



Second Quarter 2017

# FIBRA Prologis Financial Report





Quarterly Financial Statements

Supplemental Financial  
Information



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

Interim Condensed Financial  
Statements as of June 30, 2017  
and for the three and six months  
then ended

Contents	Page
Second Quarter 2017 Earnings Report	1
Second Quarter 2017 Management Overview	2
Independent auditors' limited review report on interim condensed financial statements	8
Interim condensed statements of financial position as of June 30, 2017 and December 31, 2016	10
Interim condensed statements of comprehensive income for the three and six months ended June 30, 2017 and 2016	11
Interim condensed statements of changes in equity for the six months ended June 30, 2017 and 2016	12
Interim condensed statements of cash flows for the six months ended June 30, 2017 and 2016	13
Notes to interim condensed financial statements as of June 30, 2017 and for the three and six months then ended and December 31, 2016	14 - 27

## Second Quarter 2017 Earnings Report

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

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

## Second Quarter 2017 Management Overview

### **Letter from Luis Gutierrez, Chief Executive Officer, Prologis Property Mexico**

Our operating and financial results reflect both the improving Mexican economy and solid execution by the FIBRA Prologis team. Positive momentum from the beginning of the year expanded in the second quarter as we continued to achieve higher rents while maintaining near record level occupancy of 97.3 percent. We outperformed the market occupancy by 120 basis points, and leasing volume was a healthy 1.5 million square feet. Existing customers drove leasing volume and accounted for 95 percent of the volume, a recognition of our high quality, modern facilities, which are in Mexico's premier logistics and manufacturing markets.

Net effective rents increased 9.7 percent on expiring leases and cash same store NOI grew 3.6 percent. This growth in our same store pool was driven mainly by an increase in our average occupancy and higher rent change on lease rollovers. The average term for leases signed was 32 months.

Business conditions and customer sentiment have greatly improved since the start of the year. Several economic indicators have been revised higher, and the peso has strengthened to a level not seen since the spring of 2016. These drivers further improved the operating environment in the second quarter.

Net absorption in our six markets accounted for 4.0 million square feet, pushing national vacancy down 10 basis points to a new record of 3.9 percent. Customer demand remains constrained by a scarcity of available modern product, especially in Mexico City, Tijuana and increasingly in Juarez.

Our forecast calls for demand and supply to reach equilibrium in Mexico this year. While demand remains robust across all geographies, development has recently increased in the consumption markets of Guadalajara and Monterrey due to unsustainably low market vacancies. At the same time, development has slowed in the manufacturing markets along the border as only a few companies have restarted their expansions plans.

Despite being comparable to some of the best logistics markets in the world, Mexico City is severely undersupplied with modern stock – in fact, market vacancy remains below 1 percent. Larger space leasing activity remains a primary driver of demand and is increasingly driven by e-commerce customers entering the market. Long-term tailwinds for demand will arise from a combination of the following: a rising consumer class, young people entering the workforce and e-commerce establishing a significant foothold in the region.

The healthy real estate market conditions, along with the strengthening peso and capital markets stability, have enabled us to resume our acquisition activity.

Before concluding, I would like to highlight the success of our debt refinancing plan, which has already addressed more than 80 percent of our 2017 maturities while decreasing our debt costs by 90 basis points to 4.0 percent. This was accomplished while maintaining significant liquidity, giving us the flexibility to deploy capital.

In summary, we remain vigilant in our assessment of the market environment, and will continue to call out risks and opportunities as they unfold. Our focused strategy of being in the most dynamic markets is evident in both our financial and operating results. Our best-in-class portfolio and extraordinary team of professionals position us to continue to deliver sustainable growth.

Thank you for your continued support.

Sincerely,

Luis Gutierrez

Chief Executive Officer

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

Please read this in conjunction with the interim condensed financial statements.

### **Management Overview**

FIBRA Prologis (BMV: FIBRAPL 14) is a leading owner and operator of Class-A logistics real estate in Mexico. As of June 30, 2017, FIBRA Prologis owned 194 logistics and manufacturing facilities in six strategic markets in Mexico totaling 34.2 million square feet (3.2 million square meters) of gross leasable area ("GLA"). These properties were leased to 235 customers, including third-party logistics providers, transportation companies, retailers and manufacturers.

Approximately 66.6 percent of our net effective rents are in global logistics markets ("global markets") and the remaining 33.4 percent are in regional manufacturing markets ("regional markets"). Global markets include Mexico City, Guadalajara and Monterrey. These markets are highly industrialized and consumption-driven. They benefit from proximity to principal highways, airports and rail hubs and, their position in highly populated areas experiencing sustained growth of the middle class. Regional markets include Cd. Juarez, Tijuana and Reynosa. These markets are industrial centers for the automotive, electronics, medical and aerospace industries, among others; they benefit from an ample supply of qualified labor as well as proximity to the U.S. border. Our operating results are presented in a manner consistent with how management evaluates the performance of the portfolio.

Second quarter financial information includes results from April 1, 2017, through June 30, 2017. During the quarter ended June 30, 2017, and through the date of this report, the following activity supported our priorities:

- **Operating Results:**

Operating Portfolio	2Q 2017	2Q 2016	Notes
Period End Occupancy	97.3%	96.4%	<i>Led by global markets at 97.5%</i>
Leases Signed	1.5MSF	2.1MSF	<i>Renewals represented 95% of leasing volume</i>
WALT Signed	32	38	<i>Mainly driven by 360K sf short-term leases</i>
Customer Retention	89.1%	87.0%	
Net Effective Rent Change	9.7%	11.8%	<i>Led by regional markets at 17.7%</i>
Cash Same Store NOI	3.6%	1.1%	<i>4.0% same store growth in constant U.S. dollars</i>
Same Store NOI	1.7%	-0.9%	
Avg. Turnover Cost per SF leased	US\$0.88	US\$1.20	<i>Decrease driven by renewals</i>



We evaluate the operating performance of the operating properties we own using a “same store” analysis because the population of the properties in this analysis is consistent from period to period, thereby eliminating the effects of changes in composition of the portfolio on performance measures. We believe the factors that affect rental revenues, rental expenses and NOI in the same store portfolio are generally the same as for the total portfolio. Our same store is measured in U.S. dollar terms and includes the effect of year-over-year movements of the Mexican peso. The increase in SSNOI of 250 bps year-over-year is driven mainly by the occupancy, releasing spreads and contractual rent bumps and partly offset by the peso devaluation and to a lesser extent, a bad debt expense from a multinational tenant.

#### Operational Outlook

During the first half of 2017 the operating fundamentals in the markets in which we operate continued positive momentum delivering higher rent change and high levels of occupancy in our portfolio. Renewals accounted for 95% of the leasing volume resulting in a retention rebound. Demand remains constrained by a scarcity of available modern product this translates in positive rent change for the portfolio especially in Tijuana. Overall, in-place rents are around 5.1 percent below market rents since many of our leases commenced during periods of lower market rents. This has supported increases in net effective rents on lease turnover.

#### Acquisitions

Under an exclusivity agreement with Prologis, we have access to a proprietary acquisition pipeline. As of June 30, 2017, Prologis had 3.1 million square feet under development or pre-stabilization of which 82.3 percent was leased or pre-leased at the end of the quarter. In terms of liquidity, we have an adequate line of credit to execute on the rest of these properties, if offered. This exclusive access to the Prologis pipeline is a competitive advantage for FIBRA Prologis because we are able to acquire high-quality buildings in our existing markets.

Third-party acquisitions are also possible for FIBRA Prologis but are dependent on available product that meets our stringent quality and location criteria. All potential acquisitions, regardless of source, are evaluated by management, factoring real estate and capital market conditions, and are subject to approval by FIBRA Prologis’ Technical Committee.

#### Currency Exposure

As of June 30, 2017, our revenues denominated in U.S. dollars represented 74.5 percent of annualized net effective rents, resulting in peso exposure for the second quarter of approximately 19.0 percent of NOI. 88.2 per cent of the leases renewed during the quarter were maintained in the same currency as the previous lease except one in Mexico City. In the near term, we expect the amount of peso-denominated revenues to range between 25 percent to 30 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, will allow us to meet anticipated future acquisition, operating, debt service and distribution requirements.

### *Near-Term Principal Cash Sources and Uses*

As a FIBRA, we are required to distribute at least 95 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.
- Repayment of debt and scheduled principal payments during 2017 and 2018 of approximately US\$214.1 million and US\$73.6 million, respectively. During the quarter, we repaid US\$176.6 million of the US\$214.1 million of the 2017 scheduled maturities with borrowing under our unsecured credit facility.

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. 188.8 million (approximately US\$10.5 million) as of June 30, 2017, as a result of cash flow from operating properties.
- Borrowing capacity of Ps. 2.6 billion (US\$145.0 million) under our unsecured credit facility.
- Proceeds from the issuance of new debt in connection with the refinancing of our 2017 and 2018 debt maturities.

### *Debt*

As of June 30, 2017, we had approximately Ps. 13.1 billion (US\$728.1 million) of debt at par value with a weighted average effective interest rate of 3.8 percent (a weighted average coupon rate of 4.0 percent) and a weighted average maturity of 3.3 years.

We are actively working on addressing the remaining 2017 maturities. Subject to market conditions, our plan is to obtain new debt or refinance our secured debt maturing in the second half of 2017.

According to the CNBV regulation for the calculation of debt ratios, our loan-to-value and debt service coverage ratios as of June 30, 2017, were 33.2 percent and 1.4 times, respectively.

#### Incentive Fees

On June 4, 2017, FIBRA stock performance achieved total cumulative returns since IPO of 11.4%, triggering an incentive fee of Ps. 139.2 million (US\$7.5 million) as per the Management Agreement. 4.4 million CBFIs will be paid to our sponsor, Prologis, in lieu of cash. The amount was validated by our external auditor and the issuance was approved by the holders.



## Independent Auditors' Report on Review of Interim Financial Information

To the Technical Committee and Trustors  
FIBRA Prologis Fideicomiso Irrevocable F/1721

### Introduction

We have reviewed the accompanying June 30, 2017 and 2016 condensed interim financial information of FIBRA Prologis Fideicomiso Irrevocable F/1721 Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria ("the Trust"), which comprises:

- The interim condensed statement of financial position as of June 30, 2017;
- The interim condensed statements of comprehensive income for the three-month and six-month periods ended June 30, 2017 and 2016;
- The interim condensed statements of changes in equity for the six-month periods ended June 30, 2017 and 2016;
- The interim condensed statements of cash flows for the six-month periods ended June 30, 2017 and 2016;
- Notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standards (IAS) 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

(Continued)



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".

KPMG CARDENAS DOSAL, S. C.



José Angel Cháirez Garza

Mexico City, July 18, 2017.



## Interim condensed statements of financial position

As of June 30, 2017 and December 31, 2016

in thousands Mexican Pesos	Note	June 30, 2017	December 31, 2016
<b>Assets</b>			
Current assets:			
Cash		\$ 188,801	\$ 370,909
Trade receivables	7	61,889	50,457
Value added tax and other receivables	8	37,434	141,348
Prepaid expenses	9	95,901	46,718
		384,025	609,432
Non-current assets:			
Investment properties	10	39,066,818	45,064,110
Interest rate swaps	14	42,661	42,492
		39,109,479	45,106,602
<b>Total assets</b>		<b>\$ 39,493,504</b>	<b>\$ 45,716,034</b>
<b>Liabilities and equity</b>			
Current liabilities:			
Trade payables		\$ 55,943	\$ 54,904
Due to affiliates	13	87	110,111
Current portion of long term debt	11	738,531	4,556,722
		794,561	4,721,737
Non-current liabilities:			
Long term debt	11	12,366,906	10,634,498
Security deposits		263,533	294,174
Exchange rate forwards	14	14,506	-
		12,644,945	10,928,672
Total liabilities		13,439,506	15,650,409
Equity:			
CBFI holders capital	12	13,746,963	14,313,287
Other equity accounts		12,307,035	15,752,338
Total equity		26,053,998	30,065,625
<b>Total liabilities and equity</b>		<b>\$ 39,493,504</b>	<b>\$ 45,716,034</b>

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

## Interim condensed statements of comprehensive income

For the three and six months ended June 30, 2017 and 2016

in thousands Mexican Pesos, except per CBFI amounts		Note	For the three months ended June 30,		For the six months ended June 30,	
			2017	2016	2017	2016
<b>Revenues:</b>						
Lease rental income			\$ 784,090	\$ 683,491	\$ 1,598,352	\$ 1,369,184
Rental recoveries			79,334	70,652	154,546	134,869
Other property income			16,587	14,861	35,320	26,488
			880,011	769,004	1,788,218	1,530,541
<b>Costs and expenses:</b>						
Property operating expenses:						
Operating and maintenance			46,965	44,155	92,206	84,029
Utilities			14,759	9,360	26,962	16,404
Property management fees	13		25,344	24,437	51,540	46,309
Real estate taxes			17,237	14,153	34,474	28,308
Non-recoverable operating			16,683	13,448	29,074	17,006
			120,988	105,553	234,256	192,056
<b>Gross profit</b>			<b>759,023</b>	<b>663,451</b>	<b>1,553,962</b>	<b>1,338,485</b>
<b>Other expenses (income):</b>						
(Gain) loss on valuation of investment properties	10		(13,157)	27,991	599,854	108,611
Gain on disposition of investment properties			-	(5,197)	-	(5,197)
Asset management fees	13		74,857	73,983	154,839	140,486
Incentive fee	13		139,162	-	139,162	-
Professional fees			12,212	8,356	28,913	16,178
Interest expense			151,605	145,409	332,993	286,875
Amortization of debt premium			(20,473)	(34,528)	(58,400)	(71,529)
Amortization of deferred financing cost			7,152	6,589	15,154	13,656
Net (gain) loss on early extinguishment of debt			(32,673)	8,808	(32,120)	53,680
Unused credit facility fee			6,130	11,022	15,457	21,865
Unrealized (gain) loss on exchange rate forwards	14		(290)	-	15,064	-
Realized loss on exchange rate forwards	14		5,706	-	5,706	-
Exchange (gain) loss, net			(2,357)	37,668	(10,077)	44,479
Other general and administrative expenses			4,025	2,755	7,660	7,512
			331,899	282,856	1,214,205	616,616
<b>Net income</b>			<b>427,124</b>	<b>380,595</b>	<b>339,757</b>	<b>721,869</b>
<b>Other comprehensive income:</b>						
<i>Items that are not reclassified subsequently to profit or loss:</i>						
Translation effects from functional currency to reporting currency			1,008,220	(1,912,394)	3,791,001	(1,763,249)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Unrealized loss (gain) on interest rate swaps	14		5,936	31,836	(5,941)	58,217
			1,014,156	(1,880,558)	3,785,060	(1,705,032)
<b>Total comprehensive (loss) income for the period</b>			<b>\$ (587,032)</b>	<b>\$ 2,261,153</b>	<b>\$ (3,445,303)</b>	<b>\$ 2,426,901</b>
<b>Earnings per CBFI</b>	6		<b>\$ 0.67</b>	<b>\$ 0.60</b>	<b>\$ 0.54</b>	<b>\$ 1.14</b>

