 2,874.1 | 148.9 |

FFO; FFO, defined by Prologis; AFFO (collective hereinafter “FFO”). FFO is a financial measure that does not belong to IFRS which is commonly used in the real estate industry. The IFRS measures most directly comparable to FFO is net profit.

The National Association of Real Estate Investment Trust (“NAREIT”) defines FFO as earning calculated under accounting principles generally accepted in the United States (“US GAAP”) to exclude historical cost depreciation and losses from the sales of properties previously depreciated. Since we are required to present our financial information in accordance with IFRS, our “NAREIT defined FFO” uses net income calculated in accordance with IFRS instead of US GAAP. Significant differences between IFRS and US GAAP include depreciation that is not included in IFRS and, therefore, excludes gains and losses from the sale of properties, although they were not depreciated and the adjustment to market value by valuation of the properties which is included in the adjustment to arrive at FFO, modified by FIBRA Prologis.

FFO, defined by FIBRA Prologis

To reach the FFO, defined by FIBRA Prologis, we adjusted the definition of the FFO measure by the NAREIT to exclude:

- (i) adjustments to market value per evaluation of the investment properties;
- (ii) losses and earnings due to conversion of the foreign currency Exchange rate (based on current foreign exchange rates) of assets and liabilities in Pesos;

- (iii) income tax regarding sales of properties;
- (iv) losses and earnings as a result of early debt settlement;
- (v) expenses in connection with natural disasters.

AFFO

To reach the AFFO, we adjusted the FFO, defined by FIBRA Prologis to additionally exclude (i) linear leases; (ii) periodic capital expenses (which include improvements on properties, tenants and lease fees); and (iii) amortization of debt premiums and net discounts of capitalized sums.

Adjusted Earnings before Interests, Taxes, Depreciation and Amortization (“EBITDA”). We use Adjusted EBITDA, a measure that does not belong to IFRS, as a measure of our operating performance. The IFRS measure more directly comparable to adjusted EBITDA is net income (loss). We calculate Adjusted EBITDA starting with net income (loss) and eliminating the effect of financing cost, similar adjustments we make to our FFO measure (defined above), such as the incentive fee paid in CBFIs. We also include a pro forma adjustment to reflect a full period of gross profit (loss) on the operating properties that we acquired or stabilized during the quarter and eliminated the gross profit (loss) of the properties that we have disposed during the quarter to assume that all the transactions occurred at the beginning of the quarter.

(v) Compliance with the business plan and the Investment calendar, and if applicable, the Divestment calendar

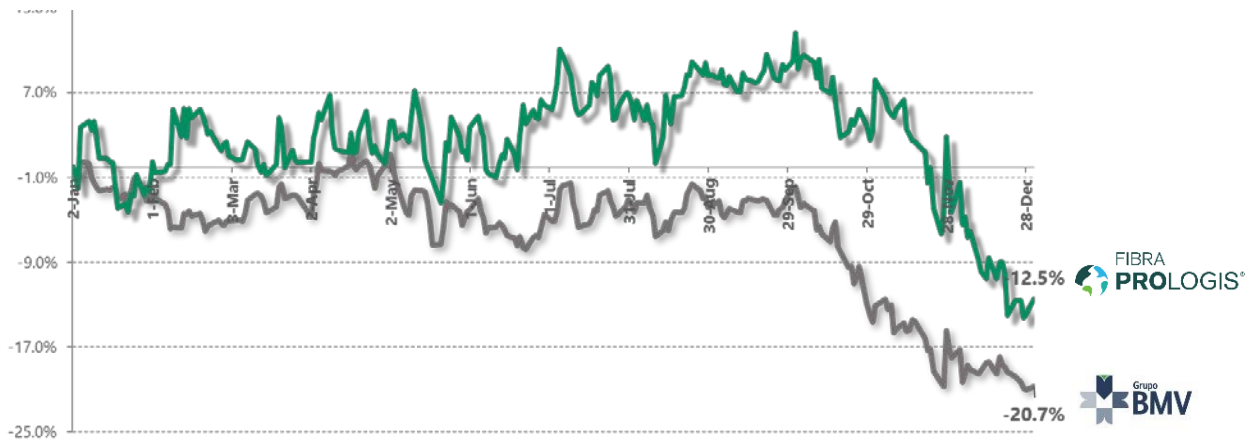
FIBRA Prologis has complied with the business plan presented to the Holders on 2018, by means of the acquisition of approximately US\$80.4 million Dollars, in industrial properties from and the sponsor, by means of the authorization procedure for third parties.

Regarding the internal growth portion, by means of the increase of leases of industrial spaces which expired during 2018 and were leased at superior rent rates, FIBRA Prologis achieved an increase of 13.1% (thirteen point one percent) over the effective net rent in comparison with the leases which expired on the same term.

The CBFIs, had a yearly performance, including distribution of dividends, in Pesos, in comparison with the price of CBFI as of January, 2018 of tender public offering, of approximately -6.7% (minus six point seven percent).

Performance of the issued securities

The following graph shows the performance of the CBFI exclusively comparing changes in the closing prices, based on the price as close of the first business day in the year, January 2, 2018 of the last business day of the year, December 31, 2018 as well as the value of the FIBRA index published by the BMV.



(vi) Relevant debtors report

This section is not applicable as our Trust does not have relevant debtors to this date.

(d) Material contracts and Agreements

(i) Trust Agreement

Our trust is constituted through trust management agreement number F/17464-3 dated August 13, 2013; it being understood that (i) on October 2, 2013 a fiduciary substitution agreement was entered into by virtue of which Deutsche Bank México, S.A., Multiple Banking Institution, Trustee Division was named as Trustee and the contract number was changed to F/1721, (ii) on October 8, 2013 a second amendment agreement was entered into through which the designation of the Trust was changed to "FIBRA Prologis," (iii) on November 29, 2013 a third amendment agreement was entered into and (iv) on May 28, 2014 a fourth amendment agreement was entered into, (v) on September 28, 2017 a fifth amendment agreement was executed and, (vi) on December 14, 2017 a sixth amendment agreement was executed, by virtue of which said trust was reformed entirely to remain as is described in the present Annual Report, including the trustee substitution from Deutsche Bank México S.A., Institución de Banca Múltiple, División Fiduciaria to Banco Actinver S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria, and the modification of the reference number being 1721. Our main offices are in Av. Prolongación Paseo de la Reforma 1236, Piso 9, Mexico, City. Our Trust Agreement was presented before the CNBV and the BMV and is available for your consultation on the websites of said authorities, www.cnbv.gob.mx y www.bmv.com.mx, respectively.

In accordance with the Trust Agreement, the general purpose of our trust is the acquisition or construction of properties in Mexico which are destined for leasing, as well as the acquisition of the right to earn income coming from the lease of said assets, as well as granting fund for these purposes with a guaranty of the leased assets, in all cases directly or through trusts (including without any limitation whatsoever, through Investment Trusts) in accordance with articles 187 and 188 of the LISR. Banc Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria has

been named as trustee in terms of the Trust Agreement and, in said character, will perform certain acts in our representation in accordance with the instructions which our Manager provides to the effect in terms of our Management Agreement.

CBFIs

The Trust Agreement sets forth that our Trustee may issue CBFIs from time to time, including for purposes of the global offering and the Formation Transactions, pursuant to the provisions set forth therein and the applicable legal requirements. We have requested the registration of our CBFIs for their trading in the BMV under the slate code FIBRAPL subject to the approval of the BMV. Our CBFIs shall be Peso denominated, have no expression of nominal value and may be issued for, paid and acquired by, investors, Mexican and foreign. Our CBFIs do not grant their Holders the right to directly use the real estate properties that integrate our estate.

As of December 31, 2018, 644,673,822 (six hundred and forty four million six hundred and seventy-three thousand eight hundred and twenty-two) CBFIs were outstanding.

The CBFIs subject of the global offering were issued by our Trust and do not represent any right to participate in our Manager, the Trustee, the Common Representative or any of their Affiliates, nor do they impose any obligation upon them. Additionally, our CBFIs do not constitute deposits or other obligations of any credit institution or an insurance policy issued by an insurance institution; and they are not secured by the Institute for the Protection of Banking Savings (*Instituto para la Protección del Ahorro Bancario*) or any other governmental entity or insurance institution. Our CBFIs shall not have the benefit of any guarantee policy or association coverage or similar protection.

It is considered that due to the fact of acquiring our CBFIs, their Holders have accepted that the Trustee shall be liable for the performance of the obligations of our Trust pursuant to the Income Tax Law, as well as for determining the amount of such obligations.

Restrictions applicable to the acquisition of our CBFIs

As of the global offering, any Person (different from Prologis or any of its affiliates) that intends to acquire for any reason and by any means through the secondary market, both through an exchange or over-the-counter, whether directly or indirectly, 9.9% (nine point nine percent) or more of our outstanding CBFIs, shall require the prior authorization of the Technical Committee for such acquisition, in the understanding that if a Holder (different from Prologis or any of its affiliates) that already holds 9.9% (nine point nine percent) or more of our outstanding CBFIs, intends to acquire an additional 9.9% (nine point nine percent) or more of our outstanding CBFIs, shall obtain the prior authorization of the Technical Committee to carry out such acquisition, providing prior written notice thereof to our Manager and the Technical Committee. Such notice shall contain at least the following: (a) a statement whereby the possible acquirer shall indicate if it intends to carry out the purchase individually or jointly with another person or group of persons; (b) the number of CBFIs it holds, directly or indirectly; (c) the number of CBFIs that such person or group of persons wishes to acquire; (d) a statement indicating if such person or group of persons intends to acquire the control of our Trust; (e) the identity and nationality of the person or group; and (f) an explanation of the origin of the funds to be used for such purchase. The criterion to be used by the Technical Committee to determine if it shall authorize such acquisition includes, among other factors, (i) if the person or group of persons intends to acquire the Control, significant influence or power to conduct our Trust; (ii) if

the acquirer is a competitor of our Trust or Prologis; (iii) the identity and nationality of the acquirer; (iv) the best interest of the Trust and the Holders. Within the five Business Days following the reception of such notice, our Manager shall call for a meeting of the Technical Committee; and the Technical Committee shall issue a resolution to that respect within the 30 business days following the date in which it received the notice; in the understanding, that if the Technical Committee does not issue a resolution within such term, the request shall be deemed denied. If any Person or Group of Persons (different from Prologis or any of its affiliates) acquires CBFIs in an amount equal or greater than 9.9% (nine point nine percent) without obtaining the prior authorization of the Technical Committee, the corresponding purchaser or Holder shall not have any corporate rights with respect to such acquired CBFIs, including without limitation, the right to attend, account for the necessary quorum to vote at any Holders Meeting or the right to appoint a member of the Technical Committee per each 10% (ten percent) of the total CBFIs owned with respect to such additional CBFIs. The purchaser of such CBFIs shall also be liable before our Trust for damages arising out of such purchase.

Changes in CBFIs; other securities; rights of first refusal; amortization

We may issue CBFIs at any time, whether in Mexico or abroad, as per instructions of our Manager and pursuant to the provisions set forth in articles 63, 64 and others related to the LMV and the Trust Agreement, prior authorization of the Holders Meeting. We shall have the obligation to comply with certain legal requirements with respect thereto, including to obtain any necessary governmental authorizations. The Trust Agreement does not establish any limit as to the number of CBFIs we may issue.

The CBFIs issued by the Trust in relation to each CBFIs Issuance shall be deemed part of one same Issuance, shall be subject to the same terms and conditions, and shall grant their holders the same rights held by the rest of our CBFIs holders. The CBFIs issued by the Trustee shall comply in any event with the provisions set forth in the applicable law.

By acquiring our CBFIs, the holders of such CBFIs shall have the obligation to become subject to the terms of the Trust Agreement and such CBFIs; and expressly agree that (i) they shall not have any right of first refusal to acquire the CBFIs issued by the Trustee in relation to any future Issuance and (ii) the Trustee is the legitimate and sole owner of the assets that comprise our estate, therefore the holders of our CBFIs shall not have any right with respect to such assets or to receive income generated thereby, except to the extent set forth by our Trust Agreement and the CBFIs.

The Common Representative

Pursuant to the Trust Agreement, Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero () has been appointed as common representative of the Holders. The fees to be paid to the Common Representative shall be set forth in the Trust Agreement.

In accordance with clause 6.2 of the Trust Agreement, the Common Representative shall have the duties, rights and authority set forth in the LMV, in the LGTOC, the title holding the CBFIs and our Trust Agreement. For the rest, the Common Representative shall act pursuant to the instructions received from our Holders Meeting. The rights and obligations of the Common Representative include, without limitation, the following:

- subscribing the Title, having verified the compliance with all the legal provisions related with the same;
- verifying the execution of our Trust;
- having the authority to verify the existence of the Trust Estate ;
- having the authority to verify the compliance of the use of the Issuance Proceeds which arise from the Initial Issuance and Additional Issuances;
- shall have the right of supervising the compliance by the Trustee and in case our Manager with their respective obligations under the Trust Agreement, Management Agreement and start any other action against the Trustee or request the Manager to start any action against the Manager, in accordance with the instructions of the Holder Meeting.
- having the authority to notify of any default by the Trustee with its obligations pursuant to our Trust Agreement through media;
- call for and act as president in the Holders Meetings when the applicable law or the terms of the Title and/or of the Trust Agreement so require and when deemed necessary or desirable to obtain confirmations by the Holders with respect to the making of any decision or the realization of any other matters that should be resolved by a Holders Meeting;
- carry out all the necessary or desirable activities with the purpose of complying with any resolution adopted by the Holders Meeting;
- in representation of the Holders, execute from time to time the documents and agreement with the Trustee in relation to our Trust Agreement and/or our CBFIs;
- exercise all the necessary actions to safeguard the rights of the Holders collectively;
- acting as intermediary between the Trustee and the Holders with respect to the payment of any amount owed thereto in relation to the CBFIs, and with regards to any other required matters;
- exercise its rights and comply with its obligations set forth in the respective Title, in the Trust Agreement and in the other documents to which it may be party;
- request the Trustee and our Manager all the information and documentation (held by it in relation with) of Real State Assets where it may invest the Trust or any other Investment Trust, the Investment Trusts and any other being required the compliance by the Common Representative of the exercise of its authority pursuant to the Trust Agreement, provided the Trustee and our Manager shall provide the information and documentation related to the Real Estate Assets where it invested in the Trust or an Investment Trust, as required by the Common Representative for the above-mentioned purposes;
- provide, when required, to any Holder, copies of the reports provided to the Common Representative by the Trustee and/or the Manager; provided that, the Common Representative may disclose to the Holders any information held by him, which had not been classified as confidential by the holder of such information or by the party revealing it disclosure part; and
- in general, carry out all the acts and comply with the obligations, and exercise all the authority, of the Common Representative as set forth in the LGTOC, the LMV, the applicable regulations issued by the CNBV and the applicable exchange market practices.

All acts carried out by the Common Representative in representation of the Holders of our CBFIs pursuant to the provisions set forth in the terms established in the Trust Agreement, in the Title covering the Issuance, in the other documents to which it may be party or the applicable legislation, shall oblige all our CBFIs Holders and shall be deemed accepted thereby.

The Common Representative may be replaced at any time by a means of resolution adopted by the Special Holders Meeting , in terms of Clause 4.5(b) of the Trust Agreement provided that such resolution shall not be effective until a substitute common representative has accepted and had taken office in such appointment.

The institution holding the position as common representative pursuant to our Trust Agreement may resign as Common Representative of the Holders at any time pursuant to the provisions set forth in the LGTOC, with the obligation provide the Manager to the Trustee with at least 60 (sixty) days of anticipation a written notice of its resignation; and in any case, such resignation until a substitute common representative and such substitute common representative had accepted his appointment and taken office of its appointment.

The obligations of the Common Representative shall terminate when the Trust has is terminated as per the terms of the Trust Agreement.

The Trustee

The obligations of the Trustee include, among others:

- (i) complying with the obligations and exercising the rights set forth in our Trust Agreement to carry out its purposes; and
- (ii) acting pursuant to the other documents it may enter in terms of our Trust Agreement, and pursuant to the written instructions received by our Manager, the Technical Committee or the Common Representative.

The Trustee shall act in general terms pursuant to the instructions of our Manager, and the persons appointed by our Manager shall be granted a general power of attorney to act on behalf of our Trust. The Trustee shall have the right to the fees set forth in our Trust Agreement.

Pursuant to the Trust Agreement, the Trustee shall be solely liable in the event of default with the applicable laws and regulations, violation or lack of compliance in terms of our Trust Agreement, negligence, fraud or bad faith (as interpreted by the applicable Mexican legal standards). The Trustee shall not be liable for any action adopted by our Manager or its affiliates pursuant to our Management Agreement, or by any default by the Trustee to its obligations derived from the delegation to the Manager, unless the Trustee had incurred in negligence, fraud or bad faith itself (as determined pursuant to the applicable Mexican legal standards). Pursuant to the Trust Agreement, the Trustee shall be free from any liability to repair or compensate damages caused to third parties as consequence to the production, manipulation or elimination of wastes, hazardous materials or pollutants in the properties that form part of the Trust Estate. The Trust Estate shall be used to pay any risk and costs related to damages or liability attributed to the pollutants, as well as to indemnify the Trustee for any process or expenses related to the environmental conditions in the properties of the Trust.

Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria, may be removed from its appointment as Trustee by means of resolution of the Holders Meeting or through the Manager with the prior approval of the Regular Holders Meeting, by means of written notice of such circumstance with at least 60 calendar days of anticipation to the date in which such

removal shall become effective; in the understanding that such removal shall not become effective unless within such term of 60 days (i) our Manager or the Regular Holders Meeting had appointed a substitute trustee and (ii) the substitute trustee had accepted its appointment and taken office of its appointment pursuant to our Trust Agreement. Any replacement of the Trustee shall be a Mexican banking institution.

The Trustee may resign as Trustee of our Trust by means of written notice provided to the Manager and the Common Representative with at least 60 (sixty) calendar days before the effective date of such resignation, and only under grave cause in the opinion of a lower court with jurisdiction at its domicile pursuant to the provisions set forth in article 391 of the LGTOC; provided that the Trustee shall not cease to be the Trustee of our Trust, until the Holders Meeting had appointed a substitute trustee (which had been approved in writing by the Manager) and such substitute trustee had accepted its appointment in writing.

CBFIs Holders Meeting

The Common Representative shall have the obligation to call for an Regular Holders Meeting at least once per year (within the four months following the closing of each fiscal year) to (i) discuss and, in such case, approve the annual audited financial statements of our Trust; (ii) discuss and, in such case, approve our Annual Report; and (iii) elect or not elect and qualify the independence of the Independent Members of the Technical Committee proposed by our Manager. The Manager and the Holders that individually or collectively maintain the 10% (ten percent) of the totality of the CBFIs owned, shall have the right to request the Common Representative to call for a Holders Meeting setting forth in such petition the points of the agenda to be discussed in such Holders Meeting. The Holders Meeting shall be held at the domicile of the Common Representative or at any other place specified in the respective calling. The Holders Meeting shall have as president the Common Representative, who shall act as president and shall appoint a secretary and a representative to verify compliance with quorum and counting the votes in each Holders Meeting. The Manager and the Trustee shall have the right to attend the Holders Meeting but may not vote in such capacity with respect to the matters discussed in such Holders Meetings. The Common Representative shall issue the calling for the Holders Meeting to meet within the 30 (thirty) calendar days following the day in which the request is received. If the Common Representative does not comply with such obligation, the competent judge of the domicile of the Trustee, upon request of our Manager or the Holders that individually or collectively own 10% (ten percent) of the total CBFIs owned, as applicable, shall issue the calling for the meeting of the respective Holders Meeting. All the Holders Meeting of our CBFIs shall have the Common Representative as president.

As soon as possible, but in any event within a term of 30 calendar days following the date of consummation of the global offering, the Common Representative shall call for an initial holders meeting in which, among other things (a) the Holders with right to appoint a member for the Technical Committee shall have the opportunity to exercise such right pursuant to our Trust Agreement or may waive such right, sufficing therefor written notice to the Trustee, the Manager and the Common Representative and (b) such Regular Holders Meeting shall qualify the independence of the proposed Independent Members.

The Technical Committee may call for a CBFIs Holders Meeting to resolve on any matter not set forth in the Trust Agreement. The matters for which a CBFIs Holders Meeting had not been called, for

requiring immediate attention, shall be resolved as soon as possible by the Technical Committee with the opinion of the Government Practices Committee and the Audit Committee, if necessary.

The calls for the Holders Meetings shall be published at least once on any newspaper with ample national coverage and through Emisnet and shall be delivered to the Trustee and the Manager by electronic mail, with at least 10 (ten) calendar days of anticipation to the date in which the Holders Meeting shall meet. The call shall contain expression of the points to be discussed in the Holders Meeting. To attend a Holders Meeting, each Holder shall deliver the Common Representative the deposit certificate issued by Indeval and the lists of Holders issued by the corresponding financial intermediaries, in such case, in relation to the CBFIs owned by such Holder, at the place specified by the Common Representative in the respective calling, no later than on the Business Day preceding the date in which the Holders Meeting is to be held. Each Holder may be represented in a Holders Meeting by a duly appointed representative, including by means of a power of attorney granted before two witnesses.

Once the CBFIs Holders Meeting is installed, the Holders may not abandon the meeting in order to prevent holding the meeting. It shall be deemed that the Holders abandon or that do not attend the CBFIs Holders Meeting have refrained from voting on the matters discussed.

The information and documentation related to the agenda of each Holders Meeting shall be available, free of cost, to be reviewed by the CBFIs Holders at the domicile set forth in the call for any of the Holders that so request in writing with at least 10 calendar days prior to the date of such Holders Meeting.

We hereby note that some of the terms described above are inferior than some of the terms applicable to publicly traded corporations (*sociedades anónimas bursátiles*), particularly with respect to (i) the information and documentation related to the agenda of a shareholders meeting, which shall be available within 15 calendar days of anticipation to such shareholders meeting, and (ii) the publication of the calling for the shareholders meeting to be held with at least 15 days of anticipation to the date of such shareholders meeting, unless the bylaws provide otherwise.

All CBFi Holder or group of CBFIs Holders that represent 10% (ten percent) of the CBFIs owned, shall have the right to request the Common Representative for the voting with respect to a determined matter with respect to which it does not feel sufficiently informed, to be extended once for a term of 3 (three) calendar days.

The minutes of each Holders Meeting shall be signed by the persons acting as president and secretary of the Holders Meeting. The attendance list shall be signed by the attending Holders, or their representatives, at the Holders Meeting to verify compliance with the quorum and to count the respective votes, which shall be attached to the meeting minutes. The minutes and other information and documentation with respect to the Holders Meeting shall be in possession of the Common Representative and may be consulted at any time by the holders, who shall have the right, at their own expense, to request copies of such documents from the Common Representative.

Voting Rights

Each CBFi owned confers its Holder the right to one vote over the matters submitted for voting by our CBFIs Holders. Subject to the provisions set forth below, any Holders may enter one or more

agreements in relation to the exercise of its voting rights in a Holders meeting. The execution of such kind of agreement and its terms, and any subsequent termination of such agreement, shall be notified to the Trustee (with copy for the Common Representative) within the 5 Business Days following its execution (or termination) and the Trustee shall disclose such information to the investing public through the BMV and Emisnet. The existence and the terms of such agreement shall be disclosed in each Annual Report so long as such agreement remains effective. Such agreements may include the waiver by the Holders to exercising their right to appoint members of the Technical Committee. Notwithstanding the foregoing, any voting agreement with respect to the CBFIs that represent 9.9% (nine-point nine percent) or more of the CBFIs owned shall be approved by the Technical Committee pursuant to the terms of our Trust Agreement. Any Holders that intend to enter into voting agreements with respect to CBFIs that represent 9.9% (nine point nine percent) or more of the CBFIs owned, shall provide a notice and request written authorization from our Manager and the Technical Committee, which shall include at least the following: (a) a description of the voting agreement, (b) the number of CBFIs to be covered by the voting agreement (c) a statement about the intention of the Holders to acquire in control our Trust and (d) the identity and nationality of the Holders. The criterion to be used by the Technical Committee to determine if it authorized such agreement includes, among other factors, (i) if the person or group of persons intend to acquire the control, significant influence or power to conduct out Trust, (ii) if the acquirer is a competitor of our Trust or Prologis, (iii) the identity and nationality of the holders. If such agreement is not authorized by the Technical Committee it shall be null and invalid, shall lack effectiveness and shall not produce any effects and the Holders that (implicitly or explicitly) enter or intend to make such agreement effective, shall be liable before our Trust and our Manager for any damages derived from the execution or intent to enter such agreement.

Our CBFIs Holders Meetings may be regular or special.

