Fideicomiso Irrevocable F/1721

Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria

Financial Statements as of December 31, 2016 and 2015 and for the years then ended

Contents

Page

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

Independent Auditors' Report

(Translation from Spanish Language Original)

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

(Thousands of Mexican pesos)

Opinion

We have audited the financial statements of FIBRA Prologis Fideicomiso Irrevocable F/1721 Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciara (the "Trust" or "Fibra PL"), which comprise the statement of financial position as at December 31, 2016 and 2015, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FIBRA Prologis Fideicomiso Irrevocable F/1721 Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciara as at December 31, 2016 and 2015, and of its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

(Continued)

Investment Properties ($45,064,010)

See note 12 to the financial statements.

Key audit matter	*How the matter was addressed in our audit*
As of December 31, 2016, investment properties represent 99% of total assets in the statement of financial position, which includes investment on industrial buildings. Investment property is at fair value based on valuations of external appraisers. The valuation process is considered a key audit matter because it involves significant judgment in determining the appropriate methodology used and in estimating the assumptions applied. Valuations are highly sensitive to changes in the key assumptions applied, particularly those related to capitalization rates, discount rates used and the estimation of assumptions.	As part of our auditing procedures: • We obtained an understanding of the investment property and Trust plans and we evaluated Management controls relating to the valuation process, which includes the involvement of external appraisers. • We evaluated the capacity and competence of external appraisers. We also read the terms of the agreement entered into between external appraisers and the Trust to determine if there are issues that could have affected the objectivity or put limitations on the scope of their work. • Through analytical procedures, we evaluated the reasonableness of significant changes in the market values determined by external appraisers, as well as, the capitalization and discount rates used. • Through the involvement of our specialists, we evaluated the valuation methodology