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

## Interim condensed statements of changes in equity

For the six months ended June 30, 2017 and 2016

in thousands Mexican Pesos	CBI holders capital	Other equity accounts	Retained earnings	Total
Balance as of January 1, 2016	\$ 15,532,302	\$ 5,872,146	\$ 3,375,368	\$ 24,779,816
Equity distributions	(637,789)	-	-	(637,789)
Comprehensive income:				
Translation effects from functional currency to reporting currency	-	1,763,249	-	1,763,249
Unrealized loss on interest rate swap	-	(58,217)	-	(58,217)
Net income	-	-	721,869	721,869
Total comprehensive income	-	1,705,032	721,869	2,426,901
<b>Balance as of June 30, 2016</b>	<b>\$ 14,894,513</b>	<b>\$ 7,577,178</b>	<b>\$ 4,097,237</b>	<b>\$ 26,568,928</b>
Balance as of January 1, 2017	\$ 14,313,287	\$ 10,605,719	\$ 5,146,619	\$ 30,065,625
Equity distributions	(705,486)	-	-	(705,486)
CBI's to be issued	139,162	-	-	139,162
Comprehensive income:				
Translation effects from functional currency to reporting currency	-	(3,791,001)	-	(3,791,001)
Unrealized gain on interest rate swaps	-	5,941	-	5,941
Net income	-	-	339,757	339,757
Total comprehensive (loss) income	-	(3,785,060)	339,757	(3,445,303)
<b>Balance as of June 30, 2017</b>	<b>\$ 13,746,963</b>	<b>\$ 6,820,659</b>	<b>\$ 5,486,376</b>	<b>\$ 26,053,998</b>

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

## Interim condensed statements of cash flows

For the six months ended June 30, 2017 and 2016

in thousands Mexican Pesos	For the six months ended June 30,	
	2017	2016
<b>Operating activities:</b>		
Net income	\$ 339,757	\$ 721,869
<i>Adjustments for:</i>		
Loss on valuation of investment properties	599,854	108,611
Incentive fee	139,162	-
Gain on disposition of investment properties	-	(5,197)
Allowance for uncollectible trade receivables	19,675	8,035
Interest expense	332,993	286,875
Net (gain) loss on early extinguishment of debt	(32,120)	53,680
Amortization of deferred financing cost	15,154	13,656
Unrealized loss on exchange rate forwards	15,064	-
Realized loss on exchange rate forwards	5,706	-
Unrealized exchange (gain) loss	(11,265)	28,858
Amortization of debt premium	(58,400)	(71,529)
Rent leveling	30,490	(42,808)
<i>Change in:</i>		
Trade receivables	6,314	(25,389)
Value added tax and other receivables	(37,421)	(3,872)
Prepaid expenses	103,914	(5,162)
Trade payables	(48,144)	48,682
Due to affiliates	(110,024)	91,835
Security deposits	(30,641)	21,963
Net cash flow provided by operating activities	1,280,068	1,230,107
<b>Investing activities:</b>		
Funds for acquisition of investment properties	-	(967,272)
Funds for development of investment properties	-	(9,739)
Capital expenditures on investment properties	(181,972)	(169,300)
Proceeds from disposition of investment properties	-	31,360
Net cash flow used in investing activities	(181,972)	(1,114,951)
<b>Financing activities:</b>		
Equity distributions	(705,486)	(637,789)
Long term debt borrowings	3,634,416	473,076
Long term debt payments	(3,733,833)	(23,228)
Interest paid	(321,961)	(287,936)
Cash used for early extinguishment of debt	-	(91,136)
Net cash flow used in financing activities	(1,126,864)	(567,013)
Net decrease in cash	(28,768)	(451,857)
Effect of foreign currency exchange rate changes on cash	(153,340)	69,111
Cash at beginning of the period	370,909	721,207
<b>Cash at the end of the period</b>	<b>\$ 188,801</b>	<b>\$ 338,461</b>
<b>Non-cash transactions:</b>		
<b>CBFI's to be issued</b>	<b>\$ 139,162</b>	<b>\$ -</b>

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

## Notes to interim condensed financial statements

As of June 30, 2017 and for the three and six months then ended and December 31, 2016

In thousands of Mexican Pesos, except per CBFi

### 1. Main activity, structure, and significant events

**Main activity** – FIBRA Prologis (“FIBRAPL”), is a trust formed according to the Irrevocable Trust Agreement No. F/1721 dated August 13, 2013 (“Date of Inception”). Such agreement was signed between Prologis Property México, S. A. de C. V. as Trustor and Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria as Trustee. FIBRAPL is a Mexican real estate investment trust authorized by Mexican law (Fideicomiso de Inversión en Bienes Raíces, or FIBRA, as per its name in Spanish) with its address on Avenida Prolongación Paseo de la Reforma No. 1236, Piso 9, Desarrollo Santa Fe, Cuajimalpa de Morelos, C. P. 05348.

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.

**Structure** – FIBRAPL’s parties are:

<b>Trustor:</b>	Prologis Property México, S. A. de C. V.
<b>First beneficiaries:</b>	Certificate holders.
<b>Trustee:</b>	Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria.
<b>Common representative:</b>	Monex Casa de Bolsa, S. A. de C. V., Monex Grupo Financiero
<b>Manager:</b>	Prologis Property México, S. A. de C. V.

### Significant events

#### i. Long term debt transactions:

in millions	Date	Denomination	Interest rate (*)	Mexican pesos	U. S. dollars
<b>Borrowings:</b>					
Citibank, NA Credit facility (Unsecured)	June 2, 2017	U. S. dollars	LIBOR +250bps	\$ 1,947.0	\$ 105.0
Citibank, NA Credit facility (Unsecured)	May 2, 2017	U. S. dollars	LIBOR +250bps	303.4	16.0
Citibank, NA Credit facility (Unsecured)	April 6, 2017	U. S. dollars	LIBOR +250bps	1,118.2	60.0
Citibank, NA Credit facility (Unsecured)	February 10, 2017	U. S. dollars	LIBOR +250bps	265.4	13.0
<b>Total borrowings</b>				<b>\$ 3,634.0</b>	<b>\$ 194.0</b>
<b>Payments:</b>					
Metropolitan Life Insurance Co.	June 5, 2017	U. S. dollars	6.9%	\$ 2,094.8	\$ 112.5
Citibank, NA Credit facility (Unsecured)	May 2, 2017	U. S. dollars	LIBOR +250bps	121.4	6.5
Citibank, NA Credit facility (Unsecured)	April 17, 2017	Mexican pesos	TIIE +220bps	50.0	2.7
Blackstone	April 7, 2017	U. S. dollars	7.9%	1,203.1	64.1
Citibank, NA Credit facility (Unsecured)	March 17, 2017	Mexican pesos	TIIE +220bps	125.0	6.5
Citibank, NA Credit facility (Unsecured)	January 15, 2017	Mexican pesos	TIIE +220bps	150.0	6.8
<b>Total payments</b>				<b>\$ 3,744.3</b>	<b>\$ 199.1</b>
* LIBOR (London Interbank Offered Rate)					
* TIIE (Interbank Balance Interest Rate, from its name in Spanish)					



ii. *Distributions:*

in millions		Distribution in Mexican pesos	Distribution in U. S. dollars	Mexican pesos per CBFi	U. S. dollars per CBFi
<b>Distributions:</b>					
	April 26, 2017	\$ 343.3	\$ 18.3	\$ 0.5410	\$ 0.0288
	February 2, 2017	362.2	17.7	0.5709	0.0275
<b>Total distributions</b>		<b>\$ 705.5</b>	<b>\$ 36.0</b>		

iii. *CBFi's 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 6, 2016 to June 2, 2017, FIBRAPL generated an Incentive Fee of \$139.2 million Mexican pesos (\$7.5 million U.S. dollars), based on the performance of the CBFis. As part of the Ordinary Holders Meeting on June 26, 2017, the Manager was approved to receive the Incentive Fee through issuance of 4,383,025 CBFis. The CBFis issued to the Manager are subject to a six-month lock-up period as established under the Management Agreement.

## 2. Basis of presentation

- a. **Interim financial reporting** - The accompanying interim condensed financial statements as of June 30, 2017 and 2016, and for the three and six months then ended, have been prepared in accordance with the International Accounting Standard No. 34, interim financial reporting. Therefore, these financial statements do not include all the information required in a complete annual report prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS or IAS"). The interim condensed financial statements should be read in conjunction with the annual financial statements as of December 31, 2016, and for the year then ended, prepared in accordance with IFRS.

FIBRAPL management believes that all adjustments and reclassifications that are required for a proper presentation of the financial information are included in these interim condensed financial statements.

- b. **Functional currency and reporting currency** – The accompanying interim condensed 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.
- c. **Critical accounting judgments and estimates** - The preparation of the interim condensed 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 interim condensed 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 interim condensed 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 are different from our

assumptions and estimates and could result in an adjustment to the carrying amounts of the assets and liabilities previously reported.

- d. **Going concern basis of accounting** – FIBRAPL financial statements as of June 30, 2017, and for the three and six months 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 11. For the six months ended June 30, 2017 and 2016, FIBRAPL recognized gross profit of \$1,553,962 and \$1,338,485, respectively, and it generated positive operating cash flows of \$1,280,068 and \$1,230,107, respectively. As of June 30, 2017, current liabilities exceeded current assets because of the current portion of long term debt, however, FIBRAPL currently has a borrowing capacity of \$2,614,046 under its undrawn credit facility and has an unrestricted cash balance of \$188,801. 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 significant accounting policies applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of and disclosed in FIBRAPL's audited financial statements as of December 31, 2016.

During the six months ended June 30, 2017, FIBRAPL updated its accounting policy for derivative financial instruments to address the treatment of derivative financial instruments not designated or that do not qualify for hedge accounting, as follows:

- a. *Fair Value Derivative Financial Instruments* – FIBRAPL holds derivative financial instruments to hedge its exchange rate exposures which do not qualify for hedge accounting. Changes in fair value of derivative financial instruments not designated or that do not qualify for hedge accounting are recognized in the results of operations for the year as valuation effects of derivatives, presented in other expenses. Changes in fair value of derivative financial instruments formally designated and qualifying as hedging instruments are recognized in accordance with the corresponding hedge accounting model.

### 4. 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 June 30, 2017 exchange rate in Mexican pesos, are as follows:

in thousands Mexican Pesos	Amount
<b>Rental revenues:</b>	
2017 (six months)	\$ 1,524,002
2018	2,641,003
2019	2,095,007
2020	1,279,651
2021	745,447
Thereafter	417,317
	<b>\$ 8,702,427</b>

## 5. Segment reporting

Operating segment information is presented based on how management analyzes the business, which includes information aggregated by market. The results for these operating segments are presented for the three and six months ended June 30, 2017 and 2016, while assets and liabilities are included as of June 30, 2017 and December 31, 2016. 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 three months ended June 30, 2017						
	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
<b>Revenues:</b>							
Lease rental income	\$ 291,767	\$ 131,823	\$ 92,109	\$ 92,271	\$ 99,426	\$ 76,694	\$ 784,090
Rental recoveries	24,260	9,245	9,697	11,765	8,716	15,651	79,334
Other property income	1,633	11,977	1,594	121	1,070	192	16,587
	317,660	153,045	103,400	104,157	109,212	92,537	880,011
<b>Cost and expenses:</b>							
Property operating expenses	42,658	24,831	12,706	10,839	11,840	18,114	120,988
<b>Gross Profit</b>	<b>\$ 275,002</b>	<b>\$ 128,214</b>	<b>\$ 90,694</b>	<b>\$ 93,318</b>	<b>\$ 97,372</b>	<b>\$ 74,423</b>	<b>\$ 759,023</b>

in thousands Mexican Pesos	For the three months ended June 30, 2016						
	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
<b>Revenues:</b>							
Lease rental income	\$ 246,822	\$ 117,403	\$ 86,312	\$ 84,930	\$ 89,643	\$ 58,381	\$ 683,491
Rental recoveries	22,459	7,699	8,750	10,366	7,995	13,383	70,652
Other property income	2,130	8,261	2,174	543	1,668	85	14,861
	271,411	133,363	97,236	95,839	99,306	71,849	769,004
<b>Cost and expenses:</b>							
Property operating expenses	32,973	24,218	9,505	11,832	13,405	13,620	105,553
<b>Gross Profit</b>	<b>\$ 238,438</b>	<b>\$ 109,145</b>	<b>\$ 87,731</b>	<b>\$ 84,007</b>	<b>\$ 85,901</b>	<b>\$ 58,229</b>	<b>\$ 663,451</b>

in thousands Mexican Pesos	For the six months ended June 30, 2017						
	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
<b>Revenues:</b>							
Lease rental income	\$ 586,891	\$ 272,267	\$ 190,108	\$ 191,631	\$ 203,118	\$ 154,337	\$ 1,598,352
Rental recoveries	54,140	18,838	18,673	20,159	15,877	26,859	154,546
Other property income	4,229	24,809	3,348	499	2,169	266	35,320
	645,260	315,914	212,129	212,289	221,164	181,462	1,788,218
<b>Cost and expenses:</b>							
Property operating expenses	81,565	46,497	24,409	22,621	23,476	35,688	234,256
<b>Gross Profit</b>	<b>\$ 563,695</b>	<b>\$ 269,417</b>	<b>\$ 187,720</b>	<b>\$ 189,668</b>	<b>\$ 197,688</b>	<b>\$ 145,774</b>	<b>\$ 1,553,962</b>

in thousands Mexican Pesos	For the six months ended June 30, 2016						
	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
<b>Revenues:</b>							
Lease rental income	\$ 498,726	\$ 232,192	\$ 171,242	\$ 170,142	\$ 179,399	\$ 117,483	\$ 1,369,184
Rental recoveries	44,851	15,692	15,011	19,640	15,919	23,756	134,869
Other property income	2,878	15,461	3,424	779	3,494	452	26,488
	546,455	263,345	189,677	190,561	198,812	141,691	1,530,541
<b>Cost and expenses:</b>							
Property operating expenses	62,128	38,269	19,591	21,482	23,497	27,089	192,056
<b>Gross Profit</b>	<b>\$ 484,327</b>	<b>\$ 225,076</b>	<b>\$ 170,086</b>	<b>\$ 169,079</b>	<b>\$ 175,315</b>	<b>\$ 114,602</b>	<b>\$ 1,338,485</b>