The Regular Holders Meeting shall have the authority to:

- approve the audited annual financial statements of the Trust;
- elect and qualify the independence of the independent members of the Technical Committee proposed by our Manager, or not elect such Independent Members;
- approve the Annual Report of our Trust;
- approve any Investment, acquisition or disinvestment made directly or indirectly by our Trust, the Subsidiary Trust or the Investment Trust that represent 20% (twenty percent) or more of the value of our estate as of the closing of the immediately preceding quarter, including those executed simultaneously or successively in a period of 12 (twelve) months counting as of the commencement of the first transaction, but that may be deemed as one sole transaction;
- approve any Investment, intended acquisition, whether directly by the Trust or through the Subsidiary Trust or the Investment Trusts, when representing 10% (ten percent) or more of the value of the Trust Estate, based on figures corresponding to the closing of the immediately preceding quarter, with independence of the fact that such Investments or acquisitions are executed simultaneously or successively in a period of 12 (twelve) months counting as of the realization of the first transaction, but that may be deemed one sole transaction, and such Investments are intended to be made with Persons found at least in one of the following: (i) those related to (x) the Subsidiary Trust or any other Investment Trust, (y) the Settlor, and (z) the Manager; or (ii) that represent a conflict of interest; in the understanding that, the CBFIs Holders found under any of the events set forth in

subparagraphs (i) and (ii) above, shall refrain from participating and be present in the corresponding deliberations and voting of the Regular Holders Meeting in which such point is discussed, without that affecting the quorum required for the installation of such Holders Meeting.

- approve the removal of Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria as our Trustee and the appointment, the recommendation of our Manager, of another Mexican banking institution or brokerage house to act as trustee of our Trust.
- approve additional issuances of CBFIs, and the terms for their issuance, including the manner for determination of the price at which such CBFIs were sold in a public or private placement within Mexico or abroad, as well as the number of CBFIs to be issued, as well as approving the extensions of the Issuances intended to be carried out, whether in the amount or number of CBFIs.
- approve the consideration to be paid to the Independent Members of the Technical Committee;
- approve the policies to incur Indebtedness or the Leverage Guidelines proposed by the Manager, as well as any amendments thereto, provided that the Regular Holders Meeting shall approve any incurring or assumption of Indebtedness that does not conform with the Leverage Guidelines); in the understanding that, notwithstanding the foregoing, the level of Indebtedness of the Trust shall not exceed the maximum limit of permitted Indebtedness pursuant to the Sole Issuers Regulations at any time;
- approve any amendment to the Investment Guidelines and any other change therein or investment regime of the Trust Estate; provided that the Holders Meeting shall meet and, in such case, approve any Investment that does not comply with such Investment Guidelines or investment regime of the Trust Estate; and
- carry out any other action reserved for the Holders Meeting pursuant to the Trust Agreement and the applicable law that is not expressly reserved for the extraordinary meeting.

For an Regular Meeting to be deemed validly installed by first call, the Holders representing more than 50% (fifty percent) of the totality of CBFIs owned with right to vote shall be present, in the understanding that if such quorum is not complied and the ordinary meeting is held by second or subsequent callings, the meeting shall be validly installed with any Holders with right to vote found present in such ordinary meeting. Each resolution of an Regular Holders Meeting shall be adopted by the Holders that represent more than 50% (fifty percent) of the CBFIs with right to vote represented in such Regular Holders Meeting.

The Special Holders Meeting shall have the authority to:

- approve the removal and/or replacement of the Manager for a Removal Conduct of our Manager and without cause pursuant to our Management Agreement; and approve the appointment of another entity to act as Manager of our Trust pursuant to our Management Agreement;
- approve the removal of the Common Representative and the appointment of another Mexican banking institution or brokerage house to act as Common Representative of the Holders pursuant to the terms set forth in the Title;

- approve any amendment to our Trust Agreement, our Management Agreement, the Title and any other operation document, but only to the extent that such amendment may reasonably have a material adverse effect in our CBFIs Holders;
- approve the cancellation of the listing of the CBFIs in the BMV and the cancellation of their registration in the RNV;
- approve the dissolution of our Trust;
- approve the removal of all the members of the Technical Committee; and
- approve any amendment to the fees of the Manager or any other consideration to be paid to the Manager for the performance of its activities as manager of the Trust, or any other concept in favor of the Manager of the Trust Estate, or any third party.

For an Special Holders Meeting, in charge of resolving on the removal of the Manager in the event of occurrence and continuation of any Removal Conduct, to be deemed validly installed by virtue of first or subsequent callings, the Holders representing more than 50% (fifty percent) of the totality of the CBFIs owned with right to vote, shall be present in such meeting, and each resolution shall be adopted by means of the favorable vote of the Holders that represent more than 50% (fifty percent) of the totality of CBFIs owned with right to vote, in the understanding that the CBFIs owned by Prologis or any of its Affiliates shall not be considered for purposes of calculating the quorum requirements for such Special Holders Meeting to be deemed validly installed and the Holders of such CBFIs shall not have a right to vote on such matter.

For a Special Holders Meeting in charge or resolving the removal of the Manager without a cause, to be deemed validly installed by virtue of first or subsequent callings, the Holders representing at least 66% (sixty six percent) of the totality of the CBFIs owned with right to vote, shall be present at the Special Holders Meeting, and each resolution of such Special Holders Meeting shall be adopted by means of the favorable vote of the Holders representing at least 66% (sixty six percent) of the totality of the CBFIs owned with right to vote.

For a Special Holders Meeting in charge of resolving the removal of the Common Representative, to approve the removal of all the members of the Technical Committee or any change to our Management Agreement, our Trust Agreement or the Title covering our CBFIs, to be deemed validly installed by virtue of first or subsequent callings, the Holders with right to vote representing 75% (seventy five percent) or more of the totality of the CBFIs owned shall be present at such Special Holders Meeting, and each resolution of such Special Holders Meeting shall be adopted by the favorable vote of the Holders with right to vote representing 75% (seventy five percent) or more of the totality of the CBFIs owned.

For an Special Meeting in charge of resolving the cancellation of the registration of our CBFIs with the BMV or the dissolution of our Trust, to be deemed validly installed by virtue of first or subsequent callings, the Holders with right to vote representing 95% (ninety five percent) or more of the totality of the CBFIs owned, shall be present at the meeting, and each resolution of such meeting shall be adopted by means of the favorable vote of the Holders with right to vote representing 95% (ninety five percent) or more of the CBFIs owned.

Each Holder may be represented in a Holders Meeting by a duly appointed representative, including by means of a proxy letter.

Any resolutions adopted shall be binding for all the Holders, including those dissident or absent.

In the event we had acquired our own CBFIs pursuant to the provisions of our Trust Agreement and such CBFIs had not been cancelled by the date of a CBFIs Holders Meeting, such CBFIs may not be represented or vote in such meeting.

Registration and transfer

The Holders of our CBFIs shall maintain their CBFIs indirectly. Our CBFIs shall be covered by a Title to be deposited with Indeval and shall registered with the RNV and the BMV for their offering to the public. Indeval shall be the registered Holder of all CBFIs maintained by means of registration in its books.

The transfers of our CBFIs shall be registered with Indeval. The transfers of CBFIs deposited with Indeval shall be registered by means of electronic registries pursuant to the provisions set forth in the LMV.

Distributions

See section 2*Trust – (b) Business Description - (x) Distributions.*

Valuation

See section "Policies with respect to certain activities-Independent Appraisers".

Term and termination

The Trust Agreement shall remain in full force and effect until the purposes of our Trust have been fulfilled entirely; provided that the Trust Agreement shall terminate (i) upon the divestment of all the Investments that integrate the Trust Estate and all the amounts deposited in the accounts of the Trust have been Distributed to the Holders of CBFIs; (ii) upon request of our Manager, if the Trustee does not carry out the Initial Issuance of CBFIs within the 90 calendar days following the execution of the Trust Agreement; or (iii) by resolution of the Extraordinary Holders Meeting. Notwithstanding the foregoing, the Trust Agreement shall not terminate until all outstanding obligations with charge to the Trust Estate have been paid entirely. The foregoing, provided that the term of the Trust Agreement shall not exceed the term set forth in article 394 of the LGTOC, that is, 50 years.

Settlement

Upon the dissolution of our Trust, our Manager, acting as liquidator, shall conclude all our matters. All the CBFIs paid and owned shall have the right to participate to the same extent in any Distribution made because of the settlement of our Trust.

Upon the termination of the Trust Agreement Trust Estate), our estate shall be liquidated as follows: (i) our Manager shall act as liquidator of our Trust and shall have all the necessary authority to carry out such settlement, (ii) the manager shall carry out all the actions that may be necessary or convenient to safeguard the rights of the Holders, preserve the estate of the Trust Estate and cancel the registration of the CBFIs with the RNV and any other registry, and the listing of the CBFIs with the BMV or any other exchange, whether in Mexico or abroad; and (iii) the liquidator shall pay all the

obligations of the Trust Estate and distribute any surplus of our estate to our CBFIs Holders proportionally.

For purposes of the settlement of the Trust Estate, the liquidator shall follow certain procedures and carry out such settlement pursuant to the provisions set forth in the Trust Agreement.

Protection granted by the Trust Agreement to the minority CBFIs Holders

Pursuant to the provisions set forth in article 63 and 64 Bis 1 of the LMV, our CBFIs Holders shall have the following rights:

- all CBFIs Holder or group of Holders shall have the right to (i) one portion of our profits or returns, or the residual value of our assets and rights; and (ii) participate in the resources derived from the sale of the assets or rights that integrate our estate, in each of both cases pursuant to the provisions set forth in our Trust Agreement;
- all CBFIs Holder or group of Holders collectively representing 10% (ten percent) of the CBFIs owned, shall have the right to request the Common Representative to call for a CBFIs Holders Meeting;
- all CBFIs Holder or group of Holders collectively representing 10% (ten percent) of the CBFIs owned, shall have the right to request the Common Representative for the voting with respect to a determined matter with respect to which it considers not to be sufficiently informed, to be extended only for one occasion for a term of three calendar days;
- all CBFIs Holder or group of Holders representing 20% (twenty percent) of the CBFIs owned, may judicially oppose the resolutions adopted by the CBFIs Holders Meeting; in the understanding that the Holders that intend to oppose and had not attended the respective Holders Meeting or, having attended, had casted their vote against the respective resolution, and in any event, the corresponding lawsuit is filed within the 15 calendar days following the date in which the respective resolutions were adopted, setting forth in such lawsuit the defaulted contractual provision or the violated legal concept and the concepts of violation. The execution of the challenged resolutions may be suspended by a lower court judge, so long as the challenging Holders place a sufficient bond to cover the damages that may be caused to the rest of the Holders for the lack of execution of such resolutions, if the sentence declaring the opposition unfounded or inadmissible. The sentence issued because of the opposition shall become effective with respect to all Holders. All oppositions against one same resolution shall be decided in one sole sentence;
- all CBFIs Holder or group of Holders representing 10% (ten percent) of the CBFIs owned, shall have the right to appoint and, in such case, remove a member of the Technical Committee (and the respective alternate member); and
- all CBFIs Holder or group of Holders representing 15% (fifteen percent) of the CBFIs owned, shall have the right to exercise the civil liability actions against the Manager for the default with its obligations; in the understanding that such action shall have a statute of limitations of five years counting as of the occurrence of the fact or act that caused the corresponding property damage.

Other provisions

Applicable legislation; jurisdiction

The Trust Agreement shall be governed and interpreted pursuant to the laws of Mexico. For all matters related to the Trust Agreement, the parties thereto have submitted to the jurisdiction of the competent federal courts located in Mexico City, waiving the right to any other jurisdiction that may correspond to them by their current or future domiciles or for any other reason.

Amendments

Unless otherwise provided in the Trust Agreement, the Trust Agreement may only be amended by means of written agreement executed by our Manager, the Trustee and the Common Representative with the consent of the Special Holders Meeting; provided that such consent shall not be required if the amendment has as purpose (i) to reflect a change that does not adversely affect the rights of any Holder of CBFIs or our Trust Agreement; (ii) cure any ambiguity, correct or complement any provision, carry out other changes with respect to matters related to our Trust Agreement that are not compatible with the law or the provisions set forth in our Trust and that do not adversely affect any Holder; or (iii) comply with any legal requirement, condition or guideline.

Unless the Trust Agreement expressly provides otherwise, the Trustee may only amend the rest of the documents related to the Formation Transactions to which it is party, with the consent of the Special Holders Meeting of our CBFIs; in the understanding that our Manager may instruct the Trustee to carry out an amendment without the consent of our CBFIs Holders if such amendment has as purpose (i) to reflect a change that does not adversely affect the rights of any Holder under the CBFIs or the corresponding agreement related to the Formation Transactions ; (ii) cure any ambiguity, correct or complement any provision, or carry out other changes with respect to matters related to the agreement related to the corresponding Formation Transactions that are not incompatible with the law or the provisions set forth in such agreement and that does not adversely affect any bondholder; or (iii) comply with any legal requirement, condition or guideline contained in any order, directive, opinion, resolution or regulation of any federal, state or municipal Governmental Authority.

External Auditor

Our Manager may instruct the Trustee to replace the External Auditor of the Trust, subject to the prior authorization of the Audit Committee.

No later than on April 30 each year during the term of the Trust Agreement, the External Auditor shall issue its audit report regarding the financial statements of our Trust for the preceding year and provide such report to our Manager, the Trustee, the Common Representative and the members of the Technical Committee. Such audited financial statements shall be accompanied by a statement by such External Auditor with respect to its independence in terms of the provisions issued to that respect by the CNBV.

Cash Management

To the extent, we may require advisory with respect to the appraisal of securities of the convenience of making any investment, purchase or sale of securities, and to the extent so required by the applicable legislation, we shall enter a services agreement with a third party who is an advisor on investments or an Affiliate of Prologis or enter any other agreement or implement any other structure or agreement deemed necessary or adequate to comply with the applicable legislation. The

execution of any such agreements shall be approved by the Technical Committee, by majority of votes of its independent members. Additionally, to the extent applicable, any authorization that we must grant pursuant to any law or regulation (or in such case, third party advisor in investments or Affiliate of Prologis shall grant in relation to our trust) shall be granted by the Technical Committee by majority of votes of its independent members.

(ii) Management Agreement

Trust management services

We entered a Management Agreement with our Manager which authorizes Prologis Property México, S.A. de C.V., to transfer the position of Management to any Affiliate of Prologis. In accordance with our Management Agreement, our Manager provides us with various management services for our Trust. Said services are provided exclusively by our Manager or their delegates, our Manager can hire advisors, subject to the approval of any operation with related parties, for the fulfillment of their obligations. Among other things, in accordance with our Management Agreement, the Manager must (a) provide us with investment management services related to the identification, evaluation, acquisition, and transfer of our properties; (b) manage and operate our Trust and equity, including the Subsidiary Trust and the Investment Trusts; and (c) provide us with services incidental to those described in the above subsections (a) and (b), including but not limited to, the following:

portfolio and asset management services, related to the identification, evaluation, acquisition, and sale of our properties;

execution of all strategic planning duties, including but not limited to, our strategies with respect to growth and acquisition of properties, portfolio and asset management, Distributions and marketing (except those reserved expressly for the Holders Meeting, the Technical Committee, or our Manager); capital market operations, including financing operations through debt and capital instruments be they public or private;

preliminary auditing, appraisal, loss control, and management of risks with respect to our properties; accounting and support for the preparation of our financial information, as well as treasury management and handling of cash;

preparation of the Trust's quarterly financial statements, in accordance with the IFRS and the Sole Issuers Regulations, revision of tax declarations, as well as the duties of internal auditing fulfillment of fiscal provisions applicable to the Trust, including but not limited to those established in articles 187 and 188 of the LISR.

legal and compliance duties;

management of properties and installations;

technical systems support;

carrying out all duties regarding investor relations, including communications with the Holders of our CBFIs;

review and approval of all the notices and other information to be presented to the CNBV, the BMV, and any other governmental entity or stock market;

fulfillment of all the reporting obligations in accordance with our Trust Agreement and applicable law; exercise of all rights and fulfillment of all obligations of our Manager under our Trust Agreement and other related documents;

carrying out all activities related to labor relations or human resources of our Manager;

preparation of the Annual Report and realization of any necessary act for their publication of conformity with the provisions of our Trust Agreement and applicable law;

identify, evaluate, structure, and recommend to our Trust the investments to be made by our Trust and the disposal of said investments, in accordance with the investment focus of our Trust and per the strategy established in our Trust Agreement;
manage the day-to-day operations of our Trust;
carry out or help with the fulfillment of said administrative or management functions necessary in the Manager of our Trust and our Trust Estate per how they are agreed to with the applicable Trustee;
prepare and maintain or assist in the preparation and the maintenance of all the books, registries, and accounts of our Trust as they are required by the regulatory and exchange bodies, committees and authorities which have jurisdiction over our Trust; and
notify the Holders and third parties (as applicable), reports, financial statements, and other written materials as they are required by the regulatory and exchange bodies, committees and authorities which have jurisdiction over our Trust or as being reasonably requested from time to time by the Trustee and assisting as required in their preparation as well as when is necessary or convenient, coordinating the approval of their content.

Property Management Services

In accordance with our Management Agreement, our Manager also provides us with various property management services, including, among others: (a) property management services related to the development, operation, and leasing of our properties; and (b) services incidental to those described in the above subsection (a), including, but not limited to:

- managing and operating our Trust and our Trust Estate including portfolio and asset management services with respect to the construction, development, operation, and leasing of our properties;
- investigate, select, negotiate, pay fees to, enter contracts with, employees, or contract the services of third-party providers about the development or management of the property, and
- oversight of independent service providers with respect to the development or management of properties.

Fees

In accordance with the Management Agreement, as consideration for the services provided to our Trust, the Manager has the right to receive the following fees:

- **Asset management Fee:** an annual fee equivalent to 0.75% (point seventy five percent) of the present evaluation amount, made in accordance with the Appraisal Policies approved by the Technical Committee, in terms of the provisions in Clause 14.1 of the Trust Agreement, plus the investment cost of the Real Estate Assets which have not been appraised plus the applicable VAT, payable quarterly. If a property has been part of our Trust for less than one complete calendar quarter, or if the Manager has provided their services as Manager for more than one full quarter, the Assets Management Fee will be prorated.
- **Incentive fee:** an annual fee equivalent to 10% (ten percent) of the total aggregate returns of the CBFH Holders which exceed the annual compounded expected return of 9%, (nine percent) payable annually in the form of CBFHs, each payment being subject to the restriction

of transmitting the corresponding CBFIs during a period of six months, per what is established in the Management Agreement and what is described further on (the "Incentive Fee").

- **Development fee:** a contingent fee equivalent to 4.0% (four percent) of the total cost of capital improvements (which must include replacements or repairs on properties managed by the Manager including the landlord's improvements) done on existing properties or new property development projects [excluding land], payable once the project has been finished
- **Property management fee:** a fee equal to the multiplication of 3.0% (three percent) of the total amount of our Gross Revenue, paid monthly.
- **Leasing Fee:** a fee equal to certain percentages of the gross rents in accordance with the Lease Agreements: (i) 5.0% (five percent) during years one through five of the respective lease contract; (ii) 2.5% (two-point five percent) during years 6 to 10 of the respective lease contract; **(iii)** 1.25% (one point twenty five percent) during year 11 and subsequent years of the respective lease contract. Regarding a renewals of existing leases, whether or not such renewal has been executed pursuant to a provisions detailed in the existing lease or evidenced through a new lease agreement or an amendment to the existing lease agreement, equal to (i) 2.5% (two point five percent) of the Total Base Rent payable under terms of such initial lease or extension agreement during the first five years of the lease (ii) 1.25% (one point twenty-five percent) regarding years six to ten of the corresponding lease; and (iii) 0.62% (zero point sixty two percent) regarding years eleven and further of the lease. The Leasing Fee for initial leasing, expansion, or renovations must be paid in cash in the following manner; half (1/2) of the Leasing Fee must be paid entirely at the moment of fully entering into the initial leasing, expansion, or renovation contract, the receipt of payment from the first month's rent and the receipt of the security deposit, if applicable, and the other half (1/2) of the Leasing Fee must be paid entirely at the time of (i) the occupation of the space by the Tenant in terms of said initial lease, expansion, or renovation contract together with the payment of the first month's rent. The Leasing Fee shall be paid entirely to the Manager, except if an agent or real estate broker has performed the leasing service, extension or renewal, in which case the Manager shall have no right to the Lease Fee. If, in accordance with the terms of a lease contract, the base rent is increased during the lease's term based on a range of minimum/maximum percentage and the real increase is greater than the minimum, the Trust will pay the Leasing Fee to the Manager above said additional rent amount upon its request by the Manager. The Manager is exploring the possibility of amending the Management Agreement for amending the leasing fees, in which case approval from the Holders Meeting shall be required.

In accordance with the Management Agreement, our Manager's Incentive Fee is calculated upon the close of business on each anniversary of our Initial Negotiation Date in the BMV, based on the following formula:

$$(10\% \times (A + B - C)) - D$$

Where:

A = the market capitalization of the trust;

B = the amount added from all Distributions, increased at a rate equal to the aggregate sum (cumulative compound rate) of 9% (nine percent) annually as of the respective payment dates;

C = the aggregate issuance price of all the CBFi issuances from time to time, minus the aggregate sum of all CBFi repurchases from time to time, in each case, increased at a cumulative compounded rate equivalent to the sum of 9% (nine percent)

annually from the dates of respective issue and repurchases (as applicable); and

D = the aggregate amount of Incentive Fee paid to the Manager with respect to fee periods for previous incentives.

For the effects of calculation of the Incentive Fee, the market capitalization of our trust during a performance period is the product of multiplying (i) the number of outstanding CBFIs at close of operations on each anniversary of our initial negotiation in the BMV, by (ii) the average closing price per CBFIs during the period of 60 days before (but including) each anniversary of our Initial Negotiation Date; provided, that the Incentive Fee cannot be a negative number.

Subject to previous written authorization by the Regular Holders Meeting, the Incentive Fee is paid directly to our Manager (or to any one of their subsidiaries or affiliates) in the form of CBFIs based on their average closing price during the period to which the payment of Incentive Fee corresponds. All the CBFIs issued as payment for the Incentive Fee will be subject to transaction restrictions during a period of six months. If the Regular Holders Meeting does not approve the payment of the Incentive Fee in the form of CBFIs, we will be obligated to pay the Incentive Fee to our Manager (or any one of their subsidiaries or affiliates) in cash.

Numeric Examples

Property Management Fee:

For the purpose demonstrating the Property Management Fee to be paid to the Manager, below is a numeric example which simulates a situation in which an effectively charged quarterly rent of \$1,000,000.00 Pesos has been obtained.

Effectively-charged quarterly rent = \$1,000,000
Property Management Fee (3.0%) (three percent) = \$30,000

Asset Management Fee:

For the purpose of demonstrating the Asset Management Fee to be paid to the Manager, below is a numeric example which simulates said case:

Current Evaluation of Managed Assets = \$1,653,254,000.00
Asset Management Fee (0.75%) (point seventy-five percent) = \$12,399,405

Development Fee:

With the purpose of demonstrating the Development Fee to be paid to the Manager, below is a numerical example which simulates said example considering the total cost of capital improvement projects on existing properties or of new property developments with respect to the Trust's undeveloped real estate Trust Estate:

Investment in an industrial building/warehouse:
Construction: \$100,000,000
Property: \$35,000,000

Our Management Agreement will terminate on the date of our Trust's termination, or in the event of our Manager's resignation under the circumstances described in the section "2. *The Trust – (d) Relevant Contracts and Agreements – (ii) Management Agreement - Removal.*" Upon the expiration of the Management Agreement, all the instructions to the Trustee, except with respect to those issues reserved specifically for the Holders Meeting, will be done by the Technical Committee unless a substitute manager is designated. Any substitute manager must be a qualified manager approved by an Extraordinary Holders Meeting.

Manager Removal

The Manager may be removed as Trust Manager by an Special Holders Meeting, in accordance with Clause 4.5(b) (ii) of the Trust Agreement within 180 (one-hundred eighty) days the following the accusation of any Removal Conduct; provided, that the Holders Meeting has a designated a substitute manager who is a Person permitted by applicable law to act as the manager of the Trust. The Trustee will, immediately after having knowledge, notify the Holders of any determination regarding the occurrence of any Removal Conduct. In this case, the Technical Committee must be convened within 10 (ten) Business Days following the accusation of Removal Conduct to select 3 (three) options from recognized manager of real estate funds in Mexico who could act as substitute Management, which must be presented to the Holders Meeting. The Holders Meeting must designate a substitute Manager from those proposed by the Technical Committee or choose to terminate and liquidate the Trust in accordance with the terms of the Trust Agreement. In this case, the resolution must be adopted through the favorable vote of Holders who represent more than 50% (fifty percent) of the total outstanding CBFIs with voting rights, provided, that the CBFIs property of Prologis or any of its Affiliates must not be considered for the effects of calculating the quorum requirements for said Special Holders Meeting to be considered legitimately convened and the Holders of said CBFIs will not have the right to vote on said issue.

Likewise, the Manager may be removed as Manager of our Trust without cause, by an Special Holders Meeting in accordance with clause 4.5(b) (iii) of the Trust Agreement through the favorable vote of Holders who represent at least 66% (sixty six percent) of the total outstanding CBFIs with voting rights. The removal of our Manager does not lead to the payment of any fee.

"Removal Conduct," of our Managers means (i) fraud, willful intent, bad faith, or gross negligence by our Manager in the provision of services in accordance with our Management Agreement and our Trust Agreement, as determined in a final and no appealable resolution issued by a corresponding judicial body which, in each case brings about an adverse material effect on Trust Estate; (ii) a definitive and final decision by a corresponding competent court which declares the insolvency or bankruptcy or similar proceedings of the Manager; or (iii) if the Manager ceases to be Prologis Property México, S.A. de C.V. or another Affiliate or subsidiary of Prologis without the previous approval of the Holders Meeting.