	As of June 30, 2017							
in thousands Mexican Pesos	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Unsecured debt	Total
Investment properties:								
Land	\$ 3,187,647	\$ 1,317,802	\$ 920,564	\$ 828,870	\$ 843,617	\$ 655,435	\$ -	\$ 7,753,935
Buildings	12,750,588	5,271,207	3,682,256	3,315,480	3,374,469	2,621,741	-	31,015,741
	15,938,235	6,589,009	4,602,820	4,144,350	4,218,086	3,277,176	-	38,769,676
Rent leveling	126,426	28,132	31,612	39,925	41,005	30,042	-	297,142
Investment properties	\$ 16,064,661	\$ 6,617,141	\$ 4,634,432	\$ 4,184,275	\$ 4,259,091	\$ 3,307,218	\$ -	\$ 39,066,818
Long term debt	\$ 1,635,966	\$ 897,047	\$ 1,325,657	\$ -	\$ -	\$ 104,718	\$ 9,142,049	\$ 13,105,437

in thousands Mexican Pesos	As of December 31, 2016							Unsecured debt	Total
	Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez			
<b>Investment properties:</b>									
Land	\$ 3,740,487	\$ 1,511,474	\$ 1,054,821	\$ 942,030	\$ 952,522	\$ 751,698	\$ -	\$ -	\$ 8,953,032
Buildings	14,961,955	6,045,897	4,219,283	3,768,120	3,810,088	3,006,790	-	-	35,812,133
	18,702,442	7,557,371	5,274,104	4,710,150	4,762,610	3,758,488	-	-	44,765,165
Rent leveling	123,069	27,475	35,804	44,684	40,679	27,234	-	-	298,945
<b>Investment properties</b>	<b>\$ 18,825,511</b>	<b>\$ 7,584,846</b>	<b>\$ 5,309,908</b>	<b>\$ 4,754,834</b>	<b>\$ 4,803,289</b>	<b>\$ 3,785,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,064,110</b>
<b>Long term debt</b>	<b>\$ 2,491,169</b>	<b>\$ 1,062,636</b>	<b>\$ 1,743,979</b>	<b>\$ 736,084</b>	<b>\$ 1,293,050</b>	<b>\$ 967,128</b>	<b>\$ 6,897,174</b>	<b>\$ -</b>	<b>\$ 15,191,220</b>

## 6. 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 three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Basic and diluted earnings per CBFi (pesos)	\$ 0.67	\$ 0.60	\$ 0.54	\$ 1.14
Net income	427,124	380,595	339,757	721,869
<b>Weighted average number of CBFis ('000)</b>	<b>634,723</b>	<b>634,480</b>	<b>634,601</b>	<b>634,480</b>

As of June 30, 2017, FIBRAPL had 634,479,746 CBFis outstanding and 4,383,025 to be issued to the Manager. See note 12.

## 7. Trade receivables

As of June 30, 2017 and December 31, 2016, trade accounts receivable of FIBRAPL were as follows:

in thousands Mexican Pesos	June 30, 2017	December 31, 2016
Trade accounts receivable	\$ 116,489	\$ 91,914
Allowance for uncollectable trade receivables	(54,600)	(41,457)
	<b>\$ 61,889</b>	<b>\$ 50,457</b>



## 8. Value Added Tax and other receivables

As of June 30, 2017 and December 31, 2016, value added tax and other receivables were comprised as follows:

in thousands Mexican Pesos	June 30, 2017	December 31, 2016
Value Added Tax	\$ 228	\$ 108,241
Other receivables	37,206	33,107
	<b>\$ 37,434</b>	<b>\$ 141,348</b>

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.

## 9. Prepaid expenses

As of June 30, 2017 and December 31, 2016, prepaid expenses of FIBRAPL were comprised as follows:

in thousands Mexican Pesos	June 30, 2017	December 31, 2016
Utility deposits	\$ 41,090	\$ 43,753
Real estate tax	34,450	-
Insurance	14,768	688
Other prepaid expenses	5,593	2,277
	<b>\$ 95,901</b>	<b>\$ 46,718</b>

## 10. Investment properties

FIBRAPL obtained a valuation as of June 30, 2017 from independent appraisers in order to determine the fair value of its investment properties which resulted in a loss of \$599,854 and \$108,611 for the six month period ended June 30, 2017 and 2016.

a) As of June 30, 2017, investment properties were as follows:

Market	Fair value as of June 30, 2017	# of properties	Lease area in thousands square feet
Mexico City	\$ 16,064,661	52	13,351
Guadalajara	6,617,141	26	5,838
Monterrey	4,634,432	24	3,868
Tijuana	4,184,275	33	4,214
Reynosa	4,259,091	29	4,422
Juarez	3,307,218	31	3,566
<b>Total</b>	<b>\$ 39,066,818</b>	<b>195</b>	<b>35,259</b>

The table above includes an Intermodal facility in the Mexico City market with a leasable area of 1,092 square feet and a fair value of \$274,024.

As of June 30, 2017, the fair value of investment properties includes excess land in the Monterrey market of \$43,808.

As of June 30, 2017 and December 31, 2016, the balance of investment properties included rent leveling assets of \$297,142 and \$298,945, respectively.

b) The reconciliation of investment properties for the six months ended June 30, 2017 and for the year ended December 31, 2016 are as follows:

in thousands Mexican Pesos	For the six months ended June 30, 2017	For the year ended December 31, 2016
Beginning balance	\$ 45,064,110	\$ 35,475,843
Translation effect from functional currency	(5,577,608)	6,878,640
Acquisition of investment properties	-	2,171,887
Acquisition cost	-	52,620
Capital expenditures, leasing commissions and tenant improvements	181,972	394,960
Development	-	9,739
Dispositions	-	(26,130)
Rent leveling	(1,802)	100,410
(Loss) gain on valuation of investment properties	(599,854)	6,141
<b>Ending balance of investment properties</b>	<b>\$ 39,066,818</b>	<b>\$ 45,064,110</b>

- c) During the six months ended June 30, 2017 and 2016, capital expenditures, leasing commissions and tenant improvements of FIBRAPL were as follows:

in thousands Mexican Pesos	For the six months ended June 30,	
	2017	2016
Capital expenditures	\$ 54,170	\$ 62,013
Leasing commissions	42,075	51,535
Tenant improvements	85,727	55,752
	<b>\$ 181,972</b>	<b>\$ 169,300</b>

## 11. Long term debt

As of June 30, 2017 and December 31, 2016, FIBRAPL had long term debt comprised of loans from financial institutions denominated in U.S. dollars, except if described otherwise as follows:

	Denomination	Maturity date	Rate	June 30, 2017		December 31, 2016	
				thousands U. S. Dollars	thousands Mexican Pesos	thousands U. S. Dollars	thousands Mexican Pesos
Metropolitan Life Insurance Co. (The Metlife 1 Loan) (Secured)	USD	September 1, 2017	6.90%	-	\$ -	112,500	\$ 2,319,683
Neptuno Real Estate, S. de R. L. de C. V. "Blackstone" (Secured)	USD	October 7, 2017	7.90%	-	-	64,149	1,322,714
Metropolitan Life Insurance Co. (The Metlife 2 Loan) (Secured)	USD	November 1, 2017	6.90%	37,500	676,046	37,500	773,228
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 3rd. Section (Secured)	USD	December 15, 2018	5.04%	64,790	1,168,028	65,749	1,355,705
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 4th. Section (Secured)	USD	December 15, 2018	4.78%	8,809	158,796	8,943	184,399
Citibank N.A. Credit facility (Unsecured)	USD	May 21, 2019	LIBOR + 250bps	255,000	4,597,115	67,500	1,391,810
Citibank N.A. Credit facility (Unsecured)	MXN	May 21, 2019	TIE + 220bps	-	-	15,762	325,000
Citibank (The Citibank Loan) (Unsecured)	USD	December 18, 2020	LIBOR + 245bps	255,000	4,597,115	255,000	5,257,947
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 1st. Section (Secured)	USD	February 1, 2027	4.67%	53,500	964,493	53,500	1,103,138
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 2nd. Section (Secured)	USD	February 1, 2027	4.67%	53,500	964,493	53,500	1,103,138
<b>Total</b>				<b>728,099</b>	<b>13,126,086</b>	<b>734,103</b>	<b>15,136,762</b>
Long term debt interest accrued				733	13,212	424	8,736
Debt premium, net				2,040	36,768	6,962	143,549
Deferred financing cost				(3,918)	(70,629)	(4,744)	(97,827)
<b>Total debt</b>				<b>726,954</b>	<b>13,105,437</b>	<b>736,745</b>	<b>15,191,220</b>
Less: Current portion of long term debt				40,966	738,531	220,992	4,556,722
<b>Total long term debt</b>				<b>685,988</b>	<b>\$ 12,366,906</b>	<b>515,753</b>	<b>\$ 10,634,498</b>

During the six months ended June 30, 2017 and 2016, FIBRAPL paid interest on long term debt of \$321,961 and \$287,936, respectively, and principal of \$3,733,833 and \$23,228, respectively.

As of June 30, 2017, FIBRAPL has a \$400.0 million U.S. dollar (with an option to increase it by \$100.0 million U.S. dollars), unsecured, revolving credit facility (the "Credit Facility") with Citibank N.A. as the administrative agent, from which \$50.0 million U.S. dollar can be borrowed in Mexican pesos.

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) TIIE plus 220 basis points denominated in Mexican pesos, subject to loan to value grid, and an unused facility fee of 60 basis points. This line of credit matures on May 21, 2018, with a one year extension at the borrower's option and with approval of lenders' risk committee. As of June 30, 2017, FIBRAPL had an outstanding balance of \$255.0 million U. S. dollars (\$4,597 million Mexican pesos) under the Credit Facility.

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

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

As of June 30, 2017, FIBRAPL was in compliance with all its covenants.

## 12. FIBRAPL certificates

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

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

As of June 30, 2017, total CBFIs outstanding are 634,479,746.

As of June 30, 2017, FIBRAPL recorded 4,383,025 CBFIs to be issued based on the annual incentive fee approved in the ordinary holders meeting on June 26, 2017. The Certificates will be issued in July 2017.

### 13. 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:** annual fee equal to 10% of cumulative total CBFi holder returns in excess of an annual compound expected return of 9%, paid annually in CBFis, with each payment subject to a six-month lock-up, as established under the Management Agreement. The return measurement related to the incentive fee is based on a cumulative period. During the three and six months ended June 30, 2017 FIBRAPL recorded an incentive fee expense in the amount of \$139.2 million Mexican pesos (\$7.5 million U.S. dollars).
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. **Other Affiliates**

On August 23, 2016, the technical committee of FIBRAPL approved the reimbursement of maintenance costs incurred on its properties by Prologis affiliates beginning June 1, 2016. Such costs include mainly payroll expenses from maintenance employees plus a markup of 1.5%. Prior to June 1, 2016, FIBRAPL had been paying an unaffiliated third party for such services.

c. As of June 30, 2017, and December 31, 2016, the outstanding balances due to related parties were as follows:

in thousands Mexican Pesos	June 30, 2017	December 31, 2016
Asset management fees	\$ -	\$ 81,465
Property management fees	-	27,673
Maintenance cost	87	51
Development fees	-	922
	<b>\$ 87</b>	<b>\$ 110,111</b>

As of June 30, 2017, and December 31, 2016, asset management fees, property management fees and development fees are due to the Manager while maintenance costs are due to affiliates of the Manager.

d. Transactions with affiliated companies for the three and six months ended June 30, 2017 and 2016, were as follows:

in thousands Mexican Pesos	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Equity distribution	\$ 157,464	\$ 137,917	\$ 323,608	\$ 279,327
Asset management fee	\$ 74,857	\$ 73,983	\$ 154,839	\$ 140,486
Property management fee	\$ 25,344	\$ 24,437	\$ 51,540	\$ 46,309
Leasing commissions	\$ 5,108	\$ 12,979	\$ 15,033	\$ 16,015
Development fee	\$ -	\$ -	\$ 3,650	\$ 372
Maintenance costs	\$ 2,302	\$ 1,390	\$ 4,765	\$ 3,655
Acquisition of properties	\$ -	\$ 948,922	\$ -	\$ 948,922
Incentive Fee*	\$ 139,162	\$ -	\$ 139,162	\$ -

*\*The transaction was executed with the Manager and 4,383,025 (\$139.2 million Mexican pesos) in CBFIs are to be issued in July 2017 to the Manager to settle the 2017 incentive fee.*

#### 14. Hedging activities

##### *Interest rate Swaps*

On January 21, 2016, FIBRAPL entered into interest rate swap contracts with the Bank of Nova Scotia and HSBC Bank USA, whereby FIBRAPL pays a fixed rate of interest of 1.0635% and 1.066%, respectively, and receives a variable rate based on one month LIBOR. The swaps hedge the exposure to the variable interest rate payments on the Credit Facility. See note 11.

The interest rate swaps meet the criteria of hedge accounting and therefore have been designated as a cash flow hedging instrument. Accordingly, the fair value of the swaps as of June 30, 2017, of \$42.7 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 June 30, 2017	
Bank of Nova Scotia	June 23, 2016	July 23, 2019	100	\$	17,108
HSBC Bank USA	June 23, 2016	July 23, 2019	150		25,553
				<b>\$</b>	<b>42,661</b>

*\* (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.

##### *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.

On February 7, 2017, FIBRAPL entered into foreign currency rate forwards with HSBC Bank USA, National Association to fix a forward rate over its quarterly Mexican peso transactions as follows:

Start date	End date	Settlement date	Forward rate	Notional amount	Fair value amount as of June 30, 2017	
				Thousands of Mexican pesos	Thousands of Mexican pesos	Thousands of U.S. dollars
July 3, 2017	September 29, 2017	October 3, 2017	21.1918 USD-MXN	\$ 52,000	\$ 7,049	\$ 391
October 2, 2017	December 29, 2017	January 3, 2018	21.4947 USD-MXN	\$ 56,000	\$ 7,457	\$ 414
<b>Total</b>				<b>\$ 108,000</b>	<b>\$ 14,506</b>	<b>\$ 805</b>

## 15. Subsequent events

On July 18, 2017, FIBRAPL renegotiated the credit facility with Citibank, N.A., this renegotiated credit facility has a \$325.0 million U.S. dollar unsecured, revolving credit facility with Citibank N.A. as the administrative agent, from which \$25.0 million U.S. dollar can be borrowed in Mexican pesos.