If it were illegal for our Manager to serve as Manager of our Trust in the terms of our Management Agreement, our Trust Agreement, or any other related documents, our Manager may, through written notice to the Trustee, c as Manager of our Trust. In addition, our Manager may, through written notice to the Trustee no less than 6 (six) months, notice as Manager of our Trust, provided, that the effective date of the resignation may not be before the fifth anniversary of the global offering's closing date.

Liability and indemnity

The Covered Persons under terms of our Management Agreement will be responsible for their acts when they engage in gross negligence, malice, bad faith, or fraud in relation to the fulfillment of their obligations under our Management Agreement. "Covered Person" means the Manager, their affiliates, and each one of the members, staff, directors, managers, employees, partners, shareholders, directors, advisors, and agents of the Manager and each one of their Affiliates.

No Covered Person will be responsible for monetary damages or losses with respect to the conduct of our Trust in connection to our Management Agreement, our Trust Agreement, or any other related document, independent of if the Trustee took into consideration any recommendation made by our Manager when incurring said monetary damages. No Covered Person will be responsible before our Trust, the Trustee, the Common Representative, the Holders, or any other Person for monetary damages or losses which arise from the Trustee's conduct or any other Person in relation to our Management Agreement, our Trust Agreement, or any other documentation related to said agreements, except said damages or monetary losses arising from acts of grave negligence, malice, bad faith, or fraud by said Covered Person as determined by a final decision issued by a corresponding competent court.

No Covered Person will be responsible for any of the monetary damages or losses derived from or related to any error, omission, lack of fulfillment, negligence, fraud, lack of integrity, bad faith, or other conduct by any agent, representative, auditor, fiscal advisor, agent, professional manager, or other service provider contracted by us or our Manager, except in the cases in which our Manager has engaged in grave negligence, malice, bad faith, or fraud by contracting or supervising said service provider as determined by a final decision issued by a corresponding competent court.

In accordance with our Trust Agreement, we are obligated to hold the Covered Persons harmless for any loss or monetary expense derived from our Management Agreement our Trust Agreement, or any other document or related item, unless said losses have arisen mainly because of the Covered Persons' grave negligence, malice, bad faith, or fraud, as is determined by a final and a final decision issued by the corresponding judicial authority. The obligations and indemnifications provided for in our Management Agreement will continue in effect until the right to demand said indemnification is prescribed in accordance with the law.

Our Manager may, in the name of and on behalf of the Trust, retain insurance coverage or bonds against indemnification amounts for any monetary damage and loss caused by any of the Covered Persons of our Trust, Trustee, Common Representative, any CBFH Holder, or any other person as a result of that the conduct of said Covered Persons with respect to our Management Agreement, our Trust Agreement, or any document related thereto except if said losses arose mainly as the result of gross negligence, malice, bad faith, or fraud by the Covered Persons, as determined by a final decision issued by the corresponding competent court.

In accordance with our Management Agreement, the Trustee will be responsible for the fulfillment of its obligations with respect to any representations, commitments, or obligations in the Management Agreement, even for the value of the Trust Estate. All the representations, commitments, or operations carried out by the Trustee in accordance with the Management Agreement will not obligate the Trustee or its delegates in a personal manner, and only intends to involve the Trust Estate.

No provision of the Management Agreement may be a responsibility for the Trustee, its shareholders, or capital stock underwriters, their trustee delegates, or members of the board of directors.

Management Summary

FIBRA Prologis (BMV: FIBRAPL 14) is a leader real estate investment trust and manager of Class A Industrial Facilities in Mexico. As of December 31, 2018, FIBRA Prologis owned 200 logistics and manufacturing real estate properties in six industrial markets in Mexico, which reach a total of 36.0 million square feet (3.3 million square meters) in GLA. These properties were leased to 236 clients, including logistics providers, transportation companies, retailers and manufacturers.

Approximately 66.2% (sixty six point two percent) of our net effective rent is in global logistics markets ("Global Markets"), while the remaining 33.8% (thirty-three-point eight percent) in regional manufacturing markets ("Regional Markets"). The Global Markets include Mexico City, Guadalajara and Monterrey, which are highly industrialized and consumer-oriented markets that benefit from their proximity to the main highways, airports and railway hubs. In addition, its presence in densely populated areas offers tangible benefits of the sustained growth of the middle class. On their part, the Regional Markets include Cd. Juárez, Tijuana and Reynosa, which are specialized industrial centers in automotive, electronic, medical and aerospace sectors, among others, which benefit from an ample offer of qualified labor force, as well as their proximity to the border with the United States.

The reported operational results are aligned with how the management assesses the performance of the portfolio.

The financial information of the fourth quarter of 2018 includes results from October 1 to December 31, 2018. Below, we show the main results during the year and the three-month period ended on December 31, 2018 and until the date of this report.

- Operative results:

| Operating Portfolio | 2018 | 2017 | 4Q 2018 | 4Q 2017 | Notes |
|--|----------|----------|------------|------------|--|
| Period End Occupancy | 97.4% | 97.3% | 97.4% | 97.3% | 907,000 SF leased above expectations |
| Leases Commenced | 8.7MSF | 7.8 MSF | 1.8MSF | 2.0 MSF | 64% of leasing activity related to Tijuana and Reynosa |
| Customer Retention | 79.3% | 80.1% | 68.0% | 90.7% | |
| Net Effective Rent Change | 13.1% | 11.9% | 13.5% | 14.0% | Led by Tijuana and Monterrey |
| Same Store Cash NOI | 2.2% | 2.7% | -2.1% | 4.8% | Lower expense recoveries and higher concessions related to longer term partly offset by higher rents |
| Same Store NOI | 2.6% | 1.5% | -1.9% | 3.7% | |
| Turnover Cost on Leases Signed (per square feet) | US\$1.54 | US\$1.76 | US\$1.34 | US\$2.78 | Decrease in turnover cost of 12.5% Y-o-Y |

- Capital use activities

| US\$ in millions | 2018 | 2017 | 4Q 2018 | 4Q 2017 | Notes |
|-----------------------------------|-----------|----------|-----------|----------|---|
| Acquisitions | | | | | |
| Buildings: | | | | | |
| Acquisition cost | US\$ 80.4 | US\$29.6 | US\$ 66.5 | US\$29.6 | <i>In 2018, we acquired four properties, two in Monterrey</i> |
| GLA | 1.4 MSF | 0.4 MSF | 1.1 MSF | 0.4 MSF | |
| Weighted avg. stabilized cap rate | 7.0% | 7.6% | 6.8% | 7.6% | <i>and two in Guadalajara</i> |

We assess the performance of the operation properties that we have using a “same properties” analysis, because the population of the properties in this analysis is consistent from period to period, thus eliminating the effects of changes in the composition of the portfolio in the performance metrics. We believe that the factors that affect the lease income, the lease expenses and the NOI in the portfolio of same properties are generally the same for the entire portfolio. This metrics are measured in terms of US Dollars and they include the effect of the movements of the exchange rate of Mexican Peso. The increase in NOI on the same properties of 160 base points of year against year is due mainly to the increases in new leases and contractual increases in agreements.

Operational Overview

2018 was a year of solid operating and financial results. Mexican logistics real estate operating environments proved to be durable, as a result we had a record rent change of 13.1 percent on lease turnover for the year, as well as a climb in occupancy to 97.4 percent. Structural drivers of logistics real estate demand, chiefly demographics and the need to serve the vastly undersupplied Mexico City consumer market, were more visible in recent years amid the ongoing geopolitical uncertainty. Logistics real estate outperformed the broader macroeconomy, and will likely grow by more than twice the rate of Mexican GDP in 2018. Market rental growth expanded near its long-term trend of 3%, led by Tijuana, Monterrey and Mexico City. Looking ahead, although the balance of economic indicators and logistics real estate operating conditions in Mexico and the U.S. are healthy, we are nevertheless cautious about the future of the global economic cycle. We reiterate our conviction in the long term structural drivers of logistics real estate demand in Mexico, which have and will continue to unfold gradually over time. Although not decoupled from the cyclical economy, our sector has proven its durability over the long-term. tax reform in the border states as well as emerging Asian customer demand in production-oriented markets, could provide upside for the manufacturing sector which in turn could create additional tailwinds for Mexico.

Acquisitions

Our exclusivity agreement with Prologis gives us access to a proprietary acquisition pipeline. As of December 31, 2018, Prologis had 4.3 million square feet under development or pre-stabilization, of which 97 percent was leased or pre-leased as of the end of the fourth quarter. This exclusive access to the Prologis pipeline is a competitive advantage for FIBRA Prologis because it will allow us to acquire high-quality buildings in our existing markets.

While third-party acquisitions are also possible for FIBRA Prologis, they depend but on available product

that meets our stringent criteria for quality and location. All potential acquisitions, regardless of source, are evaluated by management, factoring in real estate and capital market conditions, and are subject to approval by FIBRA Prologis' Technical Committee.

Currency Exposure

At quarter end, our U.S.-dollar-denominated revenues represented 68.6 percent of annualized net effective rents, resulting in peso exposure for the fourth quarter of approximately 23.3 percent of NOI. The increase in peso exposure is due to acquisitions in Monterrey made during the quarter. In the near term, we expect peso-denominated revenues to range between 30 to 35 percent of annualized net effective rents.

Liquidity and Capital Resources

Overview

We believe our ability to generate cash from operating activities and available financing sources (including our line of credit), as well as our disciplined balance sheet management, will allow us to meet anticipated 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 percent of our taxable income. In addition to distributions to CBFI holders, we expect our primary cash uses will include:

- asset management fee payment
- capital expenditures and leasing costs on properties in our operating portfolio
- acquisition of industrial buildings as discussed in the Acquisition section

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

- available unrestricted cash balances of Ps. 339.3 million (approximately US\$17.3 million) as of December 31, 2018, the result of cash flow from operating properties
- borrowing capacity of Ps. 4.3 billion (US\$220.0 million) under our unsecured credit facility
- proceeds of between Ps. 1.0-1.4 billion (US\$50.0-70.0 million) from property sales

Debt

As of December 31, 2018, we had approximately Ps. 16.6 billion (US\$842.0 million) of debt at par value with a weighted average effective interest rate of 4.3 percent (a weighted average coupon rate of 4.1 percent) and a weighted average maturity of 3.7 years.

According to the CNBV regulation for the calculation of debt ratios, our loan-to-value and debt service coverage ratios as of December 31, 2018, were 34.7 percent and 7.2 times, respectively.

Applicable Legislation; Jurisdiction

Our Management Agreement was signed in Spanish and is governed by the laws of Mexico. For any dispute which arises with respect to our Management Agreement, the parties thereto are subject,

in an express and irrevocable manner, to the jurisdiction of the corresponding competent courts of Mexico City; and have expressly and irrevocably renounced any other jurisdiction which could correspond to them by their present or future residences or for any other reason.

(e) Management

Manager

Prologis Property México, S.A. de C.V., a Subsidiary of Prologis. Our Manager was appointed with the purpose of providing real estate management services and other services for Prologis affiliates.

We have entered a Management Agreement with our Manager which authorizes Prologis Property México, S.A. de C.V., to assign the charge of Manager to any Prologis Affiliate. Pursuant to our Management Agreement, our Manager provides us management services for our Trust. For detailed information about the content of the Management Agreement, see section "2. *The Trust – (d) Relevant Contracts and Agreements – (ii) Management Agreement*" of this Annual Report.

Corporate governance of the Trust

Summary of Our Principal Bodies of Corporate Governance and their Duties

| Property Manager | Technical Committee | Manager | Audit Committee |
|--|----------------------------|--|---|
| <ul style="list-style-type: none"> • Provide management services related to the development, operation, and leasing of our properties. • Provide portfolio and asset management services related to the development, operation, and leasing of our properties. • Carry out the necessary actions to investigate, select, negotiate the payment of fees, contract employees or contracted services with providers related to the development or management of our properties. • Retain and supervise independent service providers for the development or management of properties. | <p>period of 12 months</p> | <ul style="list-style-type: none"> • Approve the Initial Issuance of CBFIs and their registry in the RNV. • Approve the Formation Transactions. • Approve the initial Investment Guidelines. • Approve the investment of Trust assets in allowed investment. • Discuss and approve any sale or acquisition of our assets, properties, or rights by the Trust (or by any Subsidiary Trust or Proprietor Trust) which represents 5% or more (but less than 20%) of the Trust Estate during the immediately preceding quarter, which has been entered into through one or various simultaneous or successive transactions in a period of 12 months; <u>provided</u> that, in addition to the above, the approval of any acquisition or transfer of assets, properties, or rights by the Trust (or the Investment Trusts) which represent 5% (five percent) or more but less than 20% (twenty percent) of the value of the Trust Estate must fulfill any other requisite which is applicable in accordance with the Sole Issuers Regulations in effect at the time of said acquisition or transfer of goods, properties, or rights. | <p>market price and any other applicable requisite under the Sole Issuers Regulations in effect at the time of said transaction.</p> <ul style="list-style-type: none"> • Approve the appointment of an Independent Evaluator, except one already approved in the Trust Agreement. • Approve the appointment of the members of the Audit Committee, |
| <p>CBFI Holders Meeting</p> <ul style="list-style-type: none"> • Approve the Trust's annual audited financial statements. • Appoint the members of the Technical Committee and qualify them as independent. • Approve the trust's Annual Report. • Approve any amendment to the Leverage Guidelines proposed by the Manager, or the assumption of Indebtedness which is not in accordance with the Leverage Guidelines; <u>provided</u> that notwithstanding the above, the level of the Trust's Indebtedness cannot be above the maximum Indebtedness limit allowed in accordance with the Sole Issuers Regulations at any time. • Approve any investment, sale, or direct or indirect acquisition which represent more than 20% (twenty percent) of the Trust Estate at the closing of the previous fiscal quarter, including through various, simultaneous, or successive related transactions in a | | <ul style="list-style-type: none"> • Approve any acquisition of CBFIs in the secondary market, which represents 9.9% or more of the outstanding CBFIs. • Approve, with the written recommendation of the Practices Committee, the Related Party Transaction policies with respect to the Subsidiary Trust and the other Investment Trusts, to the Settlor, as well as to the Manager; approve any Related Party Transactions; <u>provided</u> (1) the majority of favorable votes by the Independent Members of the Technical Committee will be required to approve said point, (2) any member of the Technical Committee who has a conflict of interest will not have the right to vote on said point, and (3) in addition to the above, any Related Party Transaction with respect to the Subsidiary Trust and the other Investment Trusts, to the Settlor, as well as to the Manager which are entered into in accordance with this point shall be entered into at | |

- Provide investment management services related to the identification, evaluation, acquisition, and sale of properties.
- Manage and operate the Trust and its estate, including the Subsidiary Trust and the Investment Trusts.
- Provide portfolio and asset management services; prepare the strategic plan; and realize other strategic planning activities.
- Carry out strategic planning activities, including those related to the growth and acquisition of properties, assets, management of the portfolio, distributions, and marketing.
- Capital Market transactions, including finance transactions through the Issuance of capital and debt instruments for their public or private offering.
- Duties related to preliminary auditing, appraisal, loss control (insurance and bonds), environment and sustainability, research, accounting, preparation of financial information, coverage operations, and fiscal, legal, and follow-up duties.
- Accounting and financial reports and treasury and cash management.
- Preparation of the Trust's quarterly financial statements, in accordance with the IFRS and the Sole Issuers Regulations, revision of tax returns, as well as internal auditing duties and fulfillment of fiscal provisions applicable to the Trust (including but not limited to what is established in articles 187 and 194 of the LISR.
- Interrelated legal duties and compliance duties.
- Management of properties and facilities.
- Technological and systems support.
- Advice on human resources with regards to our Manager's employees.
- Assuming all the duties regarding relationships with investors, including CBFH Holders and other investors.
- Review and approve all and any reports, information, documents, requests, presentations, submissions, and notices which must be

given to the CNBV, the BMV, other stock markets, domestic or foreign, to the CBFH

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- Approve the appointment of our External Auditor (except the one previously carried out in terms of the Trust Agreement, for which this approval is not required), and approve the removal of our External Auditor and the services provided by him.
 - Assess the performance of the External Auditor, analyze the opinions, reports, and documents prepared by the External Auditor and held at least one meeting per each fiscal year with such External Auditor.
 - Discuss our financial statements with the persons who prepared them, and as applicable, recommend the approval or rejection thereto to the Technical Committee. Notify the Technical Committee of the current situation of our internal controls and audit and compliance proceedings, including any irregularity detected thereof.
 - Request from the Manager, the Trustee or of any other liable persons regarding the trust management, any reports related to the preparation of our financial statements, which is necessary to comply with its duties pursuant to the Trust Agreement.
 - Investigate any possible breach to the guidelines, policies, internal controls, or audit practices of the trust.
 - Discuss and recommend to the Technical Committee, the approval of the

- following the date of the first transaction but which could be considered as a single transaction.
- Approve the Investments or acquisitions which are intended to be carried out, directly by the Trust or through a Subsidiary Trust or the Investment Trusts, when they represent 10% (ten percent) or more of the value of the Trust Estate, during the immediately preceding quarter, independently of said Investments or acquisitions being executed simultaneously or successively in a period of 12 (twelve) months following the date in which the first transaction was complete, but which can be considered as a single transaction, and said Investments are intended to be carried out with People who are located in at least one of the following situations: (i) those related to (x) the Subsidiary Trust or any other Investment Trust, (y) the Settlor, and (z) the Manager; or (ii) which represent a conflict of interest.
 - Approve the agreements and or credit assumption policies, loans, financings, as well as any amendment thereto.
 - Remove or substitute the Trustee or Common Representative.
 - Approve the removal and/or substitution of our Manager in the event of a Removal Conduct by the Manager, or without cause in accordance with our Management Agreement, and approve the entity which substitutes the Manager in said capacity in accordance with the Management Agreement.
 - Approve additional issuances of our CBFIs, and the terms for their issuance, including the manner for determining the price at which said CBFIs is to be sold through a public or private offer within or outside of Mexico, as well as the number of CBFIs to be issued, as well as approving the extensions
- Practices Committee, and Debt Committee.
- Approve the accounting policies, our internal auditing control and guidelines, with the previous written consent of the Audit Committee,
 - Approve, with the previous written consent of the Audit Committee, the financial statements submitted to the Holders Meeting for their approval.
 - Approve and modify the distribution policies, provided, that said Distribution Policy must fulfill at all times the provisions in article 187 of the LISR.
 - Approve the disposal of any Investment during the first four years after its acquisition, independently of its value (unless said disposal must be approved by the Holders Meeting in the terms of the Trust Agreement).
 - Instruct the Trustee to reveal the events anticipated in the LMV, including any agreement against the opinion of the Audit Committee for the Practices Committee.
 - Approve any other matter related to the trust business which the Manager submits to the consideration of the Technical Committee.
 - Monitor the performance of our Manager or any other service provider contracted by our Manager in accordance with the Management Agreement.
 - Stay informed regarding all material aspects of our Real Estate Assets and consult our Manager on said topic.
 - Request necessary information and reports, at their discretion, to facilitate the monitoring of our Manager and any other third-party service provider contracted by our Manager; provided, that our Manager will consider in good faith the recommendations issued by the Technical Committee with respect to said matters for which it is being consulted.
- Holders or other investors, or to any governmental authority.
- Carry out all the reporting obligations under the Trust Agreement and Applicable Law.
 - Exercise all the rights and fulfill all the obligations of our Manager in accordance with our Trust Agreement and related documents.
 - Prepare the Annual Report and perform the necessary or appropriate acts to disseminate it in accordance with the provisions of the LMV and other laws and regulations in Mexico and abroad.
 - Identify, evaluate, structure, and recommend to our Trust the Investments to be made by our Trust and the disposal of said Investments, in accordance with the Investment focus of our Trust and per the strategy established in our Trust Agreement.
 - Manage the day-to-day operations of our Trust.
 - Carry out or support with the fulfillment of administrative or managerial functions necessary in the management of our Trust and our Trust's assets.
 - Prepare and maintain or assist in the preparation and upkeep of all books, registries, and accounts of our Trust as required by regulatory and exchange bodies, committees and authorities which have jurisdiction over our trust; and
 - Notify the CBFIs Holders and third parties (as appropriate) about reports, financial statements, and other written materials as required by regulatory and exchange bodies, committees and authorities which have jurisdiction over our Trust.
- accounting policies applicable to our trust, or any change thereof.
- Receive any comment or complaint of the holders of CBFIs, creditors, members of the Technical Committee, our Manager, or any other interested third parties regarding the guidelines, policies, internal controls, or audit practices in which case the Audit Committee will adopt the necessary measures to investigate and repair such violation .
 - Meet, as appropriate, with the relevant officers of the Manager, the Common Representative, and the Trustee.
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- Practices Committee**
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- Express its opinion regarding Related Party Transactions, including transactions with the Manager and its Affiliates.
 - Recommend that the Technical Committee requires from the Manager and/or the Trustee, any information required to comply with its obligations.
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- Indebtedness Committee**
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- Supervise the implementation of mechanisms and controls to verify that any Indebtedness assumed by the Settlor at the expense of the Trust, complies with the provisions of the applicable laws and the Sole Issuers Regulations.
 - Timely notify of the exercise of its authority to the Technical Committee, as well as of any breach to the applicable law.

to the Issuances which are intended to be carried out, be it in the amount or in the number of CBFIs.

- Approve any amendments to the Trust Agreement, Management Agreement, Title, or to any other documents related to the Issuance so long it has no significant adverse effect on the CBFi Holders.
- Approve the cancellation of the listing of the CBFIs in the BMV and their registration in the RNV.
- Approve our dissolution.
- Approve the removal of all members of the Technical Committee.
- Approve the consideration to be paid of the Technical Committee's Independent Members.
- Approve any amendments to the Management Fees under our Management Agreement, or any other fees payable to the Manager or third-party.
- Approve any amendments to our Investment Guidelines and any other change in the Trust Estate investment scheme.

Technical Committee

The Technical Committee is comprised by eight members appointed by our Manager, five of which are independent. The following table includes the names and age of such members.

| Name | Age | Gender |
|------------------------------|------------|---------------|
| Luis Gutiérrez | 60 | Male |
| Eugene F. Reilly | 57 | Male |
| Edward S. Nekritz | 52 | Male |
| Pablo Escandón Cusi(1) | 74 | Male |
| Luis F. Cervantes(1) | 64 | Male |
| Alberto Saavedra(1) | 54 | Male |
| Armando Garza(1) | 60 | Male |
| Xavier de Uriarte(2) | 55 | Male |

(1) Independent Member (in accordance with that set forth by the LMV).

(2) Independent Member appointed by Afore Banamex (in accordance with the LMV).

Appointment and integration of the Technical Committee

The Holders of the CBFIs, which individually or jointly have the 10% (ten percent) ownership of the total of our outstanding CBFIs, shall have the right to appoint a member of the Technical Committee (and its alternate) by each 10% (ten percent) of ownership of outstanding CBFIs, subject to the following terms: (i) if the appointed person is an Independent Person at the moment of its appointment, it shall be appointed as an Independent Member under the terms of the LMV and its related provisions; (ii) the Holder or Holders that have the right to appoint a member of the Technical Committee may waive to this right by only notifying the Trustee, the Manager and the Common Representative in writing; and (iii) in the event that, at any moment, the Holder or group of Holders that has appointed a member in the Technical Committee ceases to individually or jointly hold 10% (ten percent) of the total of the outstanding CBFIs, such Holders shall deliver a notification in writing of such situation to our Manager, to the Trustee and to the Common Representative and shall remove the member of the Technical Committee that they have appointed, in the immediate following Holders Meeting and such appointed member and its alternate shall not have the right to vote in any meeting of the Technical Committee and shall not be considered for the effects of the quorum calculation requisites for the installation and voting in the Technical Committee meetings. Whenever an Affiliate of Prologis Property México, S.A. de C.V. is our Manager, Prologis shall have the right to appoint and revoke the appointment of the rest of the members of the Technical Committee and to occupy any vacancy of the non-independent members; provided that, if Prologis Property México, S.A. de C.V. or one of its affiliate companies ceases to be our Manager, the rest of the Technical Committee members shall be appointed by the CBFIs Holders Meeting.

Independent Members

The Technical Committee shall be comprised by a maximum of 21 (twenty-one) members, from which the majority must be Independent Members always. The CBFIs Holders Meeting in which the appointment of the Technical Committee members is approved (and of their respective

alternates), shall qualify the independency of the Independent Members and their corresponding alternates. For the purposes of such qualification, the CBFIs Holders Meeting shall consider the relationship of such members with our Trust, the Subsidiary Trust and the Investment Trusts, the Trustee and our Manager. In the event that one or more of the Independent Members proposed by our Manager has not been appointed by such Holders Meeting, or if one or more of the Independent Members dies, becomes incapacitated, is removed, resigns or ceases to be independent, our Manager shall have the right, at its entire discretion, to appoint the persons who will occupy any vacancy of the Independent Members, at any time, prior written notice to the Trustee, to the Common Representative and to the Technical Committee, provided that the independency of such member will be qualified by the following annual Holders Meeting.

In accordance with the LMV, in no event, the following persons shall be appointed or act as Independent Members of the Technical Committee:

- a) The relevant directors or employees of our Manager, the Trustee of the Subsidiary Trust nor the Investment Trusts or the companies that comprise the company group or consortium to which they belong as well as their respective auditors. This limitation shall be applicable to those individuals that occupied such positions during the 12 immediate months before the date of their appointment;
- b) The individuals that have a significant influence or authority in our Manager, the Trustee, the Subsidiary Trust or the Investment Trusts.
- c) The shareholders that are part of the Group of Persons with Control of our Manager, the Trustee, the Subsidiary Trust or the Investment Trusts.
- d) The customers, service providers, suppliers, debtors, creditors, partners, advisors or employees of a company that is a customer, service rendered, supplier, debtor or important creditor of our Trust, our Manager, the Trustee, the Subsidiary Trust or the Investment Trusts. A customer, service renderer or supplier is considered as important when its sale to our Trust, our Manager, the Trustee, Prologis, the Subsidiary Trust or the Investment Trusts represent more than 10% (ten percent) of the total sales of the customer, the service renderer or supplier, during the 12 months prior to the date of appointment. Likewise, it is considered that (i) a debtor is important when the amount that such debtor owes to our Trust, our Manager, the Trustee, the Subsidiary Trust or the Investment Trusts is greater than 15% (fifteen percent) of the assets of such debtor; and (ii) a creditor is important when the amount of the credit granted by such creditor to our Trust, our Manager, the Trustee, the Subsidiary Trust or the Investment Trusts is greater than 15% (fifteen percent) of the assets of such creditor.
- e) The directors or employees of a customer that represent 10% (ten percent) or more of our Annualized Base Rent, including those individuals that have occupied such positions during the 12 immediate months before the appointment date.
- f) The external auditors of our Trust, our Manager, the Trustee, the Subsidiary Trust or the Investment Trusts, including those individuals that have occupied such positions during the 12 immediate months before the appointment date; or
- g) That have any kinship by consanguinity, affinity or civil up to the fourth degree, as well as spouses, common law spouses, of any of the individuals indicated in the foregoing paragraphs (a) to (f).

President and Secretary

The president and secretary of the Technical Committee will be appointed by the members of the Technical Committee itself, pursuant to the Trust Agreement.

Election and qualification of the Technical Committee Members

In the Regular Holders Meeting, which must be held within the 4 (four) months following the end of each fiscal year, the Holders of our CBFIs shall elect the Independent Members of the Technical Committee appointed by our Manager. The election of the Holders about an Independent Member of the Technical Committee shall also have the effect of qualifying such member as independent. If the Holders Meeting does not elect any Independent Member proposed by our Manager, our Manager shall have the right (but not the obligation) to appoint another person to replace the non-elected Independent Member (and its alternate); provided that, the independency of such Person will not be confirmed until the next Regular Holders Meeting, independently that its appointment shall be in force until such date. By the ruling of the law, the appointment of the members of the Technical Committee (and its alternates) appointed by our Manager or any Holder or Group of CBFIs Holders, in general terms, shall only be revoked by the person or Group of Persons that originally appointed such member (or alternate), in all events, by means of a document delivered to the Trustee and our Manager (if applicable). The appointment of a Technical Committee member (and its alternate) may also be revoked by the Holders of our CBFIs during a Holders Meeting in which the appointment of the rest of the Technical Committee members is also revoked. The members of the Technical Committee that have been removed may not be reappointed as members of the Technical Committee during the 12 months following such removal. The death, incapacity or resignation of a member of the Technical Committee shall result in the automatic termination of its position, in which case, his/her alternate shall be the acting member of the Technical Committee until the person that appointed such member appoints a new member and its alternate or ratifies the appointment of the alternate as a member or an alternate member.

Meetings

The Technical Committee shall meet in accordance with the calendar approved in the first meeting celebrated each year and in the special meetings, when necessary. Our Manager, the Trustee and the Common Representative shall have the right to attend to any meeting of the Technical Committee with voice but without voting right and, therefore, shall have no responsibility whatsoever regarding the resolutions adopted by the Technical Committee. Our Manager or any of the members of the Technical Committee may request that the Secretary of the Technical Committee calls for a meeting of the same, by sending the respective call request with at least five days in advance, briefly indicating the matters to attend in such meeting. The call shall be delivered in writing to all the members of the Technical Committee, to the Common Representative and to the Trustee and shall include the agenda for the meeting, the place, time and date of the meeting and all the documents necessary or convenient to be revised by the members in relation to the items to be discussed included in the agenda. No prior call shall be required if all the members of the Technical Committee are present or when a member has resigned by means of a written notification. Any member of the Technical Committee may designate the matters to be considered, which will be included in the agenda, by means of a prior notice in writing to the other members with at least three Business Days before the publication of the call. The Technical Committee meetings may be held by telephone or by any other

means that allow the communication between its members in real time and such communications may be recorded. For a Technical Committee meeting is considered validly installed, most its members or their respective alternates must be present in the meeting. Each member shall have the right to one vote. Any member of the Technical Committee that has a conflict of interest about any decision issued by the Technical Committee for its discussion and approval shall abstain from voting and shall not have the right to vote about such decision and such member shall not be considered for quorum effects. Each resolution shall be adopted by most votes of the present members, unless in the cases in which the Trust Agreement demands the voting of most the independent members (including about the transactions between our Trust and our Manager or its affiliate companies or about Related Party Transactions). One resolution of the Technical Committee adopted out of the meeting by means of the unanimous consent of all the members (or their respective alternates), if it is confirmed in writing, shall have the same validity that if such resolution has been validly adopted in a meeting of the Technical Committee. The copy of the resolutions adopted in this manner shall be sent by the Technical Committee Secretary to the Trustee and the Common Representative. If most the Independent Members has voted against one resolution that has been validly adopted by the Technical Committee, such circumstance must be revealed to the investor public through the BMV in Emisnet.

Term of office

The appointment of the members of the Technical Committee (and their respective alternates) shall have a validity of one year and shall be automatically renewed in consecutive periods of one year unless that person that has appointed such members of the Technical Committee (and their respective alternates) decides to the contrary. Prior to the following Ordinary Annual Meeting of the CBFIs Holders, our Manager shall submit to the Holders a list of the Independent Members of the Technical Committee appointed by our Manager, in order for the annual Regular Holders Meeting of to elect and qualify the independency of such Independent Members of the Technical Committee.

Authorities and Duties of the Technical Committee

The Technical Committee shall have the authority to carry out all and each one of the actions related with our Trust not reserved to the CBFIs Holders Meeting, some of which shall be delegated to our Manager as described below. Notwithstanding the foregoing, the following authorities may be delegated by the Technical Committee.

Within the three Business Days following the execution of our Trust Agreement, approve the Formation Transactions and any other acts related to the creation of our Trust and the global offer.

Approve the execution of the Contribution Agreements.

Approve our Guidelines of initial Investment and any other change in the Trust Estate investment regime.

Approve the cash investment that forms part of the Trust Estate, in the Allowed Investment (i.e., in securities of the federal government or registered in the RNV or in investment companies shares).

Approve the disposal of any property during the first four years as from the acquisition of the same, regardless of its value.

Discuss and, if applicable, approve any acquisition or disposal of assets, properties or rights by our Trust (or the Subsidiary Trust or the Investment Trusts) that represent 5% (five percent) or more but less than 20% (twenty percent) of the value of the Trust Estate, whether they are executed in a simultaneous manner or a successive manner within a term of 12 (twelve) months beginning in the date of the first transaction and that may be considered as a single transaction, provided that, in addition to the

foregoing, the approval of any acquisition or alienation of assets, properties or rights by the Trust (or the Investment Trusts) that represent 5% (five percent) or more but less than 20% (twenty percent) of the Trust Estate must comply with any other requisite applicable in accordance with the Sole Issuers Regulations in force at the moment of such acquisition or alienation of assets, properties or rights.

Approve the acquisition of any Person or Group of Persons (except Prologis or any of its affiliate companies) of 9.9% (nine-point nine percent) or more of the outstanding .

With the recommendation in writing of the Practices Committee, approve the policies of Related Party Transaction with regard to the Subsidiary Trust and all other Investment Trusts, the Settlor, as well as the Manager and discuss and, if applicable, approve, any material agreement, transaction (including the acquisition or contribution of real estate) or a significant relation with a Related Party to our Trust, our Manager or its affiliate companies or that constitutes by any other reason a transaction of the Related Parties, in the understanding that, (1) the majority of favorable votes of the Independent Members of the Technical Committee are required to approve such item, (2) any member of the Technical Committee that has a conflict of interest shall have no right to vote over such item and (3) in addition to the foregoing, any transaction with the persons related with regard to the Subsidiary Trust and all the other Investment Trusts, the Settlor, as well as the Manager that are executed in accordance with this paragraph, must be executed at the market price as well as to comply with any other requisite that may result applicable in accordance with the Sole Issuers Regulations in force at the moment of such transaction.

Approve the appointment of an Independent Appraiser to appraise our properties (except certain appraisals previously approved in accordance with that set forth in the Trust Agreement, which does not require the approval of the Technical Committee).

Approve the appointment of the members of the Audit Committee, the Practices Committee and the Indebtedness Committee.

With the prior written approval of the Audit Committee, approve our accounting policies, approve our internal control and audit guidelines.

With the prior written approval of the Audit Committee, approve the submittal of our financial statements to the Holders Meeting for their approval.

Approve any Distribution policy and any modification of the same and any Distribution proposed by the Manager, which is not in accordance with that set forth in the Distributions policy, provided, that any Distribution policy must always comply with that set forth in article 187 of the LISR.

Approve the disposal of any Investment during the first four years as from the acquisition of the same, independently of its value (unless such disposal must be approved by the Holders Meeting in the terms of the Trust Agreement).

Instruct the Trustee to reveal any relevant event in accordance with LMV, including the execution of any agreement contrary to the opinion of the Audit Committee, the Practices Committee and the Indebtedness Committee.

Approve other matters presented before the Technical Committee by the Manager; and monitor the performance of the Manager in accordance with the Management Agreement and the performance of any third-party service provider hired by the Manager in accordance with that set forth in our Management Agreement.

Stay informed with regard all the material aspects of the Real Estate Assets and consult the Manager with regards thereto; and

Request the information and reports considered as necessary, to its entire discretion, to facilitate its surveillance over the Manager and any other third-party service provided by our Manager, in the understanding that the Manager shall consider, in good faith, the recommendations of the Technical Committee about the matters in which the Technical Committee is enquired.

Due diligence and loyalty duties of the members of the Technical Committee

Our Trust Agreement demands from members of the Technical Committee the same due diligence and loyalty duties imposed by the LMV to the members of the board of directors of a publicly traded company.

Pursuant to the LMV, due diligence duties imposes the members of the Technical Committee to act in good faith and in the best interests of our Trust. Members of the Technical Committee comply with their due diligence duties by requesting from our Manager, External Auditor, or any other individual, all information reasonably necessary to participate in any deliberation that requires their presence, as well as attending the Technical Committee meetings and revealing any important information they possess.

The loyalty duty imposes members of the Technical Committee the duty to maintain confidentiality with regards to the information acquired under their office, and to abstain from participating in the deliberation and voting of any matters that contain any conflicts of interest. Disloyalty will be in place before our Trust when a CBFH Holder or Group of CBFH Holder knowingly favor any given member of the Technical Committee or when, without previous express authorization by the Technical Committee, a member takes advantage of a corporate opportunity at our expense. The loyalty duty also implies that members of the Technical Committee should (i) inform the Audit Committee and external auditors of any irregularities of which they are informed during their office; and (ii) abstain from spreading fake information and ordering or causing an omission in the transactions record of our Trust, thus affecting any aspect of our financial statements.

Consideration

Only Independent Members of the Technical Committee will have the right to a consideration for acting as members of the Technical Committee; such amount will be proposed by our Manager and approved by the Holders Meeting, whether in cash or in kind. The consideration to be paid to Independent Members of the initial Technical Committee will be determined by the Manager and submitted on the first annual Holders Meeting, which will discuss and, is applicable, approve the continuation of payment of such consideration after such Meeting. Additionally, we are to reimburse all reasonable expenses by members of the Technical Committee incurred by attending the Technical Committee meetings. Such consideration and any reimbursements for expenses will represent Trust Expenses from our Trust.

Liability and indemnity

Members of the Technical Committee are to be held liable only of acts performed by them in their capacity as members of the Committee whenever they incur in malice, bad faith, or fraud. No member of the Technical Committee will be held liable of payment due to damages or loses generated because of noncompliance with their obligations as such, unless such damages or loses are attributable to deceit, bad faith, or fraud during compliance with such obligations.

Pursuant to the Trust Agreement, we are compelled to indemnify and hold safe and in peace every member of the Technical Committee for any losses derived from our Management Agreement, our Trust Agreement, or any other document related to the same, unless whenever such losses occurred

mainly thus from deceit, bad faith, or fraud. Provisions for compensation as provided in our Trust Agreement will remain valid until the right to demand such compensation lapses pursuant to the Law.

The Technical Committee may hire an insurance or bond coverage against losses incurred by members of the Technical Committee, our Manager, and Common Representative, any CBIF Holder or any other Person as a result of any act or omission by members of the Technical Committee related to our Management Agreement, our Trust Agreement, or any other document related thereto; provided that such insurance or bond coverage will not endorse the compensation payments due to losses incurred as a result of grave negligence, deceit, bad faith, or fraud by members of the Technical Committee.

Audit and Practices Committees

Audit Committee

The Technical Committee shall appoint three independent members to form an Audit Committee. The Audit Committee will have the following authorities:

- Approve the appointment of our External Auditor (except the one previously carried out in terms of the Trust Agreement, for which this approval is not required), and approve the removal of our External Auditor and the services provided by him.
- Assess the performance of the External Auditor, analyze the opinions, reports, and documents prepared by the External Auditor and held at least one meeting per each fiscal year with such External Auditor.
- Discuss our financial statements with the persons who prepared them, and as applicable, recommend the approval or rejection thereto to the Technical Committee. Notify the Technical Committee of the current situation of our internal controls and audit and compliance proceedings, including any irregularity detected thereof.
- Request from the Manager, the Trustee or of any other liable persons regarding the trust management, any reports related to the preparation of our financial statements, which is necessary to comply with its duties pursuant to the Trust Agreement.
- Investigate any possible breach to the guidelines, policies, internal controls, or audit practices of the trust.
- Discuss and recommend to the Technical Committee, the approval of the accounting policies applicable to our trust, or any change thereof.
- Receive any comment or complaint of the holders of CBIFs, creditors, members of the Technical Committee, our Manager, or any other interested third parties regarding the guidelines, policies, internal controls, or audit practices in which case the Audit Committee will adopt the necessary measures to investigate and repair such violation.
- Meet, as appropriate, with the relevant officers of the Manager, the Common Representative, and the Trustee.

Practices Committee

The Technical Committee will appoint at least three independent members to conform a Practices Committee. The Practices Committee is to have the following authorities:

- Express its opinion regarding Related Party Transactions, including transactions with the Manager and its Affiliates.
- Recommend that the Technical Committee requires from the Manager and/or the Trustee, any information required to comply with its obligations.

Indebtedness Committee

The Technical Committee shall appoint at least 3 (three) members to conform an Indebtedness Committee, which majority should be Independent Members. The Indebtedness Committee is to have the following authorities:

- Monitor the implementation of mechanisms and controls to verify that any Indebtedness assumed by the Settlor against the Trust Estate, adheres to the provisions by the applicable regulations and the Sole Issuers Regulations.
- Inform on a timely manner of the exercise of its authorities to the Technical Committee, as well as of any noncompliance with the provisions established under the applicable regulations.

Holdings Meeting

Regular Meeting held on March 12, 2018 Quorum

84.18% (eighty four point eighteen percent) Agenda

Of the Regular Meeting:

- I) Proposal, discussion and, if applicable, ratification of the proprietary and/or alternate Independent Members of the Technical Committee, if applicable, qualification of their independence pursuant to the terms set forth in Clauses 4.3 letter (a) numeral (iii) and 5.2 letter (b) numeral (ii) of the Trust
- II) Compensation of the Proprietary and/or alternate Independent Members of the Technical Committee, pursuant to the terms set forth in Clause 5.3 of the Trust.
- III) Proposal, discussion, if applicable, approval of the audited annual financial statements of the Trust, corresponding to the fiscal year 2018 pursuant to the terms set forth in Clause 4.3 letter (a) numeral (i) of the Trust.
- IV) Proposal, discussion and, if applicable, approval of the Annual Report as of December 31, 2018, pursuant to the provisions set forth in Clause 4.3 letter (a) numeral (ii) of the Trust.
- V) Appointment of delegates to, if applicable, formalize and comply with the resolutions adopted at the Meeting.

Resolutions

Agreements adopted regarding the Ordinary Meeting

FIRST: Ratification of the appointment of proprietary Independent Members and their respective alternates of the Technical Committee of the Trust and confirmation of the qualification of their independence pursuant to Clause 4.3 letter (a) numeral (iii) and 5.2 letter (b) numeral (ii) of the Trust.

SECOND: As a proposal of the Manager, the Proprietary Independent Members or alternate of the Technical Committee previously authorized in the Holders meeting, to continue with the payment of such compensation in the terms and conditions explained in the Meeting, in accordance to Clause 5.3 of the Trust Agreement.

THIRD: The present Bondholders, by majority of votes, approve the audited annual financial statements corresponding to fiscal year 2018, with the different sections that integrate them, pursuant to the terms and conditions set forth in the Meeting, and pursuant to Clause 4.3 letter (a) numeral (i) of the Trust.

FOURTH: The present Bondholders, by majority of votes, and pursuant to Clause 4.3 letter (a) numeral (ii) of the Trust, approve the Annual Report as of December 31, 2018, in terms substantially equal to that submitted to the Meeting, in the understanding that such report may be subject to any adjustment or adaptation that may be pertinent to comply with the obligation to submit it, in terms of the Sole Circular.

FIFTH: The present Bondholders, by majority vote, designate as special delegates of the meeting Fernando José Vizcaya Ramos, Claudia Beatriz Zermeño Inclán, Héctor Eduardo Vázquez Abén, Elena Rodríguez Moreno, Jesús Abraham Cantú Orozco, or any other agent of the Common Representative so that, together or separately, they may realize all the acts and/or processes necessary or appropriate which are required to give complete fulfillment of the agreements adopted in the present Meeting, including, but not limited to, going before the notary public of their choice, in the event necessary, to formalize the present record wherever pertinent, present the warnings and corresponding notifications, as well as realizing the processes which if applicable are required before the CNBV, the BMV, and the Indeval, and other corresponding authorities.

Special Holders Meeting

Meeting held on July 5, 2018

Quorum 86.81% (eighty six point eighty one percent)

Agenda

I. Report of the Manager regarding the generation of an Incentive Commission during the Incentive Commission Period that ended on June 4, 2018, pursuant to the provisions in Clause 8.2 of the Management Agreement.

II. Proposal, discussion and, if applicable, approval for the Trustee to carry out an issuance of additional CBFIs, which will be subscribed by the Manager and/or any of its Affiliates applying the Incentive Fee (net of taxes) referred to in item I of this agenda, pursuant to the provisions in section (b) of Clause 8.2 of the Management Agreement and Clause 3.2 of the Trust Agreement.

III. Proposal, discussion and, if applicable, approval to order the Common Representative and/or the Trustee to carry out the necessary and/or convenient acts to comply with the resolutions adopted from addressing of the second item of the agenda of the Meeting, including, but not limited to, the procurement of authorizations from the corresponding

authorities and the execution of all appropriate documents, as well as the process of update of the registration before the RNV and the exchange of the Title deposited at Indeval, arisen from the change in the number of outstanding Stock Certificates by virtue of the Additional Issuance of CBFIs and other processes, publications and notices related to the foregoing.

IV. Appointment of delegates that, if applicable, formalize and comply with the resolutions adopted at the Meeting.

Resolutions

FIRST: It is noted the report of the Manager regarding the generation of an Incentive Commission during the Incentive Commission Period that ended on June 4, 2018, pursuant to the provision in the Clauses 8.2 of the Management Agreement and the terms submitted to the Holders Meeting.

SECOND: Approval of the Trustee carrying out and issuance of additional CBFIs, to be subscribed by the Manager and/or any of its Affiliates, applying the Incentive Fee (net of taxes) referred because of addressing the first item of the agenda, pursuant to the provisions in Clause 8.2 of the Management Agreement, the Clause 3.2 of the Trust Agreement and the terms submitted at the Meeting.

THIRD: Instruct the Common Representative and the Trustee to, in the corresponding extent, with the collaboration and assistance of the law firm Creel, García-Cuéllar, Aiza y Enríquez, S.C. and credited to the Trust Estate, to make all necessary and/or convenient acts to comply with the agreements adopted derived from addressing of the second item of the agenda of this Meeting, including, but not limited to, the procurement of authorizations of the corresponding authorities, the execution of all appropriate documents, as well as the process of update of the registration of the CBFIs at the RNV and the exchange of the Title deposited at Indeval, arisen from the change in the number of outstanding CBFIs by virtue of the Additional Issuance of CBFIs and other processes, publications and notices related to the foregoing, as the case may be.

FOURTH: Fernando José Vizcaya Ramos, Claudia Beatriz Zermeño Inclán, Elena Rodríguez Moreno, José Luis Urrea Saucedo, Juan Manuel Lara Escobar, Alejandra Tapia Jiménez, Jesús Abraham Cantú Orozco, César David Hernández Sánchez are appointed as special delegates of the Meeting or any other attorney-in-fact of the Common Representative so that, together or separately, to perform all acts and/or processes necessary or appropriate which are required to fully comply with the agreements adopted at this Meeting, including, but not limited to, going before the notary public of their choice, if necessary or convenient, to formalize this minute as appropriate, to submit the corresponding notices, as well as performing the processes which, if applicable, are required before the CNBV, the BMV, and Indeval, and other corresponding authorities.

(f) Fees, costs and expenses of the manager, advisor or other third parties receiving payments by the Trust

For detailed information about the fees, costs and expenses of the Manager, see section "2. The Trust – (d) Relevant Contracts and Agreements – (ii) Management Agreement – Fees" of this Annual Report.

(g) Related party transactions

The Settlor/Manager are not aware of the existence of any conflict of interest between it and any of their employees and/or officers.

The operations with related parties for the year concluded on December 31, 2018 and 2017 are the following:

| 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 comissions | \$ 43,077 | \$ 25,490 |
| Development fee | \$ 5,499 | \$ 10,958 |
| Maintenance costs | \$ 5,414 | \$ 9,528 |
| Incentive Fee* | \$ 205,364 | \$ 139,162 |

**Settlement was celebrated with the Manager equivalent to 5,811,051 (\$205.4 million of mexican pesos) in CBFIs issued on november 16, 2018.*

Our Management Agreement

Our Trust was incorporated by an Affiliate of Prologis. As part of the structure of our Trust, Prologis has prepared and negotiated our Trust Agreement and our Management Agreement. Thus, such agreements were not negotiated in market terms with our Manager, which is an Affiliate of Prologis. In compliance with our Trust Agreement and our Management Agreement, our Manager has been entitled with sufficient authority to lead the course of our day-to-day operations, including (subject to certain requirements for certain authorizations) our investments, sale of assets, financing, and daily relations with our clients. In compliance with the Trust Agreement, our Manager has the right to appoint the totality of members of the Technical Committee, subject to the right of all CBF Holder or group of CBF Holders to represent 10% (ten percent) of our CBFs, which may appoint a member and his respective substitute. For a description of our management bodies and staff, see "2. The Trust- (j) Capital Markets – (i) Trust Structure and Main Holders – Technical Committee" and "3. The Manager–

(c) Managers and Shareholders" "Management-Technical Committee" and "Management-Our Manager". For a description of the risks related to our structure and management, see "1. General Information- (c) "Risk Factors-Risks related to our structure and management".

Conflicts of Interest

We are exposed to possible conflicts of interests as a result of our relationship with Prologis, as well with our Manager, which is an Affiliate of Prologis, and some executives and employees of this last. Such bodies and individuals participate in other businesses not related to our trust, and Prologis will exercise a considerable influence in our activities. See *"1. General Information- (c) "Risk Factors – Risk related to our structure and management"*.

Our Trust Agreement establishes certain policies and procedures for the resolution our possible conflicts of interest. For example, the Related Party Transactions with or that may represent a conflict of interests must be previously approved by the Technical Committee, previous approval by the Practices Committee during a session in which non-independent members may not vote with regards to such matters. However, we cannot ensure we will be able to eliminate or limit any possible or true conflict of interest to the entire satisfaction of the CBFH Holders, or that our policies and procedures will be adequate to solve all arising conflicts. See *"2. The Trust – (b) Business Description – (xi) Policies with respect to certain activities - Policies in terms of conflicts of interests"*.