On July 18, 2017, FIBRAPL borrowed \$150.0 million U.S. dollars (\$2,665.6 million Mexican pesos) on its new term loan, with an interest rate of LIBOR plus 245 basis points. The borrowings were used to down the former credit facility with Citibank, N.A.

Additionally, borrower has the ability to use a total \$150 million U.S. accordion feature, that can be drawn from the re-casted credit facility and the new term loan.

## 16. Commitments and contingencies

FIBRAPL had no significant commitments or contingencies except as described in these notes as of June 30, 2017.

## 17. Financial statements approval

On July 18, 2017, the issuance of these interim condensed financial statements was authorized by Jorge Roberto Girault Facha, CFO of the Manager.

\* \* \* \* \*



Second Quarter 2017

# FIBRA Prologis Supplemental Financial Information

Unaudited





FIBRA Prologis' functional currency is the U.S. Dollar; therefore, FIBRA Prologis' management has elected to present actual comparative U.S. Dollars that represent the actual amounts included in our U.S. Dollar financial statements within this supplemental package, based on the following policies:

- a) Transactions in currencies other than U.S. Dollars (Mexican Pesos) are recognized at the rates of exchange prevailing at the date of the transaction.
- b) Equity items are valued at historical exchange rates.
- c) 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.
- d) 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.
- e) Exchange differences on monetary items are recognized in profit or loss in the period in which they occur.



Prologis Pharr Bridge #8, Reynosa

## Highlights

Company Profile	3
Company Performance	5
Operating Performance	6
Guidance 2017	7

## Financial Information

Interim Condensed Statements of Financial Position	8
Interim Condensed Statements of Comprehensive Income	9
Reconciliations of Net Income to FFO, AFFO and EBITDA	10

## Operations Overview

Operating Metrics	11
Investment Properties	13
Customer Information	14

## Capitalization

Debt Summary and Metrics	15
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## Sponsor

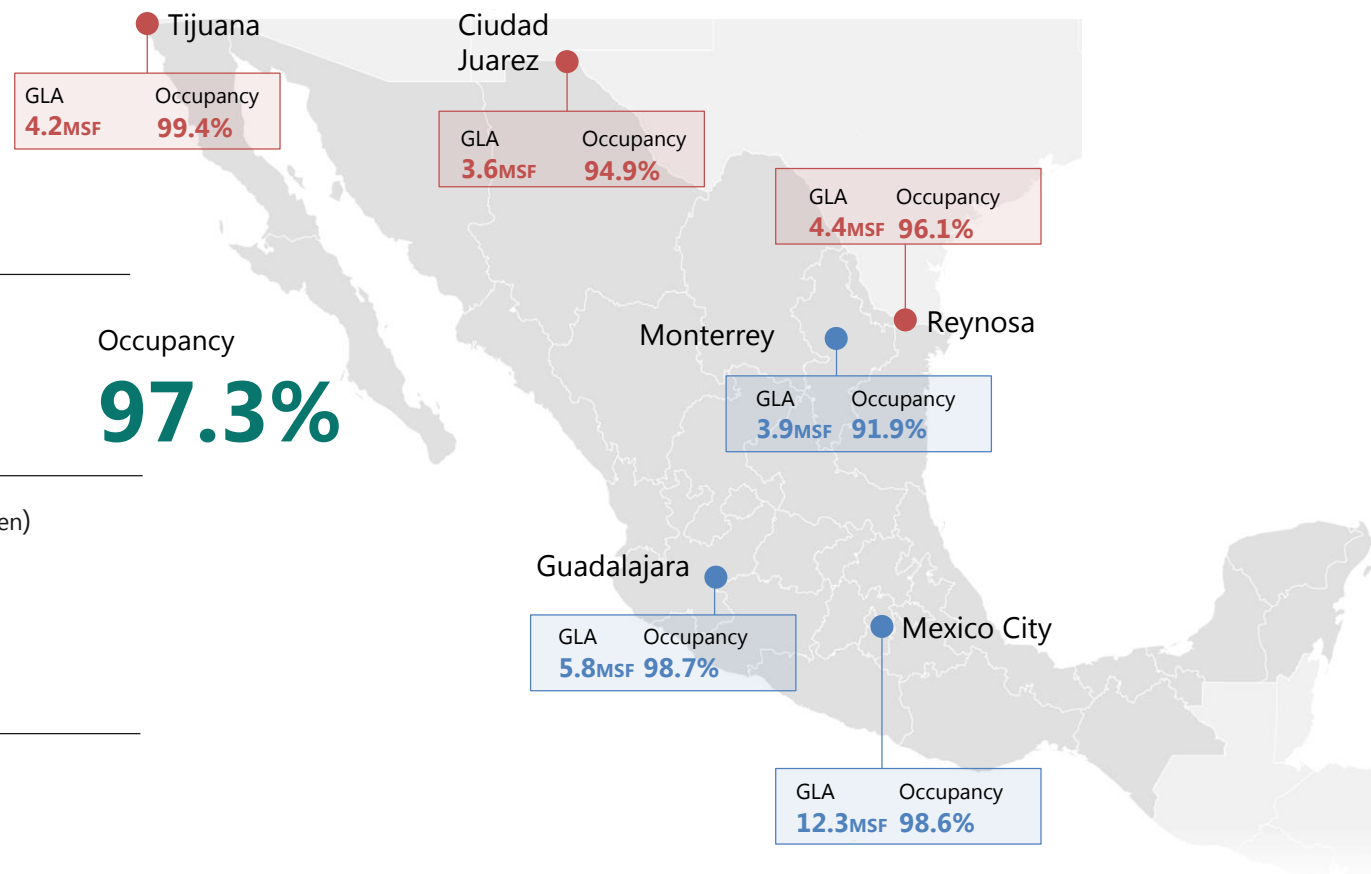
Prologis Unmatched Global Platform	16
Prologis Global Customer Relationships	17
Identified External Growth Pipeline	18

## Notes and Definitions

Notes and Definitions <sup>(A)</sup>	20
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FIBRA Prologis is the leading owner and operator of Class-A industrial real estate in Mexico. As of June 30, 2017, FIBRA Prologis was comprised of 194 logistics and manufacturing facilities in six industrial markets in Mexico totaling 34.2 million square feet (3.2 million square meters) of GLA.

### Market Presence



### Total Markets

GLA	% Net Effective Rent
<b>34.2 MSF</b>	<b>100.0%</b>

Occupancy  
**97.3%**

### Regional Markets (manufacturing-driven) Ciudad Juarez, Reynosa, Tijuana

GLA	% Net Effective Rent	Occupancy
<b>12.2MSF</b>	<b>33.4%</b>	<b>96.9%</b>

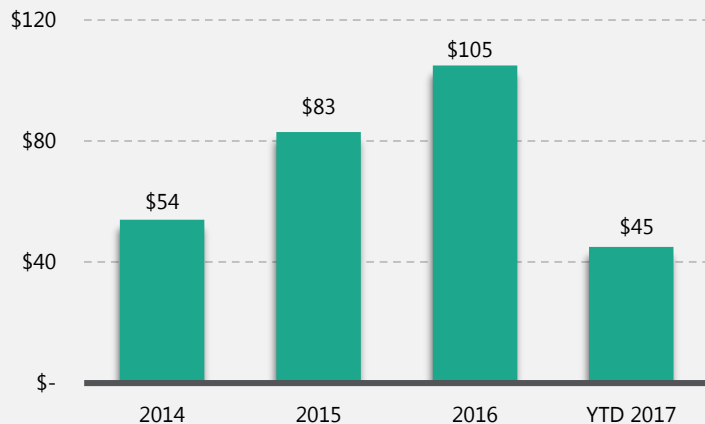
### Global Markets (consumption-driven) Guadalajara, Mexico City, Monterrey

GLA	% Net Effective Rent	Occupancy
<b>22.0MSF</b>	<b>66.6%</b>	<b>97.5%</b>

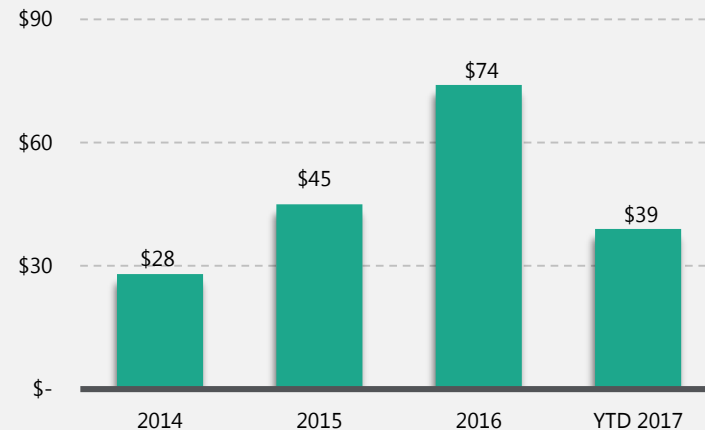


(in millions of US\$)

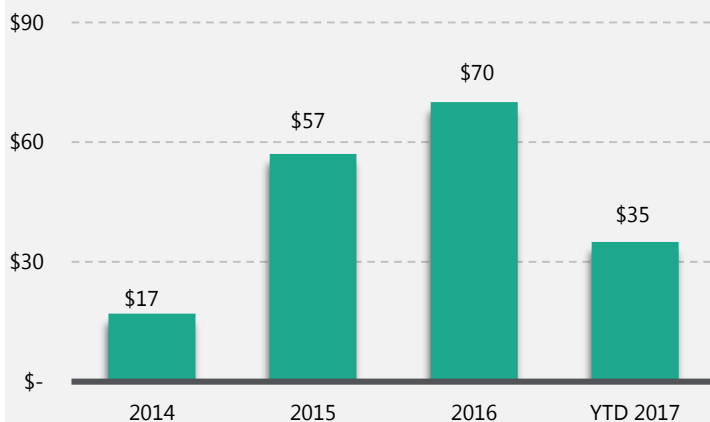
**FFO, as modified by FIBRA Prologis**



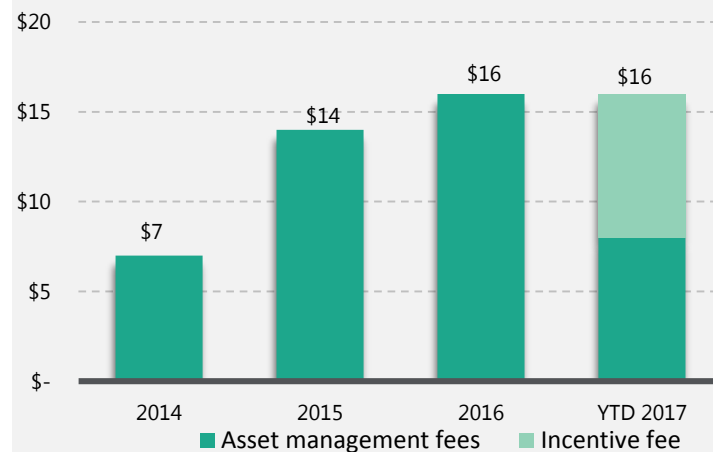
**AFFO**



**Distributions**



**Asset Management Fees and Incentive Fee**



Included below are quarterly comparative highlights in Mexican Pesos and U.S. Dollars as a summary of our company performance.

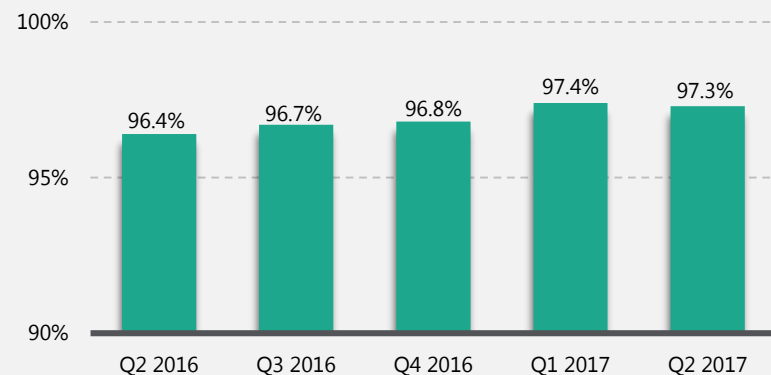
in thousands, except per CBFI amounts

	For the three months ended									
	June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016	
	Ps.	US\$ <sup>(A)</sup>	Ps.	US\$ <sup>(A)</sup>	Ps.	US\$ <sup>(A)</sup>	Ps.	US\$ <sup>(A)</sup>	Ps.	US\$ <sup>(A)</sup>
Revenues	880,011	46,653	908,207	44,419	891,183	45,428	817,630	43,840	769,004	43,553
Gross Profit	759,023	40,155	794,939	38,606	773,328	39,422	707,591	37,959	663,451	37,785
Net Income (loss)	427,124	22,337	(87,367)	(5,150)	671,287	34,128	445,383	24,211	380,595	22,420
FFO, as modified by FIBRA Prologis	368,132	19,204	543,158	25,906	526,973	26,853	490,463	26,565	438,993	25,630
FFO, as modified by FIBRA Prologis excluding incentive fee	507,294	26,678	543,158	25,906	526,973	26,853	490,463	26,565	438,993	25,630
AFFO	375,588	19,586	419,156	19,781	343,349	17,612	367,989	20,012	313,658	18,775
Adjusted EBITDA	651,708	34,419	703,948	33,987	691,934	35,185	636,795	34,287	584,113	33,614
Earnings (loss) per CBFI	0.6729	0.0352	(0.1377)	(0.0081)	1.0580	0.0538	0.7020	0.0382	0.5999	0.0353
FFO per CBFI	0.5800	0.0303	0.8561	0.0408	0.8306	0.0423	0.7730	0.0419	0.6919	0.0404
FFO per CBFI excluding incentive fee	0.7992	0.0420	0.8561	0.0408	0.8306	0.0423	0.7730	0.0419	0.6919	0.0404

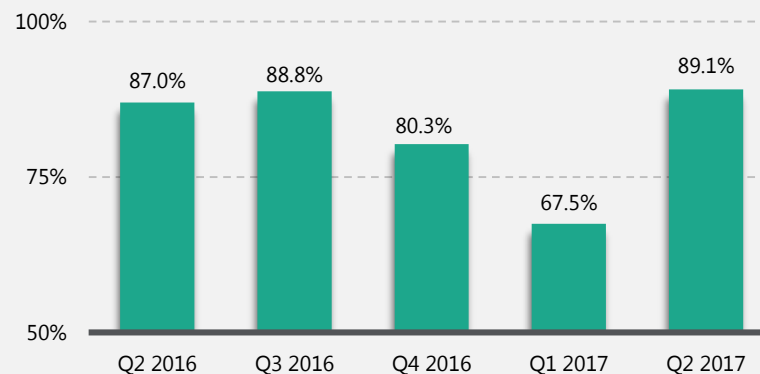
(A) Amounts presented in U.S. Dollars, which is FIBRA Prologis' functional currency, represent the actual amounts from our U.S. Dollar financial statements.

Copyright © 2017 FIBRA Prologis

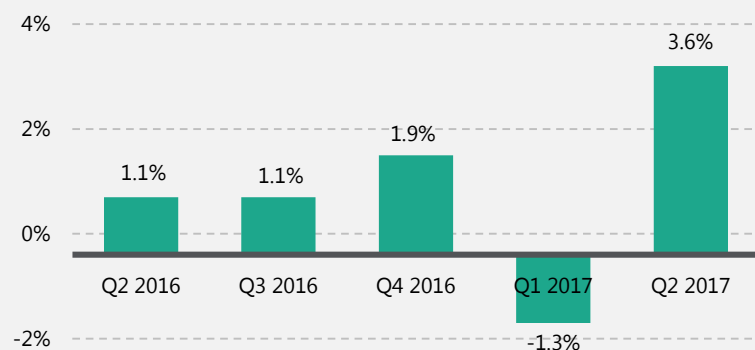
### Period End Occupancy – Operating Portfolio



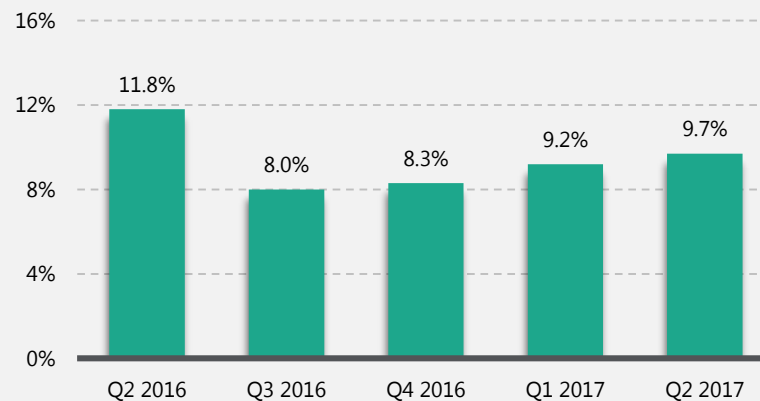
### Weighted Average Customer Retention



### Same Store Cash NOI Change Over Prior Year <sup>(A)</sup>



### Net Effective Rent Change



US Dollars in thousands except per CBFI amounts

2017 Guidance	Low	High
<b>Full year FFO per CBFI <sup>(A)</sup></b>	<b>\$ 0.1475</b>	<b>\$ 0.1550</b>
<b>Operations</b>		
Year-end occupancy	96.0%	96.5%
Same store cash NOI change	0.5%	1.5%
Annual capex as a percentage of NOI	13.0%	15.0%
<b>Capital Deployment</b>		
Building acquisitions	\$ 50,000	\$ 100,000
<b>Other Assumptions</b>		
G&A (Asset management and professional fees)	\$ 18,500	\$ 20,500
Full year 2017 distribution per CBFI (US Dollars)	\$ 0.1180	\$ 0.1180

(A) FFO guidance excludes the impact of peso movements as U.S. Dollar is the functional currency of FIBRA Prologis.  
Note: Guidance based on \$20.00 pesos per \$1.00 U.S. Dollar.

in thousands

	June 30, 2017		December 31, 2016	
	Ps.	US\$	Ps.	US\$
<b>Assets:</b>				
Current assets:				
Cash	188,801	10,473	370,909	17,989
Trade receivables	61,889	3,432	50,457	2,446
Value added tax and other receivables	37,434	2,077	141,348	6,855
Prepaid expenses	95,901	5,319	46,718	2,266
	<b>384,025</b>	<b>21,301</b>	<b>609,432</b>	<b>29,556</b>
Non-current assets:				
Investment properties	39,066,818	2,167,020	45,064,110	2,185,521
Interest rate swaps	42,661	2,366	42,492	2,061
	<b>39,109,479</b>	<b>2,169,386</b>	<b>45,106,602</b>	<b>2,187,582</b>
<b>Total assets</b>	<b>39,493,504</b>	<b>2,190,687</b>	<b>45,716,034</b>	<b>2,217,138</b>
<b>Liabilities and Equity:</b>				
Current liabilities:				
Trade payables	55,943	3,105	54,904	2,662
Due to affiliates	87	5	110,111	5,340
Current portion of long term debt	738,531	40,966	4,556,722	220,992
	<b>794,561</b>	<b>44,076</b>	<b>4,721,737</b>	<b>228,994</b>
Non-current liabilities:				
Long term debt	12,366,906	685,988	10,634,498	515,753
Security deposits	263,533	14,618	294,174	14,267
Exchange rate forwards	14,506	805	-	-
	<b>12,644,945</b>	<b>701,411</b>	<b>10,928,672</b>	<b>530,020</b>
<b>Total liabilities</b>	<b>13,439,506</b>	<b>745,487</b>	<b>15,650,409</b>	<b>759,014</b>
Equity:				
CBFI holders capital	13,746,963	1,114,764	14,313,287	1,148,554
Other equity accounts	12,307,035	330,436	15,752,338	309,570
Total equity	<b>26,053,998</b>	<b>1,445,200</b>	<b>30,065,625</b>	<b>1,458,124</b>
<b>Total liabilities and equity</b>	<b>39,493,504</b>	<b>2,190,687</b>	<b>45,716,034</b>	<b>2,217,138</b>

# Financial information

## Interim Condensed Statements of Comprehensive Income

2Q 2017 Supplemental

in thousands, except per CBFI amounts	For the three months ended June 30,				For the six months ended June 30,			
	2017		2016		2017		2016	
	Ps.	US\$	Ps.	US\$	Ps.	US\$	Ps.	US\$
<b>Revenues:</b>								
Lease rental income	784,090	41,541	683,491	38,700	1,598,352	81,396	1,369,184	77,105
Rental recoveries	79,334	4,218	70,652	4,007	154,546	7,861	134,869	7,594
Other property income	16,587	894	14,861	846	35,320	1,815	26,488	1,476
	<b>880,011</b>	<b>46,653</b>	<b>769,004</b>	<b>43,553</b>	<b>1,788,218</b>	<b>91,072</b>	<b>1,530,541</b>	<b>86,175</b>
<b>Cost and expenses:</b>								
Property operating expenses:								
Operating and maintenance	46,965	2,513	44,155	2,474	92,206	4,728	84,029	4,711
Utilities	14,759	790	9,360	522	26,962	1,385	16,404	914
Property management fees	25,344	1,371	24,437	1,332	51,540	2,696	46,309	2,548
Real estate taxes	17,237	824	14,153	795	34,474	1,649	28,308	1,590
Non-recoverable operating	16,683	1,000	13,448	645	29,074	1,853	17,006	850
	<b>120,988</b>	<b>6,498</b>	<b>105,553</b>	<b>5,768</b>	<b>234,256</b>	<b>12,311</b>	<b>192,056</b>	<b>10,613</b>
<b>Gross profit</b>	<b>759,023</b>	<b>40,155</b>	<b>663,451</b>	<b>37,785</b>	<b>1,553,962</b>	<b>78,761</b>	<b>1,338,485</b>	<b>75,562</b>
<b>Other expense (income):</b>								
(Gain) loss on revaluation of investment properties	(13,157)	(707)	27,991	1,547	599,854	29,421	108,611	6,021
Gain on disposition of investment properties	-	-	(5,197)	(298)	-	-	(5,197)	(298)
Asset management fees	74,857	4,038	73,983	3,868	154,839	8,080	140,486	7,704
Incentive fee	139,162	7,474	-	-	139,162	7,474	-	-
Professional fees	12,212	650	8,356	469	28,913	1,490	16,178	901
Interest expense	151,605	8,159	145,409	7,995	332,993	17,260	286,875	15,881
Amortization of debt premium	(20,473)	(1,130)	(34,528)	(1,898)	(58,400)	(3,015)	(71,529)	(3,965)
Amortization of deferred financing cost	7,152	385	6,589	362	15,154	785	13,656	757
Net (gain) loss on early extinguishment of debt	(32,673)	(1,752)	8,808	470	(32,120)	(1,724)	53,680	2,930
Unused credit facility fee	6,130	327	11,022	606	15,457	792	21,865	1,213
Unrealized (gain) loss on exchange rate forwards	(290)	(16)	-	-	15,064	805	-	-
Realized loss on exchange rate forwards	5,706	317	-	-	5,706	317	-	-
Unrealized exchange (gain) loss, net	(12,872)	(658)	26,796	1,491	(11,265)	(579)	28,858	1,605
Realized exchange loss, net	10,515	519	10,872	596	1,188	61	15,621	859
Other general and administrative expenses	4,025	212	2,755	157	7,660	407	7,512	441
	<b>331,899</b>	<b>17,818</b>	<b>282,856</b>	<b>15,365</b>	<b>1,214,205</b>	<b>61,574</b>	<b>616,616</b>	<b>34,049</b>
<b>Net income</b>	<b>427,124</b>	<b>22,337</b>	<b>380,595</b>	<b>22,420</b>	<b>339,757</b>	<b>17,187</b>	<b>721,869</b>	<b>41,513</b>
<b>Other comprehensive income:</b>								
<i>Items that are not reclassified subsequently to profit or loss:</i>								
Translation effects from functional currency to reporting currency	1,008,220	(1,419)	(1,912,394)	4,632	3,791,001	(7,022)	(1,763,249)	6,021
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Unrealized (gain) loss on interest rate swaps	5,936	329	31,836	972	(5,941)	(306)	58,217	2,501
	<b>1,014,156</b>	<b>(1,090)</b>	<b>(1,880,558)</b>	<b>5,604</b>	<b>3,785,060</b>	<b>(7,328)</b>	<b>(1,705,032)</b>	<b>8,522</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(587,032)</b>	<b>23,427</b>	<b>2,261,153</b>	<b>16,816</b>	<b>(3,445,303)</b>	<b>24,515</b>	<b>2,426,901</b>	<b>32,991</b>
<b>Earnings per CBFI (A)</b>	<b>0.6732</b>	<b>0.0352</b>	<b>0.5999</b>	<b>0.0353</b>	<b>0.5355</b>	<b>0.0271</b>	<b>1.1377</b>	<b>0.0654</b>

# Financial information

## Reconciliations of Net Income to FFO, AFFO and EBITDA

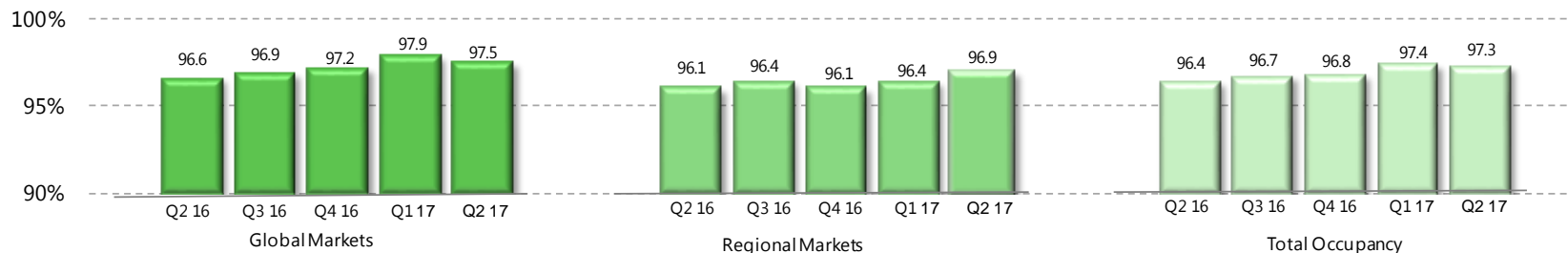
2Q 2017 Supplemental

in thousands	For the three months ended June 30,				For the six months June 30,			
	2017		2016		2017		2016	
	Ps.	US\$	Ps.	US\$	Ps.	US\$	Ps.	US\$
<b>Reconciliation of Net Income to FFO</b>								
Net income	427,124	22,337	380,595	22,420	339,757	17,187	721,869	41,513
Gain on disposition of investment properties	-	-	(5,197)	(298)	-	-	(5,197)	(298)
<b>NAREIT defined FFO</b>	<b>427,124</b>	<b>22,337</b>	<b>375,398</b>	<b>22,122</b>	<b>339,757</b>	<b>17,187</b>	<b>716,672</b>	<b>41,215</b>
Adjustments to arrive at FFO, as defined by FIBRA Prologis:								
(Gain) Loss on revaluation of investment properties	(13,157)	(707)	27,991	1,547	599,854	29,421	108,611	6,021
Unrealized (gain) loss on exchange rate forwards	(290)	(16)	-	-	15,064	805	-	-
Unrealized exchange (gain) loss, net	(12,872)	(658)	26,796	1,491	(11,265)	(579)	28,858	1,605
Net (gain) loss on early extinguishment of debt	(32,673)	(1,752)	8,808	470	(32,120)	(1,724)	53,680	2,930
<b>FFO, as modified by FIBRA Prologis</b>	<b>368,132</b>	<b>19,204</b>	<b>438,993</b>	<b>25,630</b>	<b>911,290</b>	<b>45,110</b>	<b>907,821</b>	<b>51,771</b>
Incentive fee paid in CBFIs	139,162	7,474	-	-	139,162	7,474	-	-
<b>FFO, as modified by FIBRA Prologis excluding incentive fee</b>	<b>507,294</b>	<b>26,678</b>	<b>438,993</b>	<b>25,630</b>	<b>1,050,452</b>	<b>52,584</b>	<b>907,821</b>	<b>51,771</b>
FFO, as modified by FIBRA Prologis	368,132	19,204	438,993	25,630	911,290	45,110	907,821	51,771
Adjustments to arrive at Adjusted FFO ("AFFO")								
Straight-lined rents	(9,272)	(420)	(17,700)	(976)	(30,490)	(1,453)	(42,807)	(2,358)
Property improvements	(39,882)	(2,179)	(28,299)	(1,527)	(54,170)	(2,900)	(62,013)	(3,429)
Tenant improvements	(48,048)	(2,596)	(24,841)	(1,356)	(85,727)	(4,433)	(55,752)	(3,064)
Leasing commissions	(21,183)	(1,152)	(26,556)	(1,460)	(42,075)	(2,201)	(51,535)	(2,843)
Amortization of deferred financing costs	7,152	385	6,589	362	15,154	785	13,656	757
Amortization of debt premium	(20,473)	(1,130)	(34,528)	(1,898)	(58,400)	(3,015)	(71,529)	(3,965)
Incentive fee paid in CBFIs	139,162	7,474	-	-	139,162	7,474	-	-
<b>AFFO</b>	<b>375,588</b>	<b>19,586</b>	<b>313,658</b>	<b>18,775</b>	<b>794,744</b>	<b>39,367</b>	<b>637,841</b>	<b>36,869</b>