Other properties managed by Prologis; preemptive right granted by Prologis

Both Prologis and its Affiliates will remain owners, managers, and investors of certain properties not contributed or acquired by us as part of the Formation Transactions , in compliance with the provisions under section Structure and Formation – Contribution of our initial Portfolio – Excluded properties". Prologis has granted us and is compelled to cause its Affiliates to grant us preemptive rights for acquiring some of its investments in properties in Mexico, as per the provisions described under section *"2. The Trust – (b) Business Description – (xi) Policies with regards to certain activities – Investment Policies – Preemptive rights"* and, in certain cases, the properties that such entities wish to sell or acquire from third parties would be subject to such preemptive rights or purchase offer, respectively. We cannot, however, ensure that all sales or acquisitions performed by such entities will be subject to such preemptive rights and, therefore, we cannot guarantee that such entities will not compete against our Trust to attain investment and acquisition opportunities to attract Tenants, or by any other means. See section *"1. General Information – (c) Risk Factors – Risk factors related to our structure and management – We are exposed to possible conflicts of interests between our Trust, Prologis, our Manager, and the Technical Committee"*.

CBFHs holdings; Technical Committee

Prologis has the right to appoint the totality of the members of the Technical Committee, except for the right to appoint a member of the Technical Committee, granted by the law , to any holder or group of holders that represent 10% (ten percent) of our CBFHs.

Other operations with related parties

Solution Insurance, Ltd. ("Solution"), a Prologis Affiliate, is a captive insurance institution that provides insurance coverage against any or all losses that escalate to an amount lower than the deductibles established under the insurance policies issued by third parties with regards to our properties. Solution establishes the applicable annual premiums for Prologis based on forecasts derived from losses suffered in the past by Prologis properties. Prologis assigns to our properties part of the insurance expenses incurred by it based on its opinion in terms of regional risks to which it is exposed

due to our properties.

(h) External Auditors

KPMG Cárdenas Dosal, S.C. was appointed as the external auditor in Accordance with the Trust Agreement. The External Auditor was contracted with the purpose of carrying out an audit of the Trust's financial statements as of December 31, 2018, and 2017, for the years ended on those dates. The External Auditor issued an unqualified opinion on such financial statements on February 16, 2018.

There has not been any change in the External Auditor.

There has not been any other opinion by any other independent expert.

(i) Other Third Parties Bound by the Trust or the Holders

There are no third parties bound with our Trust or the CBFIs, such as surety companies, guarantors, counterparties in derivative financial or hedging transactions or credit support.

(j) Capital Markets

(i) Trust Structure and Main Holders

Main Holders

- i. Shareholders holding more than 10% (ten percent) of the capital stock of the manager or operator.

To the best of our knowledge, Afore Banamex through several SIEFORES holds around 11% (eleven percent) of the total outstanding CBFIs. In addition, there is no record of another individual or legal entity who is the main beneficiary shareholder.

- ii. Shareholders with relevant influence.

Prologis Inc. through its subsidiaries holds around 46.7% (forty six point seven percent) of FIBRAPL and its affiliate is the administrator of FIBRAPL, exercising and influence in the regular operations of FIBRAPL.

It is important to mention that Prologis has 3 of the 8 members of the Technical Committee of FIBRA, for which it does not have Control over the decisions and has no vote in the decisions of the related parties.

- iii. Shareholders who exercise Control or decision-making power.

There is no shareholder or group of Shareholders who exercise decision-making Control in the Manager or FIBRAPL.

Structure of the Trust

According to our Trust Agreement, our trustee is Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, División Fiduciaria. Pursuant to our Management Agreement, our Manager is Prologis Property México, S.A. de C.V., an Affiliate of Prologis, in charge of the daily management of our trust. In general terms, the Trustee acts in our representation exclusively by instructions of the Manager, except for some matters which must be approved by the Technical Committee or by the Holders of our CBFIs. The handing of the daily operations of our properties is entrusted to the Manager. We are the only beneficiaries of the property rights of our real estate and we maintain such rights through trusts (including security trusts), subject to any encumbrances in favor of our creditors.

- i. Relevant changes in the last 3 years in the percentage of ownership hold by the main current Shareholders.

From the start of the quotation of FIBRA Prologis, the sole important change of the main current shareholders is Afore Banamex which through several SIEFORES holds around 11% (eleven percent) of the total of the outstanding CBFIs.

- ii. Prologis Property Mexico SA de CV is affiliate of Prologis Inc., which owns 100% (hundred percent) of the Manager. The decisions of the regular operation are performed by Prologis Property México in collaboration with Prologis Inc. The Manager is not aware of any kind of commitment which may means a change in the control of its shares.
- iii. Financial information of the internal administration.

There is no company with more than 50% (fifty percent) of FIBRAPL

Technical Committee

The Technical Committee is integrated by eight members appointed by our Manager, five of which are independent. The following table shows the name and age of such members.

| Name | Age | Gender |
|------------------------------|------------|---------------|
| Luis Gutiérrez | 60 | Male |
| Eugene F. Reilly | 57 | Male |
| Edward S. Nekritz | 52 | Male |
| Pablo Escandón Cusi(1) | 74 | Male |
| Luis F. Cervantes(1) | 64 | Male |
| Alberto Saavedra(1) | 54 | Male |
| Armando Garza(1) | 60 | Male |
| Xavier de Uriarte(2) | 55 | Male |

(1) Independent Member (in accordance with that set forth by the LMV).

(2) Independent Member appointed by Afore Banamex (in accordance with the LMV).

Biographic Information

Luis Gutiérrez. Mr. Gutierrez has approximately 30 years of experience in the real-estate sector, including his character as President of Prologis for Latin America, which has under his charge

all the operations of Prologis in Mexico and Brazil, including its operations, investments, acquisitions and industrial real-estate developments. Mr. Gutiérrez was one of the founders of the Fondo Opción (formerly, G.Acción), the first public real-estate company in Mexico and its General Director. He is currently a member of the executive committee of the Global Companies Board. Likewise, he is a member of the management boards of Finance and Central de Estacionamientos and chaired the Mexican Association of Industrial Parks from 2005-2006. Mr. Gutierrez is a civil engineer graduated from the Universidad Iberoamericana and has a master's degree in business management by the Instituto Panamericano de Alta Dirección de Empresas (IPADE). He joined the Administrator's team in 1988.

Eugene F. Reilly. Mr. Reilly is the CEO for America of Prologis as from the Merger. Likewise, as from October 2003, he had several positions in AMB and at the date of the Merger he was de the AMB CEO for America. Before incorporating to AMB in October 2003, Mr. Reilly was one of the founders and Finance Director of Cabot Properties, Inc., a private capital company dedicated to the real-estate sector. Since 2009, Mr. Reilly is and advisor of the real-estate company Strategic Hotels and Resorts. MR. Reilly has a bachelor's degree in economics graduated from the Harvard College. Mr. Reilly has 33 years of experience in this industry.

Edward S. Nekritz. Mr. Nekritz is the General Counsel and Secretary of the Prologis, Inc. Board since the merger. From December 1998 to June 2011, he occupied was General Counsel of ProLogis, Inc.; from March 1999 to June 2011 he also had the position of Secretary of ProLogis, Inc.; and from March 2009 to June 2011 he worked as Risk Global Strategy Director of ProLogis, Inc. Before joining ProLogis, Inc., in September 1995, Mr. Nekritz worked in Mayer, Brown & Platt (currently, Mayer Brown LLP). Mr. Nekritz has a bachelor's degree in government matters from the Harvard College and a bachelor's degree in law from Chicago University Law School. Mr. Nekritz has 27 years of experience in this industry.

Pablo Escandón Cusi Mr. Escandón has been chairman and CEO of Nadro, one of the wholesale distribution of pharmaceutical products in Mexico, since 1977. Mr. Escandón is a member of the Grupo Financiero BBVA Bancomer Banco de Comercio Board. From 1999 to 2008, Mr. Escandón chaired G. Acción, S.A. de C.V. Mr. Escandón has been a member of the Mexican Board of Businessmen since 1993 and is a member of the board of several philanthropic organizations. Mr. Escandón has a Business Administration bachelor's degree from the Georgetown University and an MBA from the Instituto Panamericano de Alta Dirección de Empresas.

Luis F. Cervantes. Mr. Cervantes has 38 years of experience in the finance industry, including the position as chairman and CEO of Finaccess, a fund management and investment advisory company, managing \$2.4 billion since 2010 and was chairman and CEO of its predecessor company, Finaccess International Inc. from 2000 to 2009. Mr. Cervantes was also an independent member of the Technical Committee of Prologis México Fondo Logístico, a Contributor Entity. Mr. Cervantes has bachelor's degree in Industrial Engineering by the Universidad Iberoamericana and an MBA by Stanford Business School.

Alberto Saavedra Mr. Saavedra is a partner of the Mexican legal firm Santamarina y Steta, in which he has worked in corporate law as from 1983. Mr. Saavedra is currently a member of Kimberly-Clark de México, S.A.B. de C.V., Sanluis Corporación, S.A.B. de C.V., Corporación Geo, S.A.B. de C.V. and Mexican Derivatives Exchange, S.A. boards. Mr. Saavedra has also been an independent member of the Technical Committee of Prologis México Fondo Logístico, a Contributor Company and was a

member of the board of directors of G. Acción, S.A. de C.V. from 1988 to 2008. Mr. Saavedra has a law degree by the Universidad Iberoamericana, a Comenrcial Law specialty by the Universidad Panamericana and is a graduate in Human Development by the Universidad Iberoamericana.

Armando Garza Sada. Mr. Garza is currently the Chairman of Alfa, S.A.B. de C.V., one of the most diversified corporations in Mexico. Mr. Garza was Vice-President of Corporate Development, Vice-Chairman of Corporate Planning and Chairman of Sigma Alimentos, S.A. de C.V. and President of Polioles, S.A. de C.V. Mr. Garza is an active board member of several companies and institutions: Alfa S.A.B. de C.V., Banco de México Regional Board, Deutsche Bank, Latin American Advisory Board, Fomento Económico Mexicano, S.A. de C.V., Grupo Frisa, Grupo Financiero Banorte, Instituto Tecnológico y de Estudios Superiores de Monterrey, Grupo Lamosa, NFL Mexican Advisory Board and Stanford Graduate School of Business Advisory Board as well as Stanford University's Board of Trustees. Mr. Garza has a bachelor's degree in Administration from Massachusetts Institute of Technology (MIT) and an MBA by the Stanford Graduate School of Business.

Xavier De Uriarte Berron. With more than 28 years of experience in the banking and financial system in Mexico, Mr. De Uriarte started his career as auditor in PWC, working at Citibank, Bank of America, Grupo Bursátil Mexicano (GBM) and ING. In 2008, SURA, a financial entity of Colombia, which acquired Afore ING, creating Afore SURA where it has the General Director position until 2013. Currently, Mr. De Uriarte is an Independent Member of the Board in different institutions, within others, Bank of Tokio, Afore Banamex, Red Carretera de Occidente, etc. It is also a professor at ITAM (Instituto Tecnológico Autónomo de México) of capital markets and financial institutions. Mr. De Uriarte studied accounting at ITAM and studied his MBA at Durham University in the United Kingdom

For information related to the executive members of the Manager, see section "3. The Manager – (c) Managers and Shareholders" of this Annual Report.

(ii) Performance of real estate trust certificates in the securities markets

Below is the performance and pricing and operated volume for the period, as well as the daily average volume for CBFIs;

| | Maximum Price | Minimum Price | Operated Volume (thousands) | Average Volume (thousands) |
|-------------|---------------|---------------|-----------------------------|----------------------------|
| 2018 | \$ 41.04 | \$ 29.40 | 121,902 | 486 |
| 2017 | \$ 38.98 | \$ 25.53 | 190,701 | 760 |
| 2016 | \$ 34.64 | \$ 23.98 | 293,938 | 1,166 |

Performance by quarter since the initial public offer:

| | Maximum Price | Minimum Price | Operated Volume (thousands) | Average Volume (thousands) |
|----------------|---------------|---------------|-----------------------------|----------------------------|
| 4Q 2018 | \$ 31.91 | \$ 29.40 | 36,293 | 585 |
| 3Q 2018 | \$ 41.04 | \$ 34.50 | 27,646 | 425 |

| | | | | | | |
|----------------|----|-------|----|-------|--------|-------|
| 2Q 2018 | \$ | 38.99 | \$ | 33.10 | 24,617 | 385 |
| 1Q 2018 | \$ | 37.45 | \$ | 32.00 | 33,346 | 556 |
| 4Q 2017 | \$ | 38.10 | \$ | 33.50 | 33,715 | 553 |
| 3Q 2017 | \$ | 38.98 | \$ | 33.47 | 48,273 | 743 |
| 2Q 2017 | \$ | 36.77 | \$ | 29.87 | 53,997 | 871 |
| 1Q 2017 | \$ | 31.25 | \$ | 25.53 | 54,716 | 869 |
| 4Q 2016 | \$ | 34.64 | \$ | 27.12 | 82,408 | 1,329 |
| 3Q 2016 | \$ | 32.47 | \$ | 27.58 | 60,228 | 927 |
| 2Q 2016 | \$ | 28.93 | \$ | 25.26 | 76,512 | 1,177 |
| 1Q 2016 | \$ | 27.27 | \$ | 23.98 | 74,790 | 1,247 |
| 4Q 2015 | \$ | 28.76 | \$ | 25.64 | 33,354 | 529 |
| 3Q 2015 | \$ | 28.92 | \$ | 25.50 | 78,113 | 1,202 |
| 2Q 2015 | \$ | 29.00 | \$ | 25.05 | 20,678 | 334 |
| 1Q 2015 | \$ | 29.99 | \$ | 24.55 | 72,664 | 1,191 |
| 4Q 2014 | \$ | 30.60 | \$ | 25.60 | 57,695 | 916 |
| 3Q 2014 | \$ | 29.55 | \$ | 27.00 | 54,340 | 836 |
| 2Q 2014 | \$ | 28.10 | \$ | 26.90 | 82,698 | 4,353 |

Performance of the last 6 months:

| | Maximum Price | Minimum Price | Operated Volume (thousands) | Average Volume (thousands) |
|------------------|---------------|---------------|-----------------------------|----------------------------|
| December | \$ 34.02 | \$ 29.40 | 9,453 | 497,529 |
| November | \$ 38.44 | \$ 31.59 | 12,865 | 643 |
| October | \$ 39.91 | \$ 35.00 | 13,976 | 608 |
| September | \$ 40.06 | \$ 36.39 | 8,133 | 407 |
| August | \$ 39.78 | \$ 34.50 | 12,682 | 551 |
| July | \$ 41.04 | \$ 38.17 | 6,831 | 310 |

As of December 31, 2018, FIBRA Prologis has a market formation services agreement with UBS.

The operated accumulated volume comparing 2017 against 2018 had a decrease of 64% (sixty-four percent) and the operated amount had an increase of 30% (thirty percent).

The average number of daily operations was an average of 1,593 for 2018 vs. 394 before starting operation of the market formation.

The participation of the market formation in the market operation in terms of amount was of 6.7% (six point seven percent) in average throughout 2018 and in terms of volume it was of 6.6% (six point six percent). As of December 31, 2018, FIBRAPL fell back 3 places in the stock index from place 46 held in December 2017 to 49, at high marketability.

Prior to the market formation the relation spread / price was superior than 0.8%, (point eight percent) which has diminished to percentages below 0.7%. (point seven percent) for 2015 and under 0.5% (zero point five per cent) for 2016 and 2017, and just slightly higher than 0.5% (zero point five per cent) for 2018.

(iii) Market formation

FIBRA Prologis executed the second market formation services agreement with UBS, Casa de Bolsa, S.A. de C.V., UBS Grupo Financiero on with a term until January 15, 2019.

The agreement may be early terminated: (i) by any of the Parties by means of written notice, which shall be provided to the other Party with at least 20 (twenty) business days of anticipation, in which case, the requesting Party agrees to notify the BMV about such termination, by means of writing sent with at least 15 (fifteen) business days prior to the date in which the Agreement would become ineffective; or (ii) upon the occurrence of any of the events set forth in article 2.015.00 of the Interior Regulations of the BMV.

The services render for market formation are the following:

- Maintain a continuous operative presence over the Securities during each Trading Session of Capital Markets managed by the BMV.
- Have a permanence in the shifts of the BMV of 80% (eighty percent).
- The minimum offer amount was of \$275,000.00 (two hundred and seventy five thousand Pesos 00/100).
- Establish positions for purchase and sale with a maximum spread of up to 1.50%. (one point five percent).

The foregoing to promote the liquidity of the Securities, as well as to establish reference prices and contribute to the stability and continuity of the prices themselves.

3. The Manager

(a) History and Development of the Manager

Prologis Property México, S.A. de C.V., arose from the purchase in 2008 of the developer G. Acción, S.A. de C.V., and the merger in 2011 with AMB Property Corporation. The Manager has operated in Mexico since 1997, although the directive team of the company in Mexico has been involved in the real estate sector since 1998. Since 1997 the company has focused its investment efforts on the development and acquisition of industrial buildings in Mexico.

Manager's main clients

The main clients of the Manager are companies that lease industrial real estate properties from the Manager, said clients are leaders in their respective lines of business and branches of specialization, within which we can find manufacturing, electronics, automotive, logistics, among others.

Manager Experience

Our manager provides the following services in terms of property management:

- Manager of properties consistent in collection, relationship with clients, and other related activities.
- Development services consisting in supervision of works.
- Property leasing.

Our Manager provides property management services for Prologis Mexico Manager, S. de R.L. de C.V., an affiliate of our Manager, serving as manager for Prologis México Fondo Logístico.

The fees charged by our Manager for such services are 4% (four percent) base development fee consisting in the acquisition/development budget minus (i) the property purchase price, (ii) financing and project closing costs, and (iii) commissions or fees related to the leasing of the project.

To date, no relevant changes exist in the policies or procedures applicable to the activities performed by our Manager and described in this document.

Prologis keeps industry leadership in terms of corporate ethics and fundamental values:

- Global anti-corruption policies, including the Foreign Corrupt Practices Act.
- Appointed as one of the 100 most sustainable companies in the world.
- Prologis fundamental values: integrity, mentorship, passion, accountability, courage, and teamwork (*IMPACT*) promote a company culture, maintaining the highest standards on a global scale.

For more information please see section "Manager's History" of this Annual Report.

(b) Business Description

(i) Main Activity

Prepare and carry out projects for the development and construction of infrastructure and urbanization of all types of properties, including, but not limited to, the development and construction of commercial, industrial, and housing properties, as well as their management, supervision, and coordination, likewise the promotion and sale of properties and the enacting of all types of Lease Agreements, as landlord or Tenant, realizing said acts in representation of third parties and providing all types of technical and administrative services related to the foregoing.

(ii) Human resources

As of December 31, 2018, the number of persons employed by the Manager were 89 employees. 100% (one hundred percent) of them are trusted non-union employees.

(iii) Corporate structure

The capital stock of the Manager is variable. The Manager's minimum fixed capital without withdrawal right is \$14,905,460.74 (fourteen million, nine-hundred and five thousand, four hundred sixty Pesos and 74/100), and the variable capital is unlimited. The Manager's capital stock is represented by class "I" stocks representative of the minimum fixed part without withdrawal right of the Manager's capital stock, which are ordinary, without expression of nominal value and will confer the same economic and corporate rights, as well as same obligations to their holders. The class "II" represent the variable part of the Manager's capital stock, which are ordinary, without expression of nominal value, and will confer the same economic and corporate rights, as well as the same obligations to their holders. In addition, profitable stocks or stocks which confer special or preemptive rights to their holders may be issued, which will be different from the class "I" and class "II" stocks, which can be issued with the approval of the shareholder meeting.

Corporate Purpose

(i) Prepare and carry out projects for the development and construction of infrastructure and urbanization of all types of properties, including, but not limited to, the development and construction of commercial, industrial, and housing properties, as well as their management, supervision, and coordination, likewise the promotion and sale of properties and the enacting of all types of Lease Agreements, as landlord or Tenant, realizing said acts in representation of third parties and providing all types of technical and administrative services related to the above; (ii) participating as an associate, shareholder, or investor in all types of corporations, mercantile entities or those of other nature, Mexican or foreign, be it from their formation or acquiring stocks or participations in those which are already formed, as well as exercising corporate and economic rights derived from said participation and buying, voting, selling, transmitting, registering, having, using, taxing, disposing of, altering, exchanging, or finalizing under any title all types of stocks, partnership interests, securities, and interest and shares of all types of corporations in the way which is allowed by applicable legislation; (iii) obtaining and granting all types of financing, loans, or credits, and issuing securities, bonds, commercial paper, certificates of ordinary participation, and other types of debt, with or without a specific guarantee, by means of a commitment, mortgage, pledge, trustor, or any other legal form, and guaranteeing the obligations of third parties and debt, be it as guarantor, bond, endorsement, or in any other capacity, including as joint obligor; (vi) issuing, executing, accepting, endorsing, certifying, guaranteeing, or in any other manner registering all types of credit titles, as well as

carrying out all types of credit operations; (v) granting and receiving the real or personal guarantees which were necessary or appropriate; constituting a mortgage or pledge, and granting bonds or any type of guarantees, in businesses in which the Manager has an interest, as well as in obligations under the responsibility of third parties; (vi) providing all types of professional services, including real estate advice, operational, administrative, planning, development, engineering, research, training, consulting, and advising services and in general, providing all types of services to corporate entities; (vii) entering into all types of agreements, contracts, and documents, including but not limited to those for brokerage, purchase-sale, supply, distribution, consignment, agency, commission, mortgage, bond, swap, lease, sublease, management, services, technical assistance, consulting, commercialization, trust, co-investment, association, and other agreements, as is necessary or appropriate with the purpose of the Manager carrying out its corporate purpose; (viii) acquiring, selling, leasing, renting, subletting, using, enjoying, possessing, licensing, and disposing of, under any legal form, all types of real estate and personal property, equipment and goods, including as depositary and depositor, and having rights over said properties, including all types of machinery, equipment, accessories, offices, and other necessary or appropriate provisions for the realization of its corporate purpose; (ix) acting as the legal representative or agent of all types of persons and entities, be it as representative, intermediary, commissioner, manager, or in any other capacity; (x) subject to applicable legislation, obtaining, acquiring, possessing, using, enjoying, exploiting, and disposing of, under any title, all types of concessions, permissions, licenses, authorizations, franchises, patents, brands, commercial names, as well as any other intellectual and industrial property rights; (xi) entering into and/or carrying out, within Mexico or abroad, at its own expense or that of others, all types of acts, be they principal or auxiliary, civil or mercantile, or of any other nature (including acts of ownership); and (xii) carrying out and realizing all types of contracts and juridical acts which are necessary or appropriate for the realization of its corporate purpose.

(iv) Judicial, administrative or arbitral processes

The Manager is not involved in relevant judicial, administrative or arbitral processes.

(c) Managers and Shareholders

The direction and management of the Manager is entrusted unto a sole manager or a board of management, which shall be integrated by no less than 3 (three) proprietary members, and in such case, the number of alternate members appointed by the shareholders meeting; in the understanding that the number of board members shall not be less than 2 (two). The members of the board of management or the sole manager, in such case, may or may not be shareholders of the Manager, shall hold office for 1 (one) year as of the date of their appointment or ratification, and may be re-elected for successive terms, but in any case, shall continue in office until the persons appointed to replace them take office of their appointments. For such purposes, it shall be understood for one year, the period elapsed between the date on which the following annual regular shareholders meeting is held. The sole manager, and in such case, the proprietary members of the board of management of the Manager and their respective alternates, shall be appointed by simple majority vote of the shareholders of the Manager in a regular shareholders meeting. The board of management shall hold its meetings when called by any of its proprietary members, or, by the secretary or pro-secretary. The board of management may determine in the first meeting held after the closing of each fiscal year, the corresponding dates to hold; in the understanding, however, that such program does not impede the possibility of calling additional meetings of the board of management. For the meetings of the board of management to be deemed legally installed, most the proprietary members shall be present, or their respective alternates. The board of management shall adopt its resolutions by majority vote of the present board members, whether proprietary or their respective alternates. The

resolutions taken in lieu of meeting of the board of management, by unanimous vote of the board members, shall be valid and legal, so long as they are signed confirmed in writing and signed by all the members of the board of management. The regular shareholder’s meetings shall be deemed legally installed, by first calling, if at least 51% (fifty one percent) of the common shares representing the capital stock are represented. Upon second or subsequent calling, the regular shareholder’s meetings shall be deemed legally installed with whatever number of shares may be present or represented. The special shareholder’s meetings shall be deemed legally installed by first calling, if at least 75% (seventy five percent) of the common shares representing the capital stock are represented; in the event of second or subsequent callings, it shall be deemed legally installed if at least 51% (fifty one percent) of the common shares representing the capital stock are represented.

The following table includes the names, positions, and ages of the main executives of our Manager.

| Name | Position | Age | Gender | Tenure |
|------------------|-------------------------|------------|---------------|---------------|
| Luis Gutiérrez* | Chief Executive Officer | 60 | Male | 30 |
| Héctor Ibarzábal | Chief Operating Officer | 57 | Male | 29 |
| Jorge Girault | Chief Financial Officer | 48 | Male | 25 |

**Luis Gutiérrez*. See section “-Technical Committee” to review the biography of Mr. Luis Gutiérrez. “2. The Trust- (j) Capital Markets – (i) Structure of the Trust and Main Holders – Technical Committee”.

Héctor Ibarzábal. Mr. Ibarzábal is the Chief Operating Officer of our Manager and has 29 years of experience in the industrial, commercial, residential, and real estate offices sectors, including structuring and financing projects and raising capital for such purpose. Also, as National Manager and Chief Operating Officer for Prologis in México, Mr. Ibarzábal has a wide proven experience in the management of operations for Prologis in México, Mr. Ibarzábal was one of the founders of Fondo Opción (previously G. Acción), a public real estate company, and served as Chief Financial Officer, Chief Operations Officer, and President of the company. He is currently the chairman of the Mexican Association of Private Industrial Parks, AMPIP. He is member of the technical committee of Prologis México Fondo Logístico and he is also member of the Board of Directors of Actinver Fondos and Escala. Mr. Ibarzábal is a civil engineer graduated from the Universidad Iberoamericana, with an MBA in Business Manager by IPADE. He joined the Administrator’s team in 1989.

Jorge Girault. Mr. Girault is the Chief Financial Officer for our Manager and counts with 25 years of experience in the industrial commercial, residential, and office sectors. Such experience includes structuring and financing of real estate projects, as well as raising capital for such projects. Mr. Girault has a wide proven experience in executing capital and debt instruments placement operations for Prologis, and is director of Prologis México Manager, S. de R.L. de C.V., manager for Prologis México Fondo Logístico. Mr. Girault started his professional career at G.Acción, where he served as Project Manager, Investor Relations Vice-President, and Chief Financial Officer. Mr. Girault is an industrial engineer graduated from Universidad Panamericana and has an MBA by Universidad Iberoamericana. He joined the Administrator’s team in 1994.

Labor inclusion policies without gender distinction

Equal opportunities and the elimination of distances in labor participation between men and women have been of the objectives of Prologis and many advances have been made. Currently, we have a good balance between men and women, access to employment and working conditions are the same. We have been increasing the presence of women in management positions through coaching and training.

Investment Committee of our Manager

We have adopted the process employed by the Prologis investment committee for the decision-making process in capital allocation. Prologis, as an operator of full services for the real estate sector, has the capacity to directly manage the full life cycle of a real estate portfolio, from its initial creation to its final sale. The following is a description of the services platform offered with Prologis for its entire investment network and clients on a global scale. Since we are a Subsidiary of Prologis, such policies are applicable for our Trust.

Investment Process

Prologis has developed a disciplined approach with regards to the investment process. We have the intention of being an active investor and continue acquiring and selling properties in the future, some of which will belong to third parties and other Prologis affiliates. Each of the investments performed subject to the general course of policies by the Prologis investment committee, a Prologis internal executive body with cross functions and geographic diversity that analyzes the investment opportunities and decides which ones to tackle.

The stages of the investment process are highly integrated and subject to review of the process critical points:

1. Transactions Origination. Prologis employs a proactive focus towards the generation of investment opportunities, making use of its relations with stockbrokers, institutional investors, and direct sellers, as well as presenting spontaneous offers. We consider that the Prologis experience on a local level, added to its focus on a single type of properties, contributes to its ability to successfully generate opportunities for acquisition.
2. Initial Investment Committee. After identifying a possible operation, a team from the investment area integrated by the Acquisitions Manager of Development Manager, as is the case, and by the regional portfolio manager in charge of the property management after its acquisition; or the development manager in charge of the development or refurbishment of the property, elaborates an initial recommendation to the investment committee by hearing the opinion of the portfolio manager. In general, the recommendation by the initial investment committee, contained in a detailed and comprehensive memorandum, includes financial, operational, market, and structural consideration of the proposed investment. The initial recommendation to the initial investment committee, which is submitted as a detailed memorandum, includes in general terms the financial, operational, structural, and market consideration of the possible investment. Such recommendation is evaluated in full detail and must be approved by the investment committee to proceed with its purchase and the development of a detailed preliminary auditing. The operations valued in USD\$5 million or less are submitted to an expedite process, and do not require approval on an investment

committee level, although it also involves the preparation of a comprehensive written memorandum and its approval by a subcommittee of the investment committee.

3. Auditing. After retrieving approval by the investment committee, the investment team and Manager of the regional portfolio generate an environmental auditing, physical inspection, and title deed, credit and financial analysis, as part of the formal assessment process. The Manager of the regional property portfolio or development manager generates and verifies assumptions to back the transaction and designs the operational and development strategy to be implemented after the closure, including any specific sale strategy for a specific investment. The regional portfolio Manager will advocate for our trust to guarantee that all investments proposed are consistent with the Investment Guidelines and objectives of our Trust portfolio.
4. Definitive Approval. Full and definitive approval by the investment committee is usually required, unless no significant change has occurred from the date of approval of the operation by the initial investment committee with regards to the operation, no significant delay in the operation, and no parameters established for the operation have been exceeded. If so, the investment committee will not need to fully and definitively approve the operation, but such will be approved by majority vote on a subcommittee level of the investment committee.

Prologis Sole Portfolio Policies

The "Prologis Portfolio" encompasses properties belonging in 100% (one hundred percent) to Prologis (jointly, the "Sole Portfolio Prologis Group"); properties maintained jointly by entities belonging to the Sole Portfolio Prologis Group, and by independent third parties, through joint agreements or funds with separate accounts (each called, a "Sole Portfolio Fund"), and properties belonging to third parties, to which Private Capital, LLC provides investment management of trust management services (each called a "Sole Portfolio Client"). The Prologis Sole Portfolio Policy has the purpose of managing the Prologis Portfolio regardless of the owner, without prejudice of a property belonging in 100% (one hundred percent) to an entity member of a Sole Portfolio Prologis group, to a Sole Portfolio Fund, or to a Sole Portfolio Client. Thus, all properties that integrate the Prologis Portfolio are intended to participate in all programs established by the Prologis Group for the Sole Portfolio for the purposes of operation of the Prologis Portfolio.

The "Sole Portfolio Policy" is designed to benefit all owners of the Prologis Portfolio by creating a larger scale. Some examples of this include coverage of the Prologis Portfolio through generic insurance policies, which, under the Sole Portfolio Prologis Group's opinion, translates into one of the lowest insurance costs in the real estate industry, reducing property management commissions by means of a negotiation of master management agreements, and implementing a consistent signal program. The properties included in the Prologis Portfolio also participate in various revenue increase opportunities that, in our opinion, increment risks, as well as in supply initiatives that, in our opinion, reduce costs.

In terms of leasing, the Sole Portfolio Prologis Group considers that the size of the Prologis Portfolio generates greater opportunities for attracting certain specific clients that lease more than one property. The Sole Portfolio Prologis Group considers that the fact of having a larger platform that allows attracting more clients, and all Prologis Affiliates receive the benefit of the global solutions team for Prologis clients.

The decisions in terms of leasing are focused in individual leasing, understanding that not all buildings and not all commercial premises are equally adequate for a specific Tenant for various reasons. Part of the operation of the Prologis Portfolio, regardless of who the owner is, means that the compensation of employees that manage and lease properties is based on the property yield regardless of who the owner is. As a result of this, if one client is relocated on a property belonging to another owner before expiration of the existing leasing term, the original property owner will be "compensated" by the new property owner

in regards to the remaining validity for allowing the anticipated termination and relocation by means of a master leasing agreement or any other agreement designed for compensation the owner of the original property for the resulting loss of economic resources during the remaining validity term. Although this policy may give place to the relocation of Tenants of a property to another during the leasing term, it may also be subject to other applicable requirements, including the possible approval by the tenant for the transfer and anticipated termination of the leasing agreement.

Also, Prologis has adopted certain policies for the assignment of investment opportunities and coverage and payment of insurance that make up the Sole Portfolio Policy. Such policies will be designed to guarantee that all owners of the Prologis Portfolio receive an equitable treatment.

Executive Officers and Corporate Governance of Prologis

The team of Prologis Executive Directors has an average of 28 years of experience. The biographies of Prologis Executive Directors are described below:

| Name | Position | Age | Gender | Tenure |
|----------------------------|--|------------|---------------|---------------|
| Hamid Moghadam | Chief Executive Officer | 62 | Male | 36 |
| Gary E. Anderson | Chief Executive Officer, Europe & Asia | 53 | Male | 25 |
| <i>Michael S. Curlless</i> | Chief Investment Officer | 55 | Male | 14 |
| <i>Edward S. Nekritz</i> | Chief Legal Officer | 53 | Male | 29 |
| <i>Thomas S. Olinger</i> | Chief Financial Officer | 52 | Male | 15 |
| <i>Eugene F. Reilly</i> | Chief Executive Officer, The Americas | 57 | Male | 33 |
| <i>Diana L. Scott</i> | Chief of Human Resources | 55 | Female | 1 |

Hamid Moghadam

Years of experience in the industry: 37

Mr. Moghadam is Chairman of the Board of Directors, Executive Director, and member of the Prologis Investments Committee. He is responsible of developing the vision, strategy, organizational structure of the company, and private capital franchise. Mr. Moghadam is a co-founder of AMB Property Corporation, predecessor of Prologis and founded in 1983, and directed the company through an initial public offer in 1997, and the fusion with Prologis in 2011. Mr. Moghadam has served in several leadership positions within the real estate industry.

Hamid is currently a member of the Urban Land Institute Board and member of the Executive Committee for the Board of Directors. In the past, he served as president of the National Association of Real Estate Investment Trusts (*NAREIT*), and of the Real Estate Investment Trust Political Action Committee (*REITPAC*); he was director of Plum Creek Timber Company (NYSE: PCL) and a founding member of the Real Estate Roundtable. Mr. Moghadam is a member of the Stanford University Counsel and serve as President of the Stanford Administrative Company.

Mr. Moghadam has an MBA from Stanford Business School and a Degree and MBA in Engineering Sciences by the Massachusetts Institute of Technology (MIT).

Gary E. Anderson

Years of experience in the industry: 26

Mr. Anderson is Chief Executive Officer of Prologis for Europe and Asia and supervises all aspects of the Prologis evolution through European and Asian operations. Mr. Anderson previously served as Director of Global Operations and Investment Management for Prologis until its merging with the AMB Property Corporation in 2011. Before this, he was President of the company for Europe and the Middle East, as well as President of the European Operations Committee. From 2003 to 2006, Mr. Anderson was the executive in charge of investments and development of the company for the Mexico and the Southeast Regions.

Before 2003, he was head of the regional and local offices, respectively, for New Jersey, Pennsylvania, Washington, and Oregon, and was one of the two individuals in charge of the management of the establishment and expansion of the Prologis business in Mexico. Before Prologis, Mr. Anderson was part of the Security Capital Group, Inc., a diversified real estate investment company, where he focused on capital markets, investments, and strategies, and worked with a small, focused group in the development of the Prologis global expansion strategy.

Mr. Anderson is a member of the Young Presidents Organization. He has an MBA in finances and real estate property by the UCLA Anderson School of Management, and a degree in Marketing by the Washington State University.

Michael S. Curless.

Years of experience in the industry: 28

Mike S. Curless serves as Investments Director for Prologis, President of the Investments Committee, and oversees solutions for the global clients and valuation teams. He is also in charge of capital deployment and oversees equipment acquisition. Mr. Curless has been part of Prologis at two points of his career: from 2000 to 2010, before reincorporating to Prologis, Mr. Curless served as President and one of the four directors at Lauth, a private company dedicated to national construction and development projects. Lauth has developed more than USD\$3,000 million in office, industrial, commercial, and health projects in the United States. Under this position, Anderson was responsible for the general operations, development, and management of company assets. From 1995 to 2000, before joining Lauth, Mr. Curless was vice-president of Prologis, overseeing the market and management operations, as well as key national accounts in St. Louis, Indianapolis. He also served as marketing director for the Trammell Crow Company and financial analyst for the General Electric Company.

Mr. Curless is a member of the Young Presidents Organization and has been member of various charities. He has an MBA in Marketing and Finance, and a Degree in Finance by the University of Indiana.

Edward S. Nekritz - Please read section "2. The Trust- (j) Capital Markets – (i) Structure of the Trust and Main Holders – Technical Committee".

Thomas S. Olinger

Years of experience in the industry: 27

Tom Olinger serves as Chief Financial Officer, and oversees the global corporate finances, including treasury, treasury management, financial planning, financial reports, accounting, taxes, relations with investors, and internal auditing. Before assuming this position, Mr. Olinger served as General Integration Manager for Prologis, overseeing the information technology and implementation of best practices processes and procedures related to the merging of the AMB Property Corporation and Prologis.

From 2007 to 2011, Mr. Olinger served as Chief Financial Officer for AMB. Before incorporating to AMB in 2007, he served as vice-president and corporate controller for the Oracle Corporation, where he oversaw the global accounting, external reports, accounting techniques, global revenue recognition, compliance with the Sarbanes-Oxley law, and fusion and acquisition financial integration. Mr. Olinger was also in charge of the comptroller operation for Oracle in Bangalore, India; Dublin, Ireland, Sydney, Australia, and Rocklin, California. Before this, Mr. Olinger served for 14 years at Arthur Andersen, his last three years as auditing partner for the technology and real estate auditing groups in the U.S.

Mr. Olinger graduated in Finance with honors from the University of Indiana.

Eugene F. Reilly. - Please read section "2. The Trust- (j) Capital Markets – (i) Structure of the Trust and Main Holders – Technical Committee".

Years of experience in the industry: 32

Colleen McKeown

Years of experience in the industry: 1

Colleen McKeown serves as Prologis' chief human resources officer, oversees all aspects of human resources. She is responsible for facilities in North America, as well as leading global people strategy as it relates to culture, compensation, learning and development, organization and people analytics.

Before working at Prologis, McKeown was the chief human resource officer for zulily, an e-commerce company she helped grow to more than 3,000 employees and take public, working through the sale to Liberty Interactive in 2017. She opened and staffed three major zulily distribution centers in the U.S. and one in China.

Before zulily, McKeown worked as the head of HR for several companies owned by a private equity firm, including ON Semiconductor where she led human resources, security and facilities to help complete a number of acquisitions. During those seven years, she grew the company's operations to over 24,000 employees in 31 countries. Prior to that, McKeown consulted with the HR and Labor Relations teams at USAirways. As the chief administrative officer at eFunds corporation, McKeown helped set up India operations and completed a successful IPO. At Northwest Airlines, she held the roles of chief labor negotiator, regional vice president for national and corporate sales North America, and director of HR.

McKeown holds bachelor degrees in economics and history from Tufts University and a master's in labor and industrial relations from the University of Illinois at Urbana-Champaign.

Prologis has consistently proven to be a leader in Corporate Governance affairs:

- #1 in Corporate Governance ranking for 11 consecutive years for the Real Estate Investment Trusts in the U.S.
- Governance structure offers significant accountability for shareholders and investors.
- Liquid yield compensation practices, which is highly important.

Board of Directors

The leadership and management of the Settlor will be the responsibility of a sole manager or of a board of directors, which will be made up of at least 3 (three) directors, and if applicable, by the number of alternate directors designated by the shareholder meeting; it being understood that the number of directors may not be less than 2 (two). The members of the board of directors or the sole manager, if applicable, cannot be shareholders in the Trust, they will remain in their position for 1 (one) year after the date of their naming or ratification, and they can be reelected for successive terms, but in any case, they will continue in their roles until the people designated to substitute them take possession of their positions. For such purposes, a year shall be understood as the period that has passed from the date on which the following annual regular shareholders meeting is held.

The sole manager and, as applicable, the members of the board of directors of the Settlor, and their respective alternates, shall be appointed by a simple majority of the votes of the Shareholders of the Settlor in a regular shareholders meeting. The board of directors shall hold its meetings when they are called by one or more of its members, or, by the secretary or assistant secretary. The board of directors may determine at the first meeting held after the closing of each fiscal year, the relevant dates for holding them; provided, however, that such schedule does not prevent the possibility of calling additional meetings of the board of directors. For meetings of the board of directors to be deemed legally in session, most the directors, or their respective alternates, shall be in attendance. The board of directors shall adopt its resolutions by a majority vote of the directors, either proprietary or alternate directors, in attendance. Written consent in lieu of a meeting of the board of directors shall be valid and legal, provided they are confirmed in writing and are signed by all the members of the board of directors. Regular shareholder’s meetings shall be deemed legally in session, pursuant to a first call, if at least 51% (fifty-one percent) of the common shares representing the capital stock are in represented therein. In the event of a second or subsequent calls, regular shareholder’s meetings shall be deemed legally in session, regardless of the number of shares in attendance or represented. Special shareholder’s meetings shall be deemed legally in session pursuant to a first call, if at least 75% (seventy five percent) of the common shares representing the capital stock are represented; in the event of a second or subsequent calls, it shall be deemed legally in session if at least 51% (fifty one percent) of the common shares representing the capital stock are represented.

The Board of Directors of the company is the following:

Members of the Board of Directors

| Director | Title | Alternate |
|---------------------------------|-----------------|-----------------------------------|
| Eugene Frederick Reilly | Chairman | Hardy Alexander Milsch Correa |
| Kim Beric Snyder | Member | Rohn Thomas Grazer |
| Luis Enrique Gutiérrez Guajardo | Member | Héctor Rubén Ibarzábal Guerrero.” |

The Board of Directors provided above was appointed through a Minute of an Ordinary and Special Shareholders Meeting dated September 14, 2012, contained in public deed number 38,891, dated September 27, 2012, granted before Mr. Arturo Talavera Autrique, Notary Public 122 of Mexico City, and

registered in the Public Registry of Property and Commerce under commercial folio 184215, dated September 23, 2013.

According to the information available, as of the date of this Report, the capital stock of Prologis Property Mexico is \$622,131,240.00 MX, represented by 2,953 ordinary shares, with no par value, distributed as follows:

| Shareholders | Shares | | | | Total |
|---|--------------|------------|------------|------------|-------|
| | Series A | | Series C | | |
| | Class "I" | Class "II" | Class "I" | Class "II" | |
| PROLOGIS MEXICO HOLDING (A) BVBA | 591 | | | | 591 |
| PROLOGIS MEXICO HOLDING II (A) BVBA | 591 | | | | 591 |
| PROLOGIS MEXICO HOLDING III (A) BVBA | 280 | 310 | | | 590 |
| PROLOGIS MEXICO HOLDING IV (A) BVBA | | 224 | 366 | | 590 |
| PROLOGIS MEXICO HOLDING V (A) BVBA | | | 591 | | 591 |
| Subtotal: | 1,996 | | 957 | | |
| Total: | 2,953 | | | | |

4. Financial Information

(a) Selected Financial Information of the Trust

The following table contains the statements of comprehensive income for the year ended on December 31, 2018, 2017 and 2016, which represent the selected financial information corresponding to the properties that conform the Trust Portfolio. Such information should be read jointly with the section "Management's discussion and analysis of financial condition and results of operations" and with the ruled financial statements attached to this annual report.

Statements of comprehensive income

For the years ended December 31, 2018, 2017 and 2016.

| in thousands, except per CBFI amounts | For the year ended December 31, | | | | | |
|--|---------------------------------|----------------|------------------|----------------|--------------------|----------------|
| | 2018 | | 2017 | | 2016 | |
| | Ps. | US\$ | Ps. | US\$ | Ps. | US\$ |
| Revenues: | | | | | | |
| Lease rental income | 3,279,632 | 170,655 | 3,125,381 | 165,092 | 2,882,093 | 156,170 |
| Rental recoveries | 335,639 | 17,388 | 310,430 | 16,409 | 296,744 | 16,045 |
| Other property income | 58,212 | 3,016 | 67,567 | 3,573 | 60,517 | 3,228 |
| | 3,673,483 | 191,059 | 3,503,378 | 185,074 | 3,239,354 | 175,443 |
| Cost and expenses: | | | | | | |
| Property operating expenses: | | | | | | |
| Operating and maintenance | 203,211 | 10,568 | 189,221 | 10,031 | 176,650 | 9,660 |
| Utilities | 55,833 | 2,878 | 46,742 | 2,482 | 38,585 | 2,080 |
| Property management fees | 109,224 | 5,688 | 103,715 | 5,534 | 98,950 | 5,244 |
| Real estate taxes | 67,058 | 3,449 | 69,327 | 3,319 | 57,713 | 3,239 |
| Non-recoverable operating | 38,548 | 2,014 | 51,837 | 3,048 | 48,052 | 2,277 |
| | 473,874 | 24,597 | 460,842 | 24,414 | 419,950 | 22,500 |
| Gross profit | 3,199,609 | 166,462 | 3,042,536 | 160,660 | 2,819,404 | 152,943 |
| Other expenses (income): | | | | | | |
| (Gain) loss on valuation of investment properties | (1,074,444) | (55,219) | 284,352 | 12,873 | (6,141) | 311 |
| Asset management fees | 328,175 | 16,974 | 306,980 | 16,293 | 294,170 | 15,577 |
| Incentive fee | 205,364 | 10,337 | 139,162 | 7,474 | - | - |
| Professional fees | 52,125 | 3,429 | 98,085 | 4,399 | 36,691 | 1,954 |
| Interest expense | 647,972 | 33,710 | 627,112 | 33,215 | 627,656 | 33,461 |
| Amortization of debt premium | (4,639) | (248) | (71,103) | (3,709) | (145,222) | (7,768) |
| Amortization of deferred financing cost | 56,414 | 2,934 | 37,353 | 1,983 | 29,327 | 1,562 |
| Net (gain) on early extinguishment of debt | (4,027) | (231) | (35,941) | (1,914) | 57,105 | 3,124 |
| Unused credit facility fee | 29,566 | 1,542 | 24,685 | 1,305 | 42,547 | 2,289 |
| Unrealized loss on exchange rate options | 6,159 | 340 | - | - | - | - |
| Unrealized loss on exchange rate forwards | - | - | 8,563 | 447 | - | - |
| Realized loss on exchange rate forwards | 9,100 | 458 | 12,692 | 682 | - | - |
| Net Unrealized exchange (gain) loss | (34,996) | (1,764) | 26,544 | 1,401 | 41,064 | 2,200 |
| Net Realized exchange (gain) | (2,506) | (126) | (2,245) | (118) | (6,083) | (165) |
| Other general and administrative expenses | 13,143 | 703 | 18,336 | 989 | 14,948 | 844 |
| | 227,406 | 12,839 | 1,474,575 | 75,320 | 980,865 | 53,091 |
| Net income | 2,972,203 | 153,623 | 1,567,961 | 85,340 | 1,838,539 | 99,852 |
| Other comprehensive income: | | | | | | |
| <i>Items that are not reclassified subsequently to profit or loss:</i> | | | | | | |
| Translation (gain) loss from functional currency to reporting currency | 142,158 | (621) | 1,273,795 | 1,858 | (4,691,081) | 4,554 |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | | | | |
| Unrealized loss (gain) on interest rate swaps | 9,271 | 345 | (42,047) | (2,212) | (42,492) | (2,061) |
| | 151,429 | (276) | 1,231,748 | (354) | (4,733,573) | 2,493 |
| Total comprehensive (loss) income for the period | 2,820,774 | 153,899 | 336,213 | 85,694 | 6,572,112 | 97,359 |
| Earnings per CBFI (A) | 4.6280 | 0.2392 | 2.4624 | 0.1340 | 2.8977 | 0.1574 |

(b) Information of relevant loans

As of December 31, 2018 and 2017 the total debt of FIBRAPL, comprising loans obtained from financial institutions, as follows:

| | Paragraph | Denomination | Maturity date | Rate | Fair Value | | December 31, 2018 | | December 31, 2017 | |
|--|-----------|--------------|-------------------|----------------|---|---|---|---|-------------------|----------------------|
| | | | | | thousands U. S. thousands Mexican Dollars Pesos | thousands U. S. thousands Mexican Dollars Pesos | thousands U. S. thousands Mexican Dollars Pesos | thousands U. S. thousands Mexican Dollars Pesos | | |
| Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru- | a. | USD | December 15, 2018 | 5.04% | | | - | \$ - | 63,807 | \$ 1,259,257 |
| Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru- | 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- | 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- | 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 |

| | Beginning balance | Cash transactions | | | Total cash transactions | Non Cash transactions | | December 31, 2018 | |
|-------------------------|----------------------|--------------------------------------|---------------------------|---------------------|-------------------------|-----------------------|-------------------|--------------------|----------------------|
| | | Long term debt (Long term debt paid) | Long term debt borrowings | Interest payments | | Amortizations | Accruals Others | | |
| 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 |

During the years ended on December 31, 2018 and 2017, FIBRAPL paid interest for \$662,329 and \$599,860, respectively, and it paid capital for \$2,675,521 and \$7,239,119, respectively. The loans detailed in the prior table also include the following conditions:

- a. This loan is secured by the 20 real estate properties which were funded with the same and by the cash flows created by these, through a guarantee trust in favor of the creditor.
- b. Non-secured loan with maturity date on December 18, 2019. However, FIBRAPL may extend the maturity until December 18, 2020. This loan accrues interest under the LIBOR plus 245 basis points and may be adjusted according to the 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 loan agreements mentioned above impose certain affirmative covenants, including, among others: (a) providing financial information, and (b) maintenance of the legal existence, the security rights on the properties related to the loan, and adequate insurance coverage with regard thereto. The agreements also impose certain negative covenants that, subject to certain exceptions, limit the capacity of FIBRAPL to procure additional debt, or create additional security on the real estate that comprise the scope of the loan, amend the structure, make certain payments, enter certain transactions with affiliates, amend certain material agreements, enter transactions with derivatives of a speculative nature, or create new subsidiaries.