in thousands	For the three months ended June 30,				For the six months June 30,			
	2017		2016		2017		2016	
	Ps.	US\$	Ps.	US\$	Ps.	US\$	Ps.	US\$
<b>Reconciliation of Net Income to Adjusted EBITDA</b>								
Net income	427,124	22,337	380,595	22,420	339,757	17,187	721,869	41,513
(Gain) Loss on revaluation of investment properties	(13,157)	(707)	27,991	1,547	599,854	29,421	108,611	6,021
Gain on disposition of investment properties	-	-	(5,197)	(298)	-	-	(5,197)	(298)
Interest expense	151,605	8,159	145,409	7,995	332,993	17,260	286,875	15,881
Amortization of deferred financing costs	7,152	385	6,589	362	15,154	785	13,656	757
Amortization of debt premium	(20,473)	(1,130)	(34,528)	(1,898)	(58,400)	(3,015)	(71,529)	(3,965)
Net (gain) loss on early extinguishment of debt	(32,673)	(1,752)	8,808	470	(32,120)	(1,724)	53,680	2,930
Unused credit facility fee	6,130	327	11,022	606	15,457	792	21,865	1,213
Unrealized (gain) loss on exchange rate forward	(290)	(16)	-	-	15,064	805	-	-
Unrealized exchange (gain) loss, net	(12,872)	(658)	26,796	1,491	(11,265)	(579)	28,858	1,605
Pro forma adjustments	-	-	16,628	919	-	-	16,628	919
Incentive fee paid in CBFIs	139,162	7,474	-	-	139,162	7,474	-	-
<b>Adjusted EBITDA</b>	<b>651,708</b>	<b>34,419</b>	<b>584,113</b>	<b>33,614</b>	<b>1,355,656</b>	<b>68,406</b>	<b>1,175,316</b>	<b>66,576</b>



### Period Ending Occupancy - Operating Portfolio



### square feet in thousands

#### Leasing Activity

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Square feet of leases signed:					
Renewals	1,766	1,521	1,286	1,253	1,392
New leases	333	802	434	868	72
<b>Total square feet of leases signed</b>	<b>2,099</b>	<b>2,323</b>	<b>1,720</b>	<b>2,121</b>	<b>1,464</b>
Average term of leases signed (months)	38	42	38	48	32
Operating Portfolio:					
Trailing four quarters - leases signed	8,567	9,043	8,933	8,263	7,628
Trailing four quarters - % of average portfolio	26.7%	27.8%	27.1%	25.0%	22.6%
<b>Net effective rent change</b>	<b>11.8%</b>	<b>8.0%</b>	<b>8.3%</b>	<b>9.2%</b>	<b>9.7%</b>

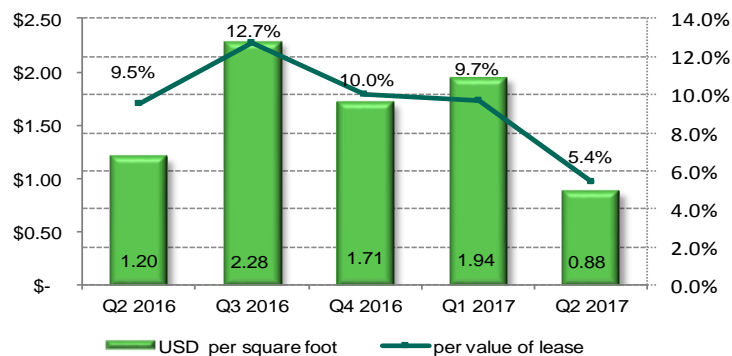
### Capital Expenditures Incurred <sup>(A)</sup> in thousands

	Q2 2016		Q3 2016		Q4 2016		Q1 2017		Q2 2017	
	Ps.	US\$	Ps.	US\$	Ps.	US\$	Ps.	US\$	Ps.	US\$
Property improvements	28,299	1,527	33,407	1,792	44,186	2,197	14,288	721	39,882	2,179
Tenant improvements	24,841	1,356	43,465	2,337	64,882	3,242	37,679	1,837	48,048	2,596
Leasing commissions	26,556	1,460	16,409	879	23,311	1,224	20,892	1,049	21,183	1,152
Total turnover costs	51,397	2,816	59,874	3,216	88,193	4,466	58,571	2,886	69,231	3,748
<b>Total capital expenditures</b>	<b>79,696</b>	<b>4,343</b>	<b>93,281</b>	<b>5,008</b>	<b>132,379</b>	<b>6,663</b>	<b>72,859</b>	<b>3,607</b>	<b>109,113</b>	<b>5,927</b>
Trailing four quarters - % of gross NOI	11.5%		12.6%		13.7%		12.8%		13.6%	

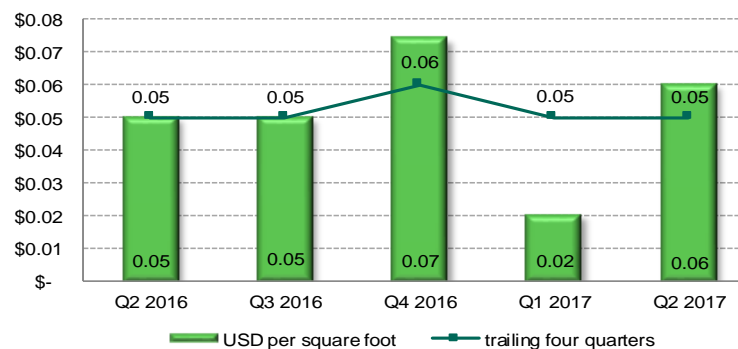
### Same Store Information

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Square feet of population	30,818	30,815	30,815	32,411	32,411
Average occupancy	96.0%	96.1%	96.8%	96.4%	97.3%
Percentage change:					
Rental income- adjusted cash	0.7%	0.7%	1.0%	1.3%	4.0%
Rental expenses- adjusted cash	(1.1%)	(1.2%)	(3.3%)	16.9%	6.2%
<b>NOI - Adjusted Cash</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.9%</b>	<b>(1.3%)</b>	<b>3.6%</b>
NOI	(0.9%)	(1.6%)	0.0%	(3.0%)	1.7%
Average occupancy	0.0%	0.2%	0.4%	0.3%	1.5%

### Turnover Costs Budgeted: per Square Foot (USD) and per Value of Lease (%)



### Property Improvements per Square Foot (USD)



square feet and currency in thousands	# of Buildings	Square Feet		Occupied %	Leased %	Second 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\$	
<b>Global Markets</b>														
Mexico City	51	12,259	36.0	98.6	98.6	270,409	14,306	1,159,699	64,328	38.6	96	5.32	15,790,637	875,900 40.4
Guadalajara	26	5,838	17.1	98.7	98.7	128,214	6,783	506,458	28,093	16.9	88	4.88	6,617,141	367,050 16.9
Monterrey	24	3,868	11.3	91.9	91.9	90,694	4,798	334,652	18,563	11.1	94	5.22	4,590,624	254,640 11.8
<b>Total global markets</b>	<b>101</b>	<b>21,965</b>	<b>64.4</b>	<b>97.5</b>	<b>97.5</b>	<b>489,317</b>	<b>25,887</b>	<b>2,000,809</b>	<b>110,984</b>	<b>66.6</b>	<b>93</b>	<b>5.18</b>	<b>26,998,402</b>	<b>1,497,590 69.1</b>
<b>Regional markets</b>														
Reynosa	29	4,422	12.9	96.1	96.1	97,372	5,151	380,767	21,121	12.7	90	4.97	4,259,091	236,250 10.9
Tijuana	33	4,214	12.3	99.4	99.4	93,318	4,937	342,170	18,980	11.4	82	4.53	4,184,275	232,100 10.7
Ciudad Juarez	31	3,566	10.4	94.9	94.9	74,423	3,937	280,154	15,540	9.3	83	4.59	3,307,218	183,450 8.5
<b>Total regional markets total</b>	<b>93</b>	<b>12,202</b>	<b>35.6</b>	<b>96.9</b>	<b>96.9</b>	<b>265,113</b>	<b>14,025</b>	<b>1,003,091</b>	<b>55,641</b>	<b>33.4</b>	<b>85</b>	<b>4.71</b>	<b>11,750,584</b>	<b>651,800 30.1</b>
<b>Total operating portfolio</b>	<b>194</b>	<b>34,167</b>	<b>100.0</b>	<b>97.3</b>	<b>97.3</b>	<b>754,430</b>	<b>39,912</b>	<b>3,003,900</b>	<b>166,625</b>	<b>100.0</b>	<b>90</b>	<b>5.01</b>	<b>38,748,986</b>	<b>2,149,390 99.2</b>
Intermodal facility <sup>(A)</sup>						4,593	243						274,024	15,200 0.7
Excess land <sup>(B)</sup>													43,808	2,430 0.1
<b>Total investment properties</b>		<b>34,167</b>	<b>100.0</b>			<b>759,023</b>	<b>40,155</b>						<b>39,066,818</b>	<b>2,167,020 100.0</b>

square feet in thousands

### Top 10 Customers as % of Net Effective Rent

	% of Net Effective Rent	Total Square Feet
1 IBM de México, S. de R.L	3.2%	1,249
2 DHL	2.8%	928
3 LG, Inc.	2.3%	693
4 Geodis	1.7%	572
5 Uline	1.5%	501
6 Ryder System Inc.	1.4%	407
7 Johnson Controls Inc.	1.3%	417
8 General Electric Company, Inc.	1.3%	394
9 Spring Industries, Inc.	1.2%	402
10 Celestica, Inc.	1.1%	363
<b>Top 10 Customers</b>	<b>17.8%</b>	<b>5,926</b>

square feet and currency in thousands

### Lease Expirations - Operating Portfolio

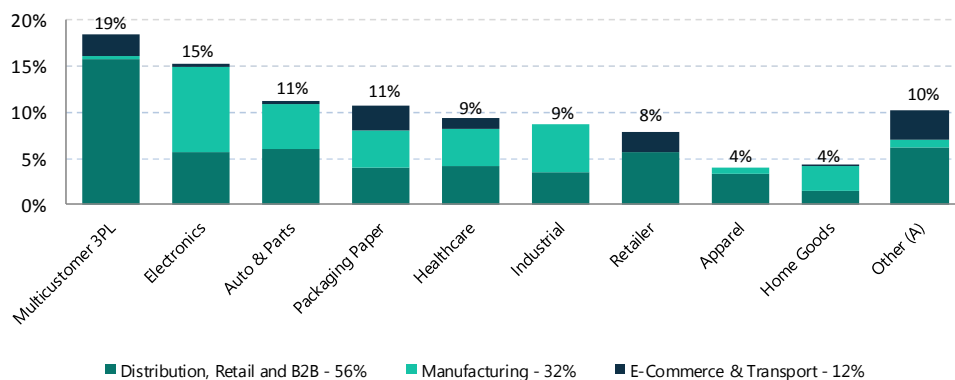
Year	Occupied Sq Ft	Net Effective Rent						
		Total		% of Total	Per Sq Ft		% Currency	
		Ps.	US\$		Ps.	US\$	%Ps.	%US\$
2017	2,377	249,668	13,849	8.2	87.05	4.83	18.4	81.6
2018	7,343	608,442	33,750	20.3	82.86	4.60	19.7	80.3
2019	6,946	650,843	36,102	21.7	93.70	5.20	36.2	63.8
2020	7,754	689,892	38,268	23.0	88.97	4.94	13.3	86.7
2021	3,396	337,590	18,726	11.2	99.40	5.51	44.4	55.6
Thereafter	4,988	467,465	25,930	15.6	93.72	5.20	26.3	73.7
	32,804	3,003,900	166,625	100.0	90.40	5.01	25.5	74.5
Month to month	426							
Total	33,230							

### Lease Currency - Operating portfolio

	Annualized Net Effective Rent USD	% of Total	Occupied Sq Ft	% of Total
Leases denominated in Ps.	42,498	25.5	8,388	25.2
Leases denominated in US\$	124,127	74.5	24,842	74.8
<b>Total</b>	<b>166,625</b>	<b>100.0</b>	<b>33,230</b>	<b>100.0</b>