Also, the agreements set forth, among others, the following events of default: (i) non-payment; (ii) misrepresentations; (iii) failure to comply with out affirmative and negative covenants; (iv) general incapacity to pay our debts upon maturity; (v) commercial reorganization (*concurso mercantil*) or bankruptcy; (vi) conveyance of the real estate subject to the loan; or (vii) change of control of the relevant properties.

As of December 31, 2018, FIBRAPL has complied with all these obligations.

The following table contains a summary of the par value of the main contractual obligations related to our Current Portfolio as of December 31, 2018;

| millions of USD | Total | Less than 1 year | From 2 to 3 years | From 4 to 5 years | More than 5 years |
|---------------------------------------|---------------|---------------------|----------------------|----------------------|----------------------|
| Long term debt agreement | \$ 737 | \$ - | \$ 255 | \$ 375 | \$ 107 |
| Line of credit | \$ 105 | \$ - | \$ - | \$ 105 | \$ - |
| Total long term debt by period | \$ 842 | \$ - | \$ 255 | \$ 480 | \$ 107 |

Obligations with Lenders

We believe that cash generated from operations, together with amounts available under our credit facilities and the funds raised from the global offering will be sufficient to permit us to meet our debt service obligations, ongoing cost of operations, working capital needs, tax result distribution requirements and capital expenditure requirements for at least the next 12 months. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with the covenants and restrictions contained in our various credit facilities will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See "1. General Information-(c) Risk Factors" and "Forward-Looking Statements."

Pru-Met Loan

Upon consummation of the global offering and the Formation Transactions, we will be party to a US\$182.2 million credit agreement with the Prudential Insurance Company of America and Metropolitan Life Insurance Company, which proceeds were used, among other things, to finance, refinance, acquire, develop, construct and lease industrial properties. As of December 31, 2015, the Pru-Met Loan interest at a fixed rate per annum of 4.58% (four point fifty eight percent) on a USD\$93.5 million tranche, and 4.5%(four point five percent) on a USD\$11.9 million tranche, both of which on December 15, 2016, and a fixed rate per annum of 5.04% (five point zero four percent) on a USD\$67.6 million tranche, and 4.78% (four point seventy eight percent) on a USD\$9.2 million tranche, both of which expire on December 15, 2018. The loan is secured by the 32 properties that were financed by the loan, which properties, and the cash flows deriving therefrom, 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.

The loan is 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 under such properties. In addition, the loan is subject to certain negative

covenants that restrict our ability to, among other matters and subject to certain exceptions, incur additional indebtedness under or create additional liens on the properties subject to the loan, change our corporate structure, make certain restricted payments, enter certain transactions with affiliates, amend certain material agreements, enter derivative transactions for speculative purposes or form any new subsidiary.

The loan contains, 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) legal proceedings resulting in our payment of aggregate judgments of more than US\$500,000; (vii) disposition of the subject properties; (viii) the occurrence of an ERISA event (as defined therein) that could have a material adverse effect; or (ix) change of control of the subject properties.

Additionally, on December 31, 2017, the Pru-Met credit bore interests at an annual fixed rate of 4.58% (four-point fifty-eight percent) over a tranche of USD\$93.5 million and of 4.5% (four-point five percent) over a tranche of USD\$11.9 million, both of which were due on December 15, 2016. This credit was refinanced on January 26, 2016, at an annual fixed rate of 4.67% (four-point sixty-seven percent) over a tranche of USD\$107.0 million, which is due on February 1, 2027. The new credit is guaranteed for 20 properties which were financed with it and with the cash flows generated by such properties, through a guarantee trust in favor of the creditors. The Pru-Met credit is subject to the laws of the State of New York.

Additionally, the Pru-Met credit that matured on December 15, 2018 and was guaranteed by 10 properties, with a fixed annual rate of 5.04% (five point zero four percent) on a stretch of USD &67.6 million and 4.78% (four point seventy-eight percent) over a tranche of USD \$9.2 million, was refinanced on March 15, 2018.

Revolving Facility

We entered into a revolving facility agreement for USD\$325 million with Citibank N.A., Banco Mercantil del Norte, S.A. Institución de Banca Múltiple. This facility may be increased to \$475 million Dollars, subject to approval by the creditors.

The Revolving Facility will have a three-year term, starting on the closing date of the Revolving Facility, and subject to a one-time extension of the term for an additional one year period.

The Revolving Facility will bear interest at LIBOR plus 250 basis points; or in cases in which the LIBOR rate is not available, or it reflects the funding cost, the base interest rate shall apply (calculated per the rate published for such purposes by Citibank N.A., in New York, New York) plus 250 basis points, which may vary depending on the leverage level, or rating of FIBRA Prologis.

As of December 31, 2018, FIBRAPL had a revolving facility (the "Facility") with Citibank, as administrative agent for \$325 million US Dollars (with the option to increase it by \$150 million additional US Dollars). The Facility may be used by FIBRAPL for working capital needs, and general corporate purposes. The credit facility accrues interest at LIBOR plus 250 basis points for the facility in USD and TIIE plus 220 basis points for the facility in Pesos, subject to the LTV table, and fees for failure to use of 60 basis points. This facility expires on July 18, 2020, with the option of extending it for one more year, upon approval from the committee. As of December 31, 2018, the Facility had a pending balance of USD\$105 million (\$2,064 million in Pesos).

The Revolving Facility contains certain 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, subject to

certain cure periods, (ii) the falseness or inaccuracy in any material respect of a representation made by the borrower or the subsidiary guarantors, subject to certain cure periods (iii) the breach of certain covenants under the Revolving Facility, subject to certain cure periods, (iv) the occurrence of certain cross-defaults under agreements for debt of US\$250 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.

Additionally, the borrower will maintain the following coverage ratios:

1. A net minimum tangible value as determined pursuant to the United States generally accepted account principles, which shall not be less than U.S.\$864,231,000 plus 70% (seventy percent) of the value of the net cash flow of any issuance of capital following the closing date.
2. A maximum debt to value ratio under which the total principal number of current assets may not exceed 60% (sixty percent) of the total assets represented by the properties securing the revolving facility.
3. A maximum secured debt to value ratio under which the total principal number of current assets may not exceed 45% (forty five percent) of the total assets represented by the properties securing the revolving facility.
4. A maximum unsecured debt to value ratio under which the total principal number of current assets may not exceed 55% (fifty five percent) of the total assets represented by the properties securing the revolving facility.
5. A minimum coverage ratio for coverage charge equal to or greater than 1.6;
6. A debt service coverage ratio for non-mortgaged assets equal to or greater than 1.6;

The revolving facility is subject to the laws of the State of New York, and the parties submitted to the jurisdiction and venue of the courts of the State of New York.

The percentage of banks comprising the Revolving Loan syndicate, which are led by Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, are described in the following table:

| <i>Bank</i> | <i>Percentage</i> |
|--|-------------------|
| Bank of America, N.A. | 16.875% |
| HSBC Bank USA, N.A. | 14.625% |
| BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer | 14.625% |
| Citibank, N.A., International Banking Facility | 10.625% |
| JPMorgan Chase Bank, N.A. | 8.750% |
| The Bank of Nova Scotia | 8.750% |
| Banco Nacional de Mexico, S.A. Integrante del Grupo Financiero Banamex | 6.250% |
| Sumitomo Mitsui Banking Corporation | 5.625% |
| Credit Suisse AG | 5.625% |
| Mega International Commercial Bank Co., Ltd. Los Angeles Branch | 4.500% |
| Barclays Bank PLC | 3.750% |
| TOTAL | 100.000% |

Senior Unsecured Long Term Loan #1

As of December 31, 2018, FIBRAPL had a long-term loan for USD\$255 million with a group of global banks.

The maturity date of December 18, 2020, including a 12-month extension option for FIBRA Prologis.

The agreement has an interest rate for the agreement is LIBOR plus 245 basis points; or for cases where LIBOR is not available or does not reflect the funding cost, a base interest rate (calculated per the rate published for such purpose by Citibank, N.A. in New York, New York) plus 245 basis points shall apply, which rate may vary depending on the leverage level or rating of FIBRA Prologis.

Additionally, the borrower shall maintain the following coverage ratios:

- A net minimum tangible value as determined pursuant to the US generally accepted accounting principles, which shall be less than USD\$864,231,000 plus 70% (seventy percent) of the net cash flow value of any equity issuance following the Closing Date.
- A maximum debt to value ratio under which the total principal of the current assets may not exceed 60% (sixty percent) of the total assets representing the properties securing the Revolving Facility.
- A maximum secured debt to value ratio under which the total principal of the current assets may not exceed 45% (forty five percent) of the total assets representing the properties securing the Revolving Facility.
- A maximum unsecured debt to value ratio under which the total principal of the current assets may not exceed 55% (fifty five percent) of the total assets representing the properties securing the Revolving Facility.
- A minimum coverage ratio for coverage charge equal to or greater than 1.6;
- A debt service coverage ratio for non-mortgaged assets equal to or greater than 1.6;

The Agreement is subject to the laws of the State of New York, and the parties submitted to the jurisdiction and venue of the courts of the State of New York.

The percentage of banks comprising the Revolving Loan syndicate, which are led by Banco Nacional de México, S.A: Integrante del Grupo Financiero Banamex, are described in the following table:

| Bank | Percentage |
|--|------------|
| Banco Nacional de Mexico, S.A. Integrante del Grupo Financiero Banamex | 19.608% |
| HSBC Bank USA, N.A. | 19.608% |
| Sumitomo Mitsui Banking Corporation | 19.608% |
| The Bank of Nova Scotia | 19.608% |

| | |
|--|-----------------|
| BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer | 19.608% |
| Mega International Commercial Bank Co., Ltd. Los Angeles Branch | 1.961% |
| TOTAL | 100.000% |

Senior Unsecured Long Term Loan #2

As of December 31, 2018, FIBRAPL had a long-term loan for USD\$225 million with a group of global banks. The maturity date of March 15, 2020, including a 12-month extension option for FIBRA Prologis.

The agreement has an interest rate for the agreement is LIBOR plus 245 basis points; or for cases where LIBOR is not available or does not reflect the funding cost, a base interest rate (calculated per the rate published for such purpose by Citibank, N.A. in New York, New York) plus 245 basis points shall apply, which rate may vary depending on the leverage level or rating of FIBRA Prologis.

Additionally, the borrower shall maintain the following coverage ratios:

- A net minimum tangible value as determined pursuant to the US generally accepted accounting principles, which shall be less than USD\$1,033,364,000 plus 70% (seventy percent) of the net cash flow value of any equity issuance following the Closing Date.
- A maximum debt to value ratio under which the total principal of the current assets may not exceed 60% (sixty percent) of the total assets representing the properties securing the Revolving Facility.
- A maximum secured debt to value ratio under which the total principal of the current assets may not exceed 45% (forty five percent) of the total assets representing the properties securing the Revolving Facility.
- A maximum unsecured debt to value ratio under which the total principal of the current assets may not exceed 55% (fifty five percent) of the total assets representing the properties securing the Revolving Facility.
- A minimum coverage ratio for coverage charge equal to or greater than 1.6;
- A debt service coverage ratio for non-mortgaged assets equal to or greater than 1.6;

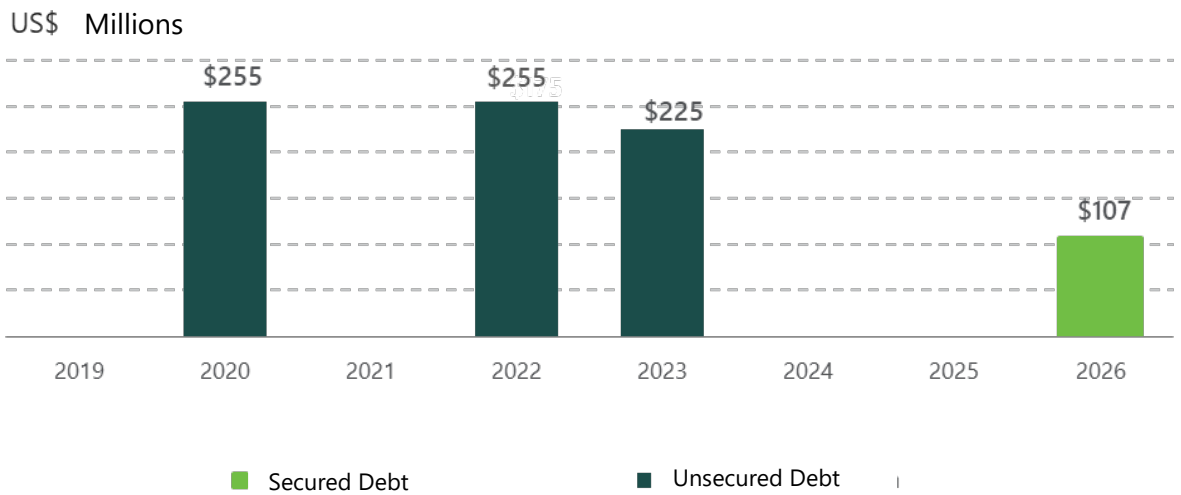
The Agreement is subject to the laws of the State of New York, and the parties submitted to the jurisdiction and venue of the courts of the State of New York.

The percentage of banks comprising the Revolving Loan syndicate, which are led by Banco Nacional de México, S.A: Integrante del Grupo Financiero Banamex, are described in the following table:

| <i>Banco</i> | <i>Porcentaje</i> |
|--|-------------------|
| Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex | 12.2222222222% |
| Bank of America, N.A. | 12.2222222222% |
| Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch | 10.0000000000% |
| The Bank of Nova Scotia | 10.0000000000% |
| Banco Nacional de Comercio Exterior, SNC | 10.0000000000% |
| BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer | 9.1111111111% |
| HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC | 9.1111111111% |
| JPMorgan Chase Bank, N.A. | 9.1111111111% |
| Sabcapital, S.A. de C.V., SOFOM, E.R. | 9.1111111111% |
| Sumitomo Mitsui Banking Corporation | 9.1111111111% |
| TOTAL | 100.0000000000% |

Debt/Interest Rate Maturity Profile

Below is a graphic representation of our debt maturity profile, considering the weighted average interest rate.



The weighted average interest rate is 4.1% (four point one percent). Likewise, the weighted average of debt maturity is approximately of 3.7 years.

| | Paragraph | Denomination | Maturity date | Rate | Fair Value | | December 31, 2018 | | December 31, 2017 | |
|--|-----------|--------------|-------------------|----------------|--|--|--|--|-------------------|----------------------|
| | | | | | thousands U. S. thousands Mexican Dollars Pesos | thousands U. S. thousands Mexican Dollars Pesos | thousands U. S. thousands Mexican Dollars Pesos | thousands U. S. thousands Mexican Dollars Pesos | | |
| Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru- | a. | USD | December 15, 2018 | 5.04% | | | - | \$ - | 63,807 | \$ 1,259,257 |
| Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru- | 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- | 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- | 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 |

(c) Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our Special Purpose Combined Statements and the related Notes included elsewhere in this Annual Report. The financial information included in the following discussion has been prepared per the IFRS as issued by the IASB. The Special Purpose Combined Statements as of December 31, 2018, 2017 and 2016, and have been prepared in compliance with the IFRS. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Annual Report, particularly in "Forward-Looking Statements" and "Risk Factors." In addition to the other information in this Annual Report, investors should consider carefully the following discussion and the information set forth under "Risk Factors" before evaluating us and our business.

(i) **Results of operations**

Overview

We are a Mexican real estate investment trust formed to acquire, own and manage industrial properties in Mexico. We intend to be treated as a FIBRA for Mexican tax purposes, during our taxable year ending December 31, 2018. We will be externally managed by Prologis Property México, S.A. de C.V., an affiliate of our sponsor Prologis, Inc. Prologis is a real estate investment trust headquartered in the United States and listed on the New York Stock Exchange. Our properties consist of 200 strategically-located logistics and manufacturing facilities, and one intermodal yard in six industrial markets in Mexico totaling

36.0 million square feet Our geographically-diversified properties had an average occupancy rate of 97.4% (ninety seven point four percent) as of December 31, 2018, and no single customer accounted for more than 3.5% (three-point five percent) of our total GLA as of that date. Approximately 65.3% (sixty five point three percent) of our portfolio, as measured by GLA, is in global markets consisting of the key logistics markets of Mexico City, Guadalajara and Monterrey, and approximately 34.7% (thirty four point seven percent) is in regional markets consisting of the key manufacturing markets of Reynosa, Tijuana and Ciudad Juárez. Our properties benefit from staggered lease expirations and a weighted average remaining lease term of 34 months as of December 31, 2018. As of December 31, 2018, approximately 68.6% (sixty-eight point six percent) of our leases, in terms of, were denominated in U.S. Dollars. For more information about the operating results please refer to the Management Summary.

Below is a summary of the properties comprising our initial portfolio that were managed by Prologis at the end of each period.

| As of December, 31 | No. of properties | Thousand square feet (1) | Occupancy Rate |
|---------------------------|----------------------------------|---------------------------------|-----------------------|
| 2018..... | 200 + intermodal courtyard | 36,000 | 97% |
| 2017..... | 196 + intermodal courtyard | 34,600 | 97% |
| 2016..... | 194 + intermodal courtyard | 34,170 | 97% |
| 2015..... | 188 + intermodal courtyard | 32,396 | 96% |
| 2014..... | 184 | 31,530 | 96% |

(1) Approximate

Financial Information Submission

Submission Basis:

- a. **Financial information:** the financial statement has been prepared as per the International Financial Reporting Standards ("IFRS") as of December 31, 2018, issued by the IASB.
- b. **Functional and reporting currency** – The accompanying financial statement are presented in thousands of Pesos, which is the functional currency of Mexico, unless otherwise specified. FIBRAPL's functional currency is the Dollar
- c. **Critical judgments and estimates** – The preparation of the financial statements requires the use of certain critical accounting estimates and that the administration exercises its judgment in the process of applying FIBRAPL's main accounting policies. The notes to the financial statements establish areas which involve more judgement or complexity, or areas where assumptions are important for the financial statements

Estimates and judgements are assessed continuously over the base of administration's experience and other factors, among them, the reasonable expectations of future events. The administration considers that the estimates used in the preparation of the financial statements are reasonable. The actual future results may differ from the ones informed and it is therefore possible, per the existing knowledge, that the results of the next financial year differ from our assumptions and estimates, being able to make an adjustment in the carrying amounts of the assets and liabilities previously informed. Estimates and assumptions which have a significant risk of causing a material adjustment in the carrying amounts of the assets and liabilities within the next financial period, are examined below:

1. Investment Properties

FIBRAPL accounts for the value of its investment properties using the fair value model per IAS 40. The definition of fair value has been established by the International Valuation Standards Council ("IVSC") as "*The amount for which an asset may be exchanged, among experienced parties, willing parties, in a transaction under arm's length conditions*". The IVSC considers that the requirements of the fair value model are fulfilled when the value adopts the Market Value. The fair value does not intend to represent the property's settlement value, which will depend on the price negotiated when the sale takes place less the related selling costs. The reasonable value is largely based on estimates using property valuation techniques and other valuation methods as explained below. These estimates are inherently subjective, and the real values may only be determined in a sales transaction.

At each valuation date, the administration reviews the last independent valuations through the verification of the main factors used in the valuation and discussions with independent experts to ensure that all the relevant information has been accurate and presented properly.

Valuations are mainly performed within an income capitalization focus, using recent market transactions, comparable in market terms. In Mexico, discounted cash flows ("DCF"), are the main basis for value assessment, therefore, this methodology is the one used by FIBRAPL.

Valuations are based on several hypotheses regarding ownership, leasing, urbanism, as well as the condition and the repair of buildings and sites, including soil and groundwater pollution, along with the best estimates of the applicable net operating income ("NOI"), reversionary rents, leasing periods, acquisition costs, etc.

2. Financial Liabilities at Fair Value

The reasonable value of liabilities that bear interests, for disclosure, was estimated through the calculation of each individual loan, of the present value of advance cash payments of interests and principal during the remaining term of the loan using an appropriate discount rate. The discount rate represents an estimate of the market interest rate for an instrument of a similar type and risk than the ones of the debt subject to valuation, and with a similar term. These estimates of market interest rates are calculated by FIBRAPL's administration based on the capital markets according the market data of mortgage brokers, the conversations with lenders and publications of the mortgage sector.

3. Operating lease contracts

FIBRAPL leases the buildings of its investment properties portfolio. It has been determined, based on the assessment of the terms and conditions of the agreements, that FIBRAPL maintains all the significant risks and benefits of the ownership of the real properties, for which it recognizes the leases as operating leases.

4. Acquisition of assets or business combination

A thorough assessment is required to determine, in an acquisition of shares or assets of a portfolio company of real estate assets, if it is described as a business combination. This is determined by the administration based on whether an "integrated group of activities and assets", as defined in IFRS 3, has been acquired, being relevant for the acquisition of support infrastructure, the employees, the contracts of service providers and of the main input and output processes, as well the number and nature of the leasing contracts in force.

The acquisition of properties FIBRAPL made during the year ended December 31, 2018 and 2017, were accounted for as an acquisition of assets and not as a business combination

- d. **Going concern principle** – FIBRAPL's financial statements as of December 31, 2018 and 2017, and for the years ended on those dates, have been prepared on a going concern basis, which means that FIBRAPL will be able to fulfill the long-term debt obligations described in Note 14. Management has a reasonable expectation that FIBRAPL will have sufficient resources to continue operating

Factors Influencing Our Results of Operations

Please refer to page 103 for the complete Management Summary.

Leasing Revenue

Our revenue is derived primarily from rents we receive from leases with our customers. The amount of leasing revenue generated by our properties depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space that becomes available through lease terminations or through the expansion and development of properties. The amount of leasing revenue generated by us also depends on our ability to collect rents from customers pursuant to their leases, as well as our ability to maintain or increase the rental rates of our properties. Most of our leases are subject to inflation indexed adjustments or contractual rate increases. Positive or negative trends in our customers' businesses or in the geographic areas in which our properties are located could also impact our leasing revenue in future periods. As of December 31, 2018, approximately 68.6% (sixty-eight point six percent) of our leasing revenue was denominated in U.S. Dollars and is translated into Pesos using the average of the month-end exchange rates during the period and therefore fluctuations in the strength of the Peso vis-à-vis the Dollar also impact our reported leasing revenue.

Lease Agreement Expirations

Our ability to re-lease property subject to expiring leases will impact our results of operations and is affected by economic and competitive conditions in our markets as well as the desirability of our individual properties. As of December 31, 2018, leases associated with approximately 20.7% (twenty point seven percent) of our GLA were scheduled to expire during 2019 and leases associated with approximately 22.4% (twenty-two point four percent) of our GLA were scheduled to expire in 2020.

Market Conditions

Positive or negative changes in conditions in the markets in which we operate will impact our overall performance. Future economic downturns or regional downturns affecting such markets or downturns in

the industrial real estate markets that impair our ability to renew leases on or re-lease industrial facilities as well as the ability of our customers to fulfill their lease commitments, as in the case of customer defaults or bankruptcies, could adversely affect our ability to maintain or increase the rental rates of our properties and may impact the value of our real estate properties.

Effect of Formation Transactions and Public FIBRA Status

We have entered an agreement with our Manager pursuant to which we will pay fees to our Manager. The historical results of operations set forth below do not reflect the payment of any such fees but reflect the actual property management fees that were paid to Prologis during the periods presented. Pursuant to the terms of our Management Agreement, our Manager shall be entitled to certain fees as described under "2. The Trust- (d) Relevant Contracts and Agreements- (iii) Management Agreement - Fees." In addition, because of our Formation Transactions and our continued qualification as a FIBRA, we will incur expenses related to corporate governance, public reporting, and compliance with the various provisions of Mexican securities laws. For the reasons described above, the results of operations set forth below may differ in part from the actual operating results of properties during the periods presented, and they may not necessarily be indicative of the results of operations that we expect to report in the future.

Impact of Currency Fluctuations

We use the Peso as our reporting currency. However, because most our ordinary course transactions, including our lease agreements, debt financings and property investments, are denominated in U.S. Dollars, we use the U.S. Dollar as our functional currency. We convert expenses denominated in Pesos into U.S. Dollars based on the exchange rate in effect on the date of the relevant transaction (which may be an average rate for the period). Income and expense items are subsequently translated from U.S. Dollars into Pesos at the average exchange rate for the reporting period. Thus, changes in the rate of exchange between the U.S. Dollar and the Peso affect our results of operations. The following table sets forth the average exchange rates for the periods presented in our Special Purpose Combined Statements (in terms of Pesos to U.S. Dollars).

| 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 |

As mentioned earlier, the functional currency is the Dollar, for which the foreign exchange risk is represented by Pesos. FIBRAPL's administration considers that the foreign currency exposure risk is reduced, since most of its transactions are made in Dollars, including 68.6% (sixty-eight point six percent) of the leasing contracts and 100% (one hundred percent) of its debt in 2018 and it does not require an additional analysis.

The exchange rate forwards are not for coverage purposes, therefore, the variation in the fair value related to the agreements is acknowledged in the operational results of the year as (profit) unrealized loss in exchange rate forwards.

As of December 31, 2018, FIBRAPL had a realized loss in exchange rate forwards upon the termination of this agreements for \$15,259.

(i) Financial position, liquidity, and capital resources

We have historically financed the operations of the properties comprising our Initial Portfolio with internally generated funds, capital contributions and bank loans.