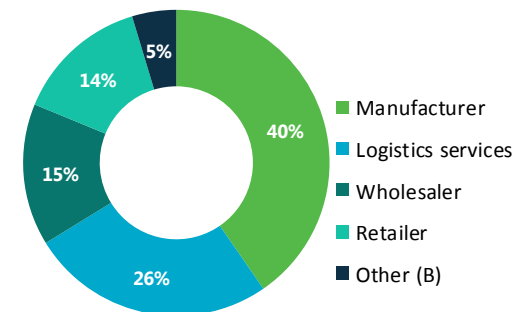
### Use of Space by Customer Industry

% of Portfolio NER



### Customer Type

% of Portfolio NER



# Capitalization

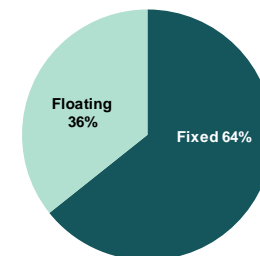
## Debt Summary and Metrics

2Q 2017 Supplemental

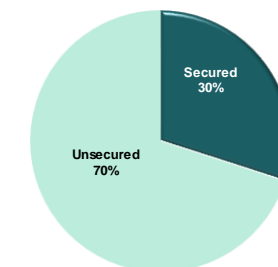
currency in millions

Maturity	Unsecured				Secured		Total		Wtd Avg. Cash. Interest Rate <sup>(A)</sup>	Wtd Avg. Effective Interest Rate <sup>(B)</sup>
	Credit Facility		Senior		Mortgage Debt					
	Ps.	US\$	Ps.	US\$	Ps.	US\$	Ps.	US\$		
2017	-	-	-	-	676	38	676	38	6.8%	4.2%
2018	-	-	-	-	1,327	74	1,327	74	5.0%	3.3%
2019	4,597	255	-	-	-	-	4,597	255	3.6%	3.6%
2020	-	-	4,597	255	-	-	4,597	255	3.5%	3.7%
2021	-	-	-	-	-	-	-	-	0.0%	0.0%
Thereafter	-	-	-	-	1,929	106	1,929	106	4.7%	4.7%
Subtotal- debt par value	4,597	255	4,597	255	3,932	218	13,126	728		
Premium	-	-	-	-	37	2	37	2		
Interest payable and deferred financing cost	-	-	-	-	(57)	(3)	(57)	(3)		
Total debt	4,597	255	4,597	255	3,912	217	13,106	727	4.0%	3.8%
Weighted average cash interest rate <sup>(A)</sup>		3.6%		3.5%		5.2%		4.0%		
Weighted average effective interest rate <sup>(B)</sup>		3.6%		3.7%		4.2%		3.8%		
Weighted average remaining maturity in years		1.9		3.5		4.8		3.3		

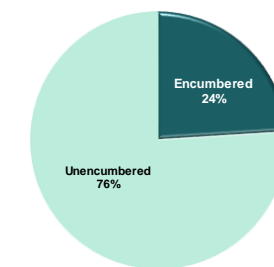
Fixed vs. Floating Debt <sup>(D)</sup>



Secured vs. Unsecured Debt



Encumbered vs. Unencumbered Assets Pool <sup>(E)</sup>



### Liquidity

	Ps.	US\$
Aggregate lender commitments	7,211	400
Less:		
Borrowings outstanding	4,597	255
Outstanding letters of credit	-	-
Current availability	2,614	145
Unrestricted cash	189	10
<b>Total liquidity</b>	<b>2,803</b>	<b>155</b>

### Debt Metrics <sup>(C)</sup>

	2017	
	Second Quarter	First Quarter
Debt, less cash and VAT, as % of investment properties	33.1%	33.2%
Fixed charge coverage ratio	4.22x	3.73x
Debt to Adjusted EBITDA	5.21x	5.27x

(A) Interest rates are based on the cash rates associated with the respective weighted average debt amounts outstanding.

(B) Interest rate is based on the effective rate, which includes the amortization of related premiums and discounts and finance costs. The net premiums (discounts) and finance costs associated with the respective debt were included in the maturities by year.

(C) These calculations are based on actual U.S. Dollars as described in the Notes and Definitions section, and are not calculated in accordance with the applicable regulatory rules.

(D) Includes the interest rate swap contract.

(E) Based on fair market value as of June 30, 2017.

**Operating in 19 countries**

- 684 million square feet (64 million square meters)
- 3,319 industrial properties
- More than 5,200 customers across a diverse range of industries

**AMERICAS**

Brazil  
Canada  
Mexico  
United States

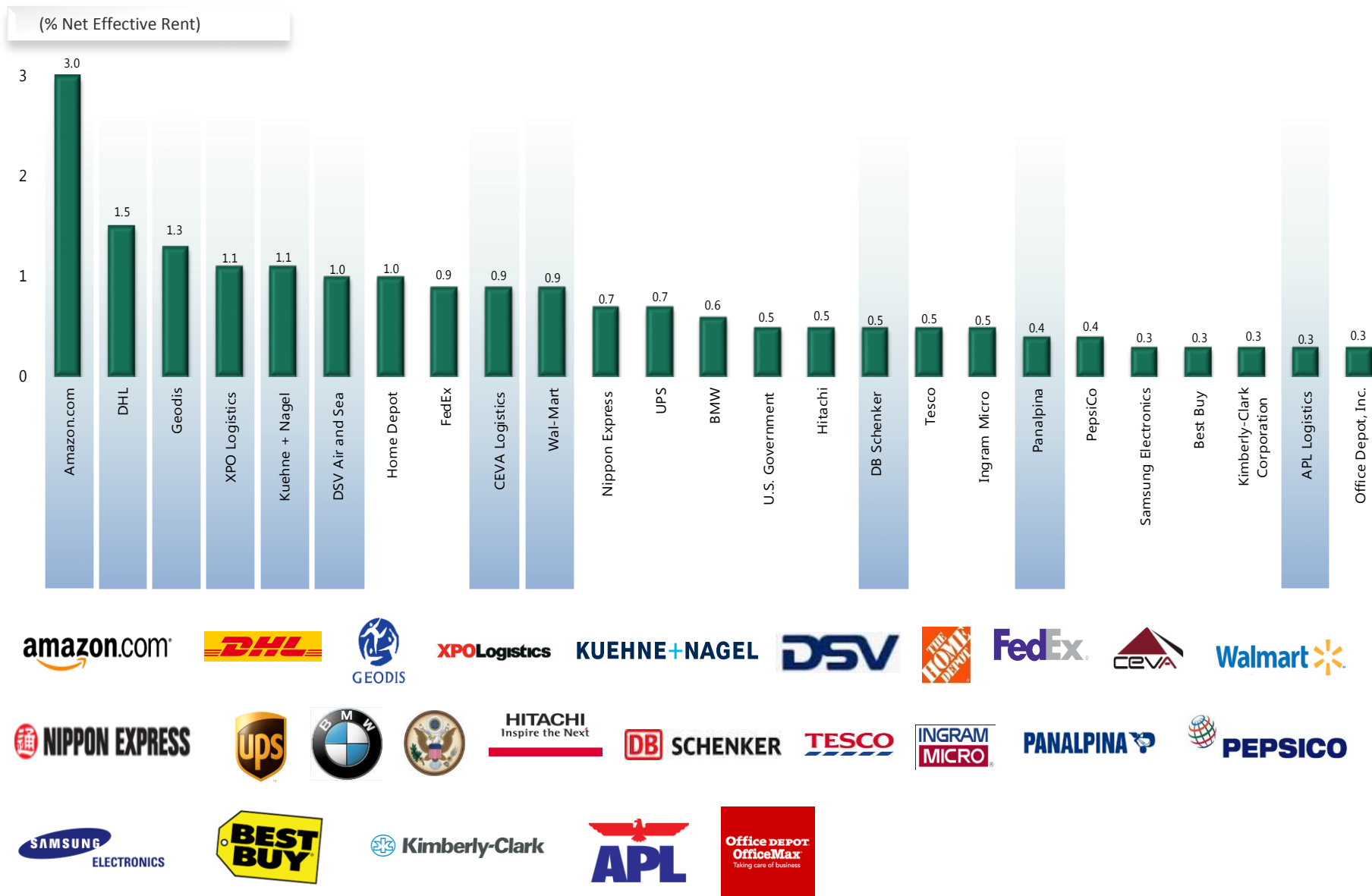
**EUROPE**

Belgium  
Czech Republic  
France  
Germany  
Hungary  
Italy  
Netherlands  
Poland  
Slovakia  
Spain  
Sweden  
United Kingdom

**ASIA**

China  
Japan  
Singapore

**Platform covers more than 70% of global GDP**

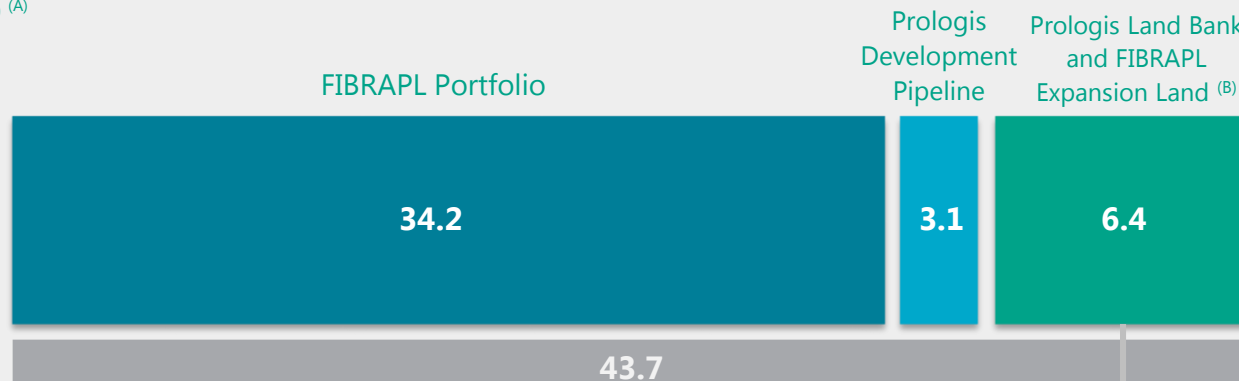


(A) Data as of June 30, 2017. The shading represents customers who are also customers of FIBRA Prologis.

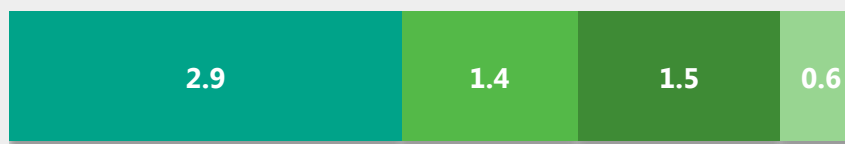


## Identified External Growth Pipeline

## External Growth via Prologis Development Pipeline

(MSF) <sup>(A)</sup>

Prologis Land Bank and FIBRAPL Expansion Land based on buildable SF



■ Mexico City ■ Monterrey ■ Reynosa ■ Juarez

- 28% growth potential in the next 3 to 4 years
- Proprietary access to Prologis development pipeline at market values
- Exclusive right to third-party acquisitions sourced by Prologis
- Prologis Development Pipeline:

	GLA (MSF)	% Leased
Mexico City	1.4	76%
Guadalajara	0.5	79%
Monterrey	0.9	89%
Reynosa	0.3	100%
<b>Total</b>	<b>3.1</b>	<b>82%</b>

# Notes and Definitions



Photo:Tres Ríos 8, Mexico City

Please refer to our financial statements as prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and filed with the Mexican National Banking and Securities Commission (Comision Nacional Bancaria y de Valores ("CNBV")) and other public reports for further information about us and our business.

**Acquisition costs**, as presented for building acquisitions, represents economic cost. This amount includes the building purchase price plus 1) transaction closing costs, 2) due diligence costs, 3) immediate capital expenditures (including two years of property improvements and all leasing commissions and tenant improvements required to stabilize the property), 4) the effects of marking assumed debt to market and 5) the net present value of free rent, if applicable.

**Adjusted EBITDA.** We use Adjusted EBITDA, a non-IFRS financial measure, as a measure of our operating performance. The most directly comparable IFRS measure to Adjusted EBITDA is net income (loss). We calculate Adjusted EBITDA beginning with net income (loss) and removing the effect of financing cost, income taxes, similar adjustments we make to our FFO measure (see definition below), such as incentive fee paid in CBFIs. We also include a pro forma adjustment to reflect a full period of NOI on the operating properties we acquire or stabilize during the quarter and remove NOI on properties we dispose of during the quarter, to assume all transaction occurred at the beginning of the quarter.

We believe Adjusted EBITDA provides investors relevant and useful information because it permits investors to view our operating performance, analyze our ability to meet interest payment obligations and make CBF distributions on an unleveraged basis before the effects of income tax, non-cash amortization expense, gains and losses on the disposition of investments in real estate, unrealized gains or losses from the mark-to-market adjustment to investment properties and revaluation from Pesos into our functional currency of the U.S. dollar, and other items (outlined above) that affect comparability in both the real estate industry and other industries. While not infrequent or unusual in nature, these items result from market fluctuations that can have inconsistent effects on our results of operations. The economics underlying these items reflect market and financing conditions in the short-term but can obscure our performance and the value of our long-term investment decisions and strategies.

While we believe Adjusted EBITDA is an important measure, it should not be used alone because it excludes significant components of our net income (loss), such as our historical cash expenditures or future cash requirements for working capital, capital expenditures, distribution requirements, contractual commitments or interest and principal payments on our outstanding debt and is therefore limited as an analytical tool.

Our computation of Adjusted EBITDA may not be comparable to EBITDA reported by other companies. We compensate for the limitations of Adjusted EBITDA by providing investors with financial statements prepared according to IFRS, along with this detailed discussion of Adjusted EBITDA and a reconciliation to Adjusted EBITDA from net income (loss), an IFRS measurement.

**Calculation Per CBF Amounts** is as follows:

In thousands, except per share amounts	For the three months ended				For the six months ended			
	June 30, 2017		June 30, 2016		June 30, 2017		June 30, 2016	
	P.s.	US\$	P.s.	US\$	P.s.	US\$	P.s.	US\$
<b>Earnings</b>								
Net (loss) income	427,124	22,337	380,595	22,420	339,757	17,187	721,869	41,513
Weighted average CBFs outstanding - Basic and Diluted	634,723	634,723	634,480	634,480	634,601	634,601	634,480	634,480
<b>(Loss) earnings per CBF: Basic and Diluted</b>	<b>0.6729</b>	<b>0.0352</b>	<b>0.5999</b>	<b>0.0353</b>	<b>0.5354</b>	<b>0.0271</b>	<b>1.1377</b>	<b>0.0654</b>
<b>FFO</b>								
FFO, as modified by FIBRA Prologis	368,132	19,204	438,993	25,630	911,290	45,110	907,821	51,771
Weighted average CBFs outstanding - Basic and Diluted	634,723	634,723	634,480	634,480	634,601	634,601	634,480	634,480
<b>FFO per CBF: Basic and Diluted</b>	<b>0.5800</b>	<b>0.0303</b>	<b>0.6919</b>	<b>0.0404</b>	<b>1.4360</b>	<b>0.0711</b>	<b>1.4308</b>	<b>0.0816</b>
FFO, as modified by FIBRA Prologis excluding incentive fee	507,294	26,678	438,993	25,630	1,050,452	52,584	907,821	51,771
Weighted average CBFs outstanding - Basic and Diluted	634,723	634,723	634,480	634,480	634,601	634,601	634,480	634,480
<b>FFO per CBF excluding incentive fee</b>	<b>0.7992</b>	<b>0.0420</b>	<b>0.6919</b>	<b>0.0404</b>	<b>1.6553</b>	<b>0.0829</b>	<b>1.4308</b>	<b>0.0816</b>

**Debt Metrics.** See below for the detailed calculations for the respective period:

In thousands	For the three months ended			
	June 30, 2017		March 31, 2017	
	P.s.	US\$	P.s.	US\$
<b>Debt, less cash and VAT, as a % of investment properties</b>				
Total debt - at par	13,126,086	728,099	13,721,684	733,470
Less: cash	(188,801)	(10,473)	(281,136)	(15,028)
Less: VAT receivable	(228)	(3)	(28,405)	(158)
<b>Total debt, net of adjustments</b>	<b>12,937,057</b>	<b>717,613</b>	<b>13,412,143</b>	<b>716,924</b>
Investment properties	39,066,813	2,157,020	40,405,696	2,159,819
<b>Debt, less of cash and VAT, as a % of investment</b>	<b>33.1%</b>	<b>33.1%</b>	<b>33.2%</b>	<b>33.2%</b>
<b>Fixed Charge Coverage ratio:</b>				
Adjusted EBITDA	651,708	34,419	703,948	33,987
Fixed charges - interest expense	151,605	8,159	181,388	9,101
<b>Fixed charge coverage ratio</b>	<b>4.30x</b>	<b>4.22x</b>	<b>3.88x</b>	<b>3.73x</b>
<b>Debt to Adjusted EBITDA:</b>				
Total debt, net of adjustments	12,937,057	717,613	13,412,143	716,924
Adjusted EBITDA annualized	2,606,832	137,676	2,815,792	135,948
<b>Debt to Adjusted EBITDA ratio</b>	<b>4.96x</b>	<b>5.21x</b>	<b>4.76x</b>	<b>5.27x</b>

**FFO; FFO, as modified by FIBRA Prologis; AFFO (collectively referred to as “FFO”).** FFO is a non-IFRS financial measure that is commonly used in the real estate industry. The most directly comparable IFRS measure to FFO is net income.

The National Association of Real Estate Investment Trusts (“NAREIT”) defines FFO as earnings computed under U.S. generally accepted accounting principles (“U.S. GAAP”) to exclude historical cost depreciation and gains and losses from the sales of previously depreciated properties. As we are required to present our financial information per IFRS, our “NAREIT defined FFO” uses net income computed under IFRS rather than U.S. GAAP. The significant differences between IFRS and U.S. GAAP include depreciation, which is not included in IFRS and therefore we exclude gains and losses from the sale of real estate even though it was not depreciated and the mark-to-market adjustment for the valuation of investment properties, which is included in the adjustments to derive FFO, as modified by FIBRA Prologis (see below).

## *Our FFO Measures*

Our FFO measures begin with NAREIT’s definition and we make certain adjustments to reflect our business and the way that management plans and executes our business strategy. While not infrequent or unusual, the additional items we adjust for in calculating *FFO, as modified by FIBRA Prologis* and AFFO, as defined below, are subject to significant fluctuations from period to period. Although these items may have a material impact on our operations and are reflected in our financial statements, the removal of the effects of these items allows us to better understand the core operating performance of our properties over the long term. These items have both positive and negative short-term effects on our results of operations in inconsistent and unpredictable directions that are not relevant to our long-term outlook.

These FFO measures are used by management as supplemental financial measures of operating performance and we believe that it is important that holders of CBFIs, potential investors and financial analysts understand the measures management uses. We do not use our FFO measures as, nor should they be considered to be, alternatives to net income computed under IFRS, as indicators of our operating performance, as alternatives to cash from operating activities computed under IFRS or as indicators of our ability to fund our cash needs.

## *FFO, as modified by FIBRA Prologis*

To arrive at *FFO, as modified by FIBRA Prologis*, we adjust the NAREIT defined FFO measure to exclude:

- (i) mark-to-market adjustments for the valuation of investment properties;
- (ii) foreign currency exchange gains and losses from the remeasurement (based on current foreign currency exchange rates) of assets and liabilities denominated in Pesos;
- (iii) income tax expense related to the sale of real estate;
- (iv) gains or losses from the early extinguishment of debt; and
- (v) Unrealized loss on exchange rate forwards
- (vi) expenses related to natural disasters.

We use *FFO, as modified by FIBRA Prologis* to: (i) assess our operating performance as compared to similar real estate companies and the industry in general, (ii) evaluate our performance and the performance of our properties in comparison with expected results and results of previous periods, relative to resource allocation decisions; (iii) evaluate the performance of our management; (iv) budget and forecast future results to assist in the allocation of resources; (v) provide guidance to the

financial markets to understand our expected operating performance; and (v) evaluate how a specific potential investment will impact our future results.

## AFFO

To arrive at AFFO, we adjust *FFO, as modified by FIBRA Prologis* to further exclude (i) straight-line rents; (ii) recurring capital expenditures; (iii) amortization of debt premiums (including write-off of premiums) and discounts and financing cost, net of amounts capitalized; and (iv) incentive fees paid in CBFIs.

We use AFFO to (i) assess our operating performance as compared to similar real estate companies and the industry in general, (ii) evaluate our performance and the performance of our properties in comparison with expected results and results of previous periods, relative to resource allocation decisions, (iii) evaluate the performance of our management, (iv) budget and forecast future results to assist in the allocation of resources, and (v) evaluate how a specific potential investment will impact our future results.

We analyze our operating performance primarily by the rental revenue of our real estate, net of operating, administrative and financing expenses. This income stream is not directly impacted by fluctuations in the market value of our investments in real estate or debt securities. Although these items discussed above have had a material impact on our operations and are reflected in our financial statements, the removal of the effects of these items allows us to better understand the core operating performance of our properties over the long term.

We use FFO, as modified by FIBRA Prologis and AFFO to: (i) evaluate our performance and the performance of our properties in comparison to expected results and results of previous periods, relative to resource allocation decisions; (ii) evaluate the performance of our management; (iii) budget and forecast future results to assist in the allocation of resources; (iv) provide guidance to the financial markets to understand our expected operating performance; (v) assess our operating performance as compared to similar real estate companies and the industry in general; and (vi) evaluate how a specific potential investment will impact our future results. Because we make decisions with regard to our performance with a long-term outlook, we believe it is appropriate to remove the effects of items that we do not expect to affect the underlying long-term performance of the properties we own. As noted above, we believe the long-term performance of our properties is principally driven by rental revenue. We believe investors are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in planning and executing our business strategy.

## *Limitations on the use of our FFO measures*

While we believe our FFO measures are important supplemental measures, neither NAREIT’s nor our measures of FFO should be used alone because they exclude significant economic components of net earnings computed under IFRS and are, therefore, limited as an analytical tool. Accordingly, these are only a few of the many measures we use when analyzing our business. Some of these limitations are:

- Amortization of real estate assets are economic costs that are excluded from FFO. FFO is limited, as it does not reflect the cash requirements that may be necessary for future replacements of the real estate assets. Furthermore, the amortization of capital expenditures and leasing costs

- Mark-to-market adjustments to the valuation of investment properties and gains or losses from property acquisitions and dispositions represent changes in value of the properties. By excluding these gains and losses, FFO does not capture realized changes in the value of acquired or disposed properties arising from changes in market conditions.
- The foreign currency exchange gains and losses that are excluded from our modified FFO measures are generally recognized based on movements in foreign currency exchange rates through a specific point in time. The ultimate settlement of our foreign currency-denominated net assets is indefinite as to timing and amount. Our FFO measures are limited in that they do not reflect the current period changes in these net assets that result from periodic foreign currency exchange rate movements.
- The current income tax expenses that are excluded from our modified FFO measures represent the taxes that are payable.
- The gains and losses on extinguishment of debt that we exclude from our defined FFO measures may provide a benefit or cost to us as we may be settling our debt at less or more than our future obligation.
- The natural disaster expenses that we exclude from our defined FFO measures are costs that we have incurred.

We compensate for these limitations by using our FFO measures only in conjunction with net income computed under IFRS when making our decisions. This information should be read with our complete consolidated financial statements prepared under IFRS. To assist investors in compensating for these limitations, we reconcile our FFO measures to our net income computed under IFRS.

**Fixed Charge Coverage** is a non-IFRS financial measure we define as Adjusted EBITDA divided by total fixed charges. Fixed charges consist of net interest expense adjusted for amortization of finance costs and debt discount (premium) and capitalized interest. We use fixed charge coverage to measure our liquidity. We believe that fixed charge coverage is relevant and useful to investors because it allows fixed income investors to measure our ability to make interest payments on outstanding debt and make dividends to holders of our CBFIs. Our computation of fixed charge coverage may not be comparable to fixed charge coverage reported by other companies and is not calculated in accordance with applicable regulatory rules.

**Incentive Fee** an annual fee payable under the management agreement to Manager when cumulative total CBFi holder returns exceed an agreed upon annual expected return, payable in CBFIs.

## Market Classification

- **Global Markets** include the logistics markets of Mexico City, Guadalajara and Monterrey. These markets feature large population centers with high per-capita consumption and are located near major seaports, airports, and ground transportation systems.
- **Regional Markets** include the manufacturing markets of Tijuana, Reynosa and Ciudad Juarez. These markets benefit from large population centers but typically are not as tied to the global supply chain, but rather serve local consumption and are often less supply constrained.

**Net Effective Rent ("NER")** is calculated at the beginning of the lease using estimated total cash (including base rent and expense reimbursements) 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.

**Net Effective Rent Change** represents the change in NER on new and renewed leases signed during the period as compared with the previous NER in that same space.

**Net Operating Income ("NOI")** is a non-IFRS financial measure used to evaluate our operating performance and represents rental income less rental expenses.

**Operating Portfolio** includes stabilized industrial properties.

**Property Improvements** are the addition of permanent structural improvements or the restoration of a building's or property's components that will either enhance the property's overall value or increase its useful life. Property improvements are generally independent of any particular lease as part of general upkeep over time (but may be incurred concurrent with a lease commitment).

**Retention** is the square footage of all leases rented by existing tenants divided by the square footage of all expiring and rented leases during the reporting period, excluding the square footage of tenants that default or buy-out prior to expiration of their lease, short-term tenants and the square footage of month-to-month leases.

**Same Store.** We evaluate the operating performance of the operating properties we own using a "Same Store" analysis because the population of properties in this analysis is consistent from period to period, which eliminates the effects of changes in the composition of the portfolio. We have defined the same store portfolio, for the three months ended June 30, 2017, as those properties that were owned by FIBRA Prologis as of January 1, 2016 and have been in operations throughout the same three-month periods in both 2016 and 2017. We removed all properties that were disposed of to a third party from the population for both periods. We believe the factors that affect rental income, rental expenses and NOI in the Same Store portfolio are generally the same as for the total operating portfolio.

Our Same Store measure is a non-IFRS financial measure that is commonly used in the real estate industry and is calculated beginning with rental income and rental expenses from the financial statements prepared in accordance with IFRS. It is also common in the real estate industry and expected from the analyst and investor community that these numbers also be adjusted to remove certain non-cash items included in the financial statements prepared in accordance with IFRS to reflect a cash Same Store number, such as straight line rent adjustments. As this is a non-IFRS measure, it has certain limitations as an analytical tool and may vary among real estate companies.

As a result, we provide a reconciliation from our financial statements prepared in accordance with IFRS to Same Store NOI with explanations of how these metrics are calculated.

# Notes and Definitions (continued)

2Q 2017 Supplemental

The following is a reconciliation of our rental income, rental expense and NOI, as included in the Statements of Comprehensive Income, to the respective amounts in our Same Store portfolio analysis:

In thousands of U.S. Dollars	For the three months ended June 30,		
	2017	2016	Change (%)
<b>Rental income</b>			
Per the statements of comprehensive income	46,653	43,553	
Properties not included in same store and other adjustments (a)	(2,896)	(596)	
Direct Billables Revenues from Properties incl same store pool	1,732	1,344	
Straight-lined rent	(420)	(976)	
<b>Same Store - Rental income- adjusted cash</b>	<b>45,069</b>	<b>43,325</b>	<b>4.0%</b>
<b>Rental expense</b>			
Per the statements of comprehensive income	6,498	5,768	
Properties not included in same store and other adjustments	(704)	(23)	
Direct Billables Expenses from Properties incl same store pool	1,732	1,343	
<b>Same Store - Rental expense adjusted cash</b>	<b>7,526</b>	<b>7,088</b>	<b>6.2%</b>
<b>NOI</b>			
Per the statements of comprehensive income	40,155	37,785	
Properties not included in same store	(2,192)	(573)	
Straight-lined rent	(420)	(976)	
<b>Same Store - NOI - adjusted cash</b>	<b>37,543</b>	<b>36,236</b>	<b>3.6%</b>
Straight-lined rent from properties included in same store	279	940	
<b>Same Store NOI</b>	<b>37,822</b>	<b>37,176</b>	<b>1.7%</b>

- a) To calculate Same Store rental income, we exclude the net termination and renegotiation fees to allow us to evaluate the growth or decline in each property's rental income without regard to one-time items that are not indicative of the property's recurring operating performance.

**Same Store Average Occupancy** represents the average occupied percentage of the Same Store portfolio for the period.

**Stabilization** is defined when a property that was developed has been completed for one year or is 90% occupied. Upon stabilization, a property is moved into our Operating Portfolio.

**Stabilized NOI** is equal to the estimated twelve months of potential gross rental revenue (base rent, including above or below market rents plus operating expense reimbursements) multiplied by 95% to adjust income to a stabilized vacancy factor of 5%, minus estimated operating expenses.

**Tenant Improvements** are the costs to prepare a property for lease to a new tenant or release to an existing tenant. Tenant improvements are reasonably expected to provide benefit beyond the lease term of the pending lease for future tenants, and are generally deemed to be consistent with comparable buildings in the market place.

**Total Expected Investment ("TEI")** represents total estimated cost of development or expansion, including land, development and leasing costs. TEI is based on current projections and is subject to change.

**Turnover Costs** represent the obligations incurred in connection with the signing of a lease, including leasing commissions and tenant improvements. Tenant improvements include costs to prepare a space for a new tenant and for a lease renewal with the current tenant. It excludes costs to prepare a space that is being leased for the first time (i.e. in a new development property).

**Weighted Average Stabilized Capitalized ("Cap") Rate** is calculated as Stabilized NOI divided by the Acquisition Cost.