Our short-term liquidity requirements will consist primarily of funds to pay our debt service, Distributions to the holders of our CBFIs and certain operating expenses and other expenditures directly associated with our properties, including capital expenditures for customer improvements and leasing commissions, the fees payable under our Management Agreement, general and administrative expenses, payment of taxes and any anticipated or unanticipated capital expenditures. We intend to satisfy our short-term liquidity requirements through cash provided by our operations, proceeds from the global offering and borrowings under the Revolving Facility.

Our long-term liquidity requirements will consist primarily of funds to pay for property acquisitions renovations, expansions, scheduled debt maturities and other non-recurring capital expenditures that need to be made periodically. We intend to satisfy our long-term liquidity requirements through various sources of capital, including cash provided by our operations, borrowings under the Revolving Facility, the incurrence of additional debt and additional debt and equity financing.

Capital Expenditures

Expenses that result in an increase in the value of the investment properties or in future cash flows are treated as capital expenditures.

During the period from January 1 to December 31, 2018, we made aggregate capital expenditures of US\$80.4 million.

Operations not reflected in the general balance

As of the date of this Annual Report, there was no transaction related to the properties comprising our Portfolio that is not recorded in the general balance thereof.

Limited Liquidity Risk

Real estate investments are not as liquid as many other investments and such lack of liquidity may limit our ability to react promptly to any changes in economic, market or other conditions. Consequently, our ability to sell our assets at any time may be limited, and such lack of liquidity may limit our ability to make changes to our portfolio in a timely manner, which may materially and adversely affect our financial performance. Likewise, to maintain our FIBRA status, we may not be able to sell property, even if we would do so otherwise in consideration of market conditions or changes to our strategic plan.

While our business objectives consist primarily of the acquisition of real estate assets and obtaining revenue from their operation, there will be times when we believe that the disposal of certain of our Real Estate Assets may be appropriate or desirable. Our ability to dispose of our Real Estate Assets on favorable terms depends on factors that are beyond our control, including competition from other sellers, demand and the availability of attractive financing for potential buyers. We cannot predict the multiplicity of market conditions that affect the real estate investments, which will exist at a specific time in the future. Due to the

uncertainty of market conditions that may affect the disposal of our Real Estate Assets in the future, we cannot guarantee that we will can sell our Real Estate Assets for a profit in the future. Therefore, the potential appreciation of our real estate investments will depend on fluctuating conditions of real estate markets. In addition, we may be required to make capital expenditures to correct defects or make improvements before a property is sold, and we cannot guarantee that we will have funds available to make such capital expenditures.

Quantitative and Qualitative Disclosures about Market Risk

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

Financial Risk

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

There is no guarantee that the loan agreements or financing will continue to be available, or if available, will be available on terms and conditions that are acceptable to FIBRAPL.

A decline in the market value of our assets may also have adverse consequences in instances where FIBRAPL obtains loans based in the market value or certain assets. A decrease in market value of such assets may give the right to a creditor to request that FIBRAPL supplies an additional guarantee for the loan payment.

Sensitivity Analysis in investment properties

A variation of +/- 0.25% (zero-point twenty-five percent) in the capitalization rates, would increase or reduce the value of investment properties 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, such as monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond the Control of FIBRAPL. Our interest rate risk arises primarily from variable rate interest-bearing financial liabilities. FIBRAPL may hire in the future credit facilities or loans with interest at variable rate. As FIBRAPL draw indebtedness at variable rate, FIBRAPL may use hedge instruments to protect against the variations of the rate interest. As of December 31, 2016, the debt agreements with variable interest rate that FIBRAPL has are the non-guaranteed loan with Citibank and the credit facility.

Sensitivity Analysis of the variable rate credit

For the portion of \$5.0 million U.S. Dollars of the Citibank credit which is not covered by swaps and credit facility loans as of December 31, 2016, FIBRAPL has calculated a variation of +/- 0.25% (zero-point twenty-five percent) in the interest rate which may increase or decrease the annual interest expense, as follows

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

Foreign Currency Risk

Foreign exchange risk is ascribed to the fluctuations of exchange rates between the currency in which FIBRAPL makes its sales, purchases, accounts receivable and loans and FIBRAPL's functional currency, which is the Dollar. Most of FIBRAPL's income and debt transactions, including 68.6% (sixty-eight point six percent) of income under lease contracts and 100% (one hundred percent) of its long-term debt as of December 31, 2018, and 2017, respectively, are denominated in Dollars. Thus, FIBRAPL's administration considers that its foreign currency risk exposure is reduced.

The summary of quantitative information on FIBRAPL's exposure to foreign currency risk, as has been reported to FIBRAPL's administration, denominated in 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 |

Inflation

Most of our Lease Agreements contain provisions designed to mitigate the adverse impact of inflation. These provisions generally increase Annualized Base Rents during the terms of the leases agreements 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 our leases agreements of FIBRAPL had an annual rent increase. In addition, most of our leases are triple net leases, which may reduce our exposure to increases in costs and operating expenses resulting from inflation, assuming our properties remain leased and customers fulfill their obligations to assume responsibility for such expenses. As of December 2018, and 2017 the portfolio has a percentage of occupancy of 97.4% (ninety seven point four percent) and 97.3% (ninety seven point three per cent), accordingly.

(ii) Internal Control

The internal controls of Prologis to generate financial information are the same as those used to prepare the financial statements of FIBRA Prologis for the year ended December 31, 2018 and 2017. The objective of such controls is to contribute to the transactions performed under the international financial reporting standards ("IFRS") being correctly recorded, and to provide reasonable certainty about preventing or detecting errors that could have a material adverse effect on the annual financial statements. Such controls are based on criteria and policies outlined by Prologis Senior Management, with Senior Management being responsible for keeping them in force.

Given the inherent limitations to all internal control systems, there may occur errors, irregularities, or frauds that may not be detected. Likewise, projections for future periods of the internal control assessment are subject to risks, such as internal controls resulting to be inadequate in the future at the level of compliance with established policies or procedures.

In our opinion, FIBRA Prologis maintains, as of December 31, 2018, in all material aspects, effective material controls over the generation of financial information included in the financial statements prepared pursuant to the Standards and Procedures adopted by FIBRA Prologis, which are based on the criteria and policies defined by Prologis Senior Management.

(d) Estimates, Provisions, or Critical Accounting

Reserves Significant accounting policies of our Trust

Main accounting policies

The main accounting policies adopted in the preparation of the attached financial statements are mentioned below. Such policies have been consistently applied in the period submitted, unless otherwise indicated.

a. New accounting declarations, modifications to the accounting standards, and applicable interpretations after January 1, 2018,

The following norm, issued recently, applicable for annual periods that begin on January 1, 2018 or afterwards, have not been applied in the preparation of these financial statements.

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. Classification and measurement of financial assets
- j.

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. Classification and measurement of financial liabilities

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. Impairment of financial assets

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 nonfinancial

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. Financial information by segment

Business segments are identified based on the reports employed by the FIBRAPL senior management, identified as decision-making chief officer, with the purposes of assigning the resources to each segment and evaluate its performance. In this sense, the information reported to Management is focused on the geographical location of such respective properties, which encompasses six reporting segments.

c. Translations in Foreign Currency

The FIBRAPL financial statements are prepared in the currency of the primary economic environment in which it operates). For the purposes of the attached financial statements, the results and financial position are indicated in thousand Mexican Pesos, which is the currency reported in financial statements, while the FIBRAPL functional currency is U.S. Dollars (USD).

When preparing the financial statements in FIBRAPL currency, the transactions in currencies other than the functional currency (foreign currency) is identified by using the valid exchange rates for the dates in which the operations are made. The capital items are appraised at the historic exchange rate. At the end of each informed period, the money items stated in foreign currency are reconverted to the valid exchange rates for such date. Non-money items recorded on a fair value and expressed in foreign currency are reconverted to the valid exchange rates for the date in which the fair value was determined.

The exchange difference in money items is acknowledged in the income statement for the period in which it occurs.

For the purposes of submission of financial statements, FIBRAPL assets and liabilities are expressed in Pesos, employing the valid exchange rates for the end of the period informed. The income and expenses items are converted to the exchange rates the date in which the transactions will be used. The differences in exchange rates that arise will be acknowledged in other comprehensive statements and are accumulated in the capital.

d. Income Recognition

Income is quantified at the fair value of the compensation received or to be received.

Leasing income are the rents charged to clients that are recognized using the straight-line method during the period of the lease agreements, considering the rent-free periods, and other incentives. The assets for rent leveling forms part of the balance of investment properties, appraised as described in note 3k.

e. Payments related to the properties

Expenses related to the properties that include taxes and other investment properties when such expenses are the responsibility of FIBRAPL reflected as accumulated expenses.

Repair and maintenance costs are accounted for as expenses at the time such are incurred. Such repair and maintenance costs will be those that are not recoverable by the tenants as per the corresponding leasing agreements.

f. Income Tax and other taxes

FIBRAPL is an investment trust in real estate properties for the purposes of Income Tax (ISR) in Mexico. Pursuant to articles 187 and 188 of the Income Tax Act in Mexico, FIBRAPL is forced to distribute an amount equivalent to at least 95% (ninety five percent) of its net tax results to the CBFH Holders on an annual basis. If the net tax result during a fiscal year is greater than the distributions applied to the CBFH Holders during a fiscal year, FIBRAPL must pay the tax corresponding to 30% (thirty percent) of such surplus. The Manager estimates making distributions by 95% (ninety-five percent) of FIBRAPL Tax Profit.

FIBRAPL is subject to the Value-Added Tax (VAT) in Mexico. VAT is generated per the cash flow when performing specific activities within Mexico, on a general rate of 16% (sixteen percent).

As of December 31, 2018, FIBRAPL had a tax loss of \$1,500 million Mexican pesos. As a result, CBF's holders received a dividend net of income tax that FIBRAPL paid on their behalf under Mexican Income Tax (ISR) Law

g. Accounts Collectible

Accounts collectible are initially acknowledged at a fair value and afterwards acknowledged at an amortized cost. Accounts collectible against debtors are usually due for payment in 30 days. Such are displayed as current assets, unless its collection is not expected for the following 12 months after the reporting date. The feasibility of collection of accounts collectible is continuously reviewed. Any debts acknowledged as uncollectible are subtracted by directly reducing the amount in the books.

h. Value Added Tax pending reimbursement, and other accounts receivable

By December 31, 2018 and 2017, assets for positive taxes represent mainly the paid Value Added Tax that was originated due to the acquisition of investment properties.

FIBRAPL declares to the Mexican tax authorities, tax withholdings over the payment of interests to foreign creditors; such payments are recognized as a part of the interest expense unless these are reimbursable to FIBRAPL by the creditors. If FIBRAPL expects these amounts to be reimbursed, these are recorded as other accounts receivable

i. Advance Payments

Advance payments are recorded at their historic cost and applied to the income of the month in which the services or benefits are received. By December 31, 2018 and 2017, all advance payments are composed mainly from property tax and other attributable to each investment property.

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 comprised by security deposits for utility services mainly with the *Comisión Federal de Electricidad* which could be reimbursable one the service agreement is cancelled.

l. Investment Properties

Investment properties are such properties that are maintained to receive income from rents through long term agreements, and/or increasing their value. These are initially appraised at the cost of acquisition, including any costs incurred during the transaction. After the initial

acknowledgement, investment properties are appraised at their fair value. Profits or losses emerging from changes in the fair value of investment properties are included in the results in the period in which such originated.

An investment property is derecognized at the time of disposal, or when such is permanently withdrawn from use and no future economic benefits are expected from such disposal. Any profits or losses emerging from the derecognizing of the property (calculated as the difference between net income for disposal and the asset recorded value) are included in the income statement in the period in which the property is processed.

m. Paid and unpaid distributions

Provisions for unpaid distributions by FIBRAPL are recognized in the financial status statement as a liability and as a reduction in capital whenever the obligation of payment has been duly established, such distribution must be approved by Manager or the Technical Committee, as applicable.

n. Security Deposits

FIBRAPL obtains refundable deposits from its tenants based on its leasing agreement as a warranty of leasing payments for a certain period. Such deposits are accounted for as a long-term financial liability appraised at its amortized cost.

o. Long-term debt

Debt is initially acknowledged at a fair net value of transaction costs incurred. The adjustments and the fair value and the cost of deferred founding are recognized in the comprehensive income statement during the credit term by employing an effective interest rate method.

By December 31, 2018 and 2017, long-term debt is presented at an amortized cost.

p. Financial Instruments

Financial assets and liabilities are recognized whenever FIBRAPL is part of the instrument dual provisions. Financial assets and liabilities are initially appraised at their fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets at a fair value with changes in results) are added or subtracted from the fair value of financial assets and liabilities, given the case, during the initial acknowledgement. Transaction costs directly attributable to the acquisition of financial assets and liabilities at their fair value with changes in profit or loss are immediately acknowledged in profit or loss.

Financial liabilities are initially acknowledged at their fair value in the case of long-term debt; their directly attributable costs are deducted. FIBRAPL financial liabilities include accounts payable and long-term debt.

Financial assets are classified in the following categories: financial assets at a fair value through profit or loss, amortized cost, investment 'kept at due', and 'loans and accounts collectible'. The classification depends on the nature and purpose of financial assets and is determined at the time of initial acknowledgement. All purchases or sales of financial assets performed as usual are recognized and eliminated based on the date of negotiation. Require the delivery of assets within the timeframe established by law or by practice in such market.

i. Effective interest rate method

The effective interest method is a method for calculating the amortized cost of a financial instrument and for assigning the financial income or cost during the relevant period. Effective interest rate refers to the rate that subtracts future estimate cash revenue (including all fees and based points paid or received that are a fundamental portion of the effective interest rate, transaction costs, and other premiums or discounts) during the expected life of the asset instrument or, when appropriate, a shorter period, at the net value recorded at the time of initial acknowledgement.

Interest expenses are recognized based on the effective interest for debt instruments.

ii. Investments kept to maturity

Investments kept to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that FIBRAPL has the intention and ability to maintain until maturity. After the initial acknowledgement, investments kept to maturity are appraised at an amortized cost by using the effective interest method minus any loss due to value deterioration.

iii. Impairment of financial assets

Financial assets other than financial assets at a fair value through profit or loss are subject to testing for deterioration at the end of each period informed. Financial assets are regarded as deteriorated whenever there is objective evidence that, because of one or more events occurred after the initial acknowledgement of the financial asset, future estimated cash flows for the financial asset have been affected.

For all other financial assets, the objective evidence of deterioration may include:

- Significant financial hardships by the issuer or counterparty;
- Default in payment of interest or principal;
- It is likely that the borrower has filed for bankruptcy or a financial restructuring; or.
- Disappearance of an active market for the financial asset due to financial hardships.

For financial assets accounted for at cost, the amount of loss due to deterioration is calculated as the difference between the recorded value for the asset and the current value of future estimated cash flows, subtracted to the current market exchange rate of a similar financial asset. Such loss due to deterioration will not be reverted in future periods.

The recorded value of the financial asset is reduced due to the loss for deterioration directly for all financial assets, except for the client accounts collectible, where the recorded value is reduced through an estimation account for dubious collection

accounts. Whenever it is considered that an account collectible is uncollectible, such is removed against the estimation. Changes in the recorded value for the estimated account are recognized in the profit and loss.

For financial assets appraised at an amortized cost if, during a subsequent period, the amount of loss due to deterioration is reduced and such reduction may be objectively related to an event occurring after the deterioration acknowledgement, the previously-acknowledged loss due to deterioration is reversed through the profit and loss up to the point in which the recorded investment value up to the date in which the deterioration was reversed does not exceed the amortized cost that would have resulted if such deterioration was not acknowledged.

iv. Derecognition of Financial Assets

FIBRAPL Stops recognizing a financial asset solely when the contractual rights over the financial asset cash flows expire, and the risks and benefits related to the financial asset property are transferred. If FIBRAPL does not transfer nor substantially retain all risks and benefits related to the ownership, but continues to maintain control over the transferred assets, FIBRAPL will recognize its interest in the asset, along with the associated obligations for the amounts to be paid. If FIBRAPL substantially maintains all risks and benefits related to the ownership of a transferred financial asset, FIBRAPL will continue to acknowledge the financial asset, while recognizing a collateral loan for the resources received.

During the full derecognition of a financial asset, the difference between the recorded asset value and the amount of the compensation received and to be received and any accumulated profit or loss recognized in other comprehensive statements and accumulated income statements are recognized in the profit and loss.

During the discharge of a financial asset that is not fully removed (for example, when FIBRAPL keeps an option for repurchasing part of a transferred asset), distributes the previous recorded amount of the financial asset between the portion still acknowledged due to its continuous involvement, and the portion no longer acknowledged over the basis of the fair values for such portions at the date of transfer. The difference between the recorded amount attributable to the portion no longer acknowledged and the addition of the compensation received by the non-acknowledged portion, along with any aggregate profit or loss assigned and acknowledged in other comprehensive statements is recognized in the period statement. The accumulated profit or loss recognized in other comprehensive statements is to be distributed between the portion still recognized and the portion no longer recognized based on relative fair values for such portions.

q. **Derivative Financial Instruments and Hedge Accounting**

FIBRAPL maintains derivative financial instruments to cover its exposure to interest rates, which qualify for hedge accounting. Derivative instruments are initially recognized at their fair value and the transaction costs which are directly attributable are recognized in the statement of comprehensive income when they are incurred. After the initial recognition, derivatives are measured at their fair value, their changes are usually recognized in the statement of comprehensive income. The changes in the portion of ineffectiveness in the market value of

derivative instruments are directly recognized as income or loss in the statement of comprehensive income. See note 19.

r. Provisions

Provisions for legal claims, service warranties, and compensation obligations are recognized whenever FIBRAPL has legal or contractual obligations because of past events. This will likely demand a disbursement of resources to pay for the obligation so that the amount is calculated reliably. No provisions are recognized for future operational losses. Provisions are quantified at the current value of the best of the management of the necessary expense for paying the current obligation at the end of the informed period. The discount rate employed for determining the current value is a rate before taxes that reflects the appraisals in the current market of the temporary value of money and the specific liability risks. The increase in the provision due to the flow of time is acknowledged as interest expense.

s. Cash flow statement

FIBRAPL submits its cash flow statement by using the indirect method. Interests received are classified as cash flows from investment activities, while paid interest are classified as cash flows from financing activities.

t. Statement of Comprehensive Income

The FIBRAPL statement of comprehensive income displays its profit and loss and other comprehensive statements in a single financial statement and divides into two categories the section of other comprehensive statements: (i) items not to be reclassified later to the profit and loss, and (ii) items that may be further reclassified to the profit and loss whenever certain conditions are met. For the year that ended on December 31, 2018 and 2017, FIBRAPL submits, as other comprehensive statements the conversion effect of its functional currency to, the reporting currency and the unrealized profit (loss) in swaps of interest rate.

u. CBF I P&L

The basic CBF I Profit and loss is calculated by dividing the FIBRAPL profits attributable to the CBF I Holders between the weighted average number of current CBFIs during the financial period. Since FIBRAPL has no dilutive CBFIS, the profit and loss by diluted CBF I is calculated such as in the basic.

v. Contributed Equity

CBFIs are classified as Trust Property and are recognized at the fair value of the compensation received by FIBRAPL. The costs originated due to the issuance of property are directly acknowledged in the Trust Property as a reduction in the collection of CBFIs from which the costs are calculated.

Not applicable

5. Financial Information of the Internal Administration

6. Responsible Parties

THE TRUSTEE
BANCO ACTINVER, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO ACTINVER,
DIVISIÓN FIDUCIARIA

"The undersigned hereby represents under oath, that its representative, serving as Trustee, has prepared the financial information related to the Trust Property, and the related information with the securities issued, and the applicable agreements contained in this Annual Report which, to the best of its knowledge and understanding, reasonably reflects its conditions, and that it made sure that in the reported period there were no relevant differences between the revenue from the trust attributable to the property, rights, or securities allocated to the trust, and the information it received from the Manager regarding revenues, returns, or any other amounts resulting from such property, rights, or securities. Furthermore, it represents that it is unaware of any relevant information omitted or misrepresented in this Annual Report, or that the same contains any information that may lead investors to error."

Annual Report 1721 as of December 31, 2018
FIBRAPL 14

LMs. Karla Ivette Ruiz Barreto
Trustee Delegate

LMs. Sergio Bruno Camarena Gómez
Trustee Delegate

Banco Actinver, S.A., Institución de Banca Múltiple,
Grupo Financiero Actinver, División Fiduciaria
1721

THE SETTLOR

PROLOGIS PROPERTY MÉXICO, S.A. DE C.V.

"We the undersigned hereby represent under oath that, in terms of our respective duties, we have prepared the information related to the revenues, returns, or any other amounts resulting from the property, rights, or securities allocated to the trust, contained in this Annual Report which, to the best of our knowledge and understanding, reasonably reflects its conditions. Furthermore, we represent to be unaware of any relevant information omitted or distorted in this Annual Report, or that the same contains information that may lead investors to error."

By: _____

Name: Luis Enrique Gutiérrez Guajardo

Title: Chief Executive Officer

By: _____

Name: Jorge Roberto Girault Facha

Title: Chief Financial Officer

By: _____

Name: Mariano José Riva Palacio Leal

Title: General Counsel

THE COMMON REPRESENTATIVE
Monex Casa de Bolsa, S.A. de C.V.,
Monex Grupo Financiero

"The undersigned represent under oath, that our principal, serving as common representative, has reviewed the financial information related to the Trust Estate, along with all information related to the securities issued and applicable agreements, and the revenues, returns, or other amounts resulting from the property, rights, or securities allocated to the trust, as contained in this Annual Report, which, to the best of its knowledge and understanding, is a reasonable reflection of its conditions."

Annual Report 1721 as of December 31,
2018FIBRAPL 14

Lic. Jacqueline Nayeli Parra Mota
Attorney-in-Fact

7. Exhibits

(a). Audited Financial Statements



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 on financial statements | 2 -5 |
| Statements of financial position as of December 31, 2018 and 2017 | 6 |
| Statements of comprehensive income for the years ended December 31, 2018 and 2017 | 7 |
| Statements of changes in equity for the years ended December 31, 2018 and 2017 | 8 |
| Statements of cash flows for the years ended December 31, 2018 and 2017 | 9 |
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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.



Valuation of Investment Properties (\$45,727,051)

See Note 3 (m) and 13 to the financial statements.

The key audit matter

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.

How the matter was addressed in our audit

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.

A handwritten signature in black ink, appearing to read 'Alberto Vazquez Ortiz', enclosed within a hand-drawn oval.

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: | | | | |
| <i>Items that are not reclassified subsequently to profit or loss:</i> | | | | |
| Translation (gain) loss from functional currency to reporting currency | | | 142,158 | 1,273,795 |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | | |
| 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 |
| <i>Adjustments for:</i> | | |
| (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) | - |
| <i>Change in:</i> | | |
| 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 Raíces, 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:

| in millions except lease area | Date | Market | Lease area square feet | Consideration paid, including closing costs 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. Classification and measurement of financial assets

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. Classification and measurement of financial liabilities

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. Impairment of financial assets

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 CBFH 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. 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 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.

| in thousands Mexican Pesos | For the year ended December 31, 2018 | | | | | | |
|-----------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | 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 |

| in thousands Mexican Pesos | For the year ended December 31, 2017 | | | | | | |
|-----------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | 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 |

| in thousands Mexican Pesos | As of December 31, 2018 | | | | | | | |
|-------------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | 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 |

| in thousands Mexican Pesos | As of December 31, 2017 | | | | | | | |
|-------------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | 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 | | December 31, 2018 | | December 31, 2017 | |
|--|-----------|--------------|-------------------|----------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | | | | | thousands U.S. Dollars | thousands Mexican Pesos | thousands U.S. Dollars | thousands Mexican Pesos | thousands U.S. Dollars | 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

| | Beginning balance | Cash transactions | | | Total cash transactions | Non Cash transactions | | | December 31, 2018 |
|-------------------------|----------------------|---------------------------|---------------------------|---------------------|-------------------------|-----------------------|-------------------|--------------------|----------------------|
| | | Long term debt borrowings | (Long term debt payments) | (Interest paid) | | Amortizations | Accruals | Others | |
| 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:

- 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.
- 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.
- 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.

- 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.
- 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 CBFIs 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:

| in thousands Mexican pesos | Carrying amount | | | | Fair value | | | |
|---|--------------------------|----------------------|-----------------------------|----------------------|-------------|----------------------|----------------------|----------------------|
| | 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.

| in thousands Mexican pesos | Carrying amount | | | | Fair value | | | |
|---|--------------------------|----------------------|-----------------------------|----------------------|-------------|----------------------|----------------------|----------------------|
| | 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 CBF holder returns in excess of an annual compound expected return of 9.0%, paid annually in CBFs, 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 CBFs 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, National 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.

| Start date | End date | Settlement date | Forward rate | Fair Value | Notional amount in thousands of Mexican pesos | Fair value as of December 31, 2018 | | Unrealized loss on exchange rate hedge in thousands of Mexican pesos |
|-----------------|--------------------|-----------------|-----------------|------------|---|------------------------------------|---------------------------|--|
| | | | | | | Thousands of Mexican pesos | Thousands of U.S. dollars | |
| 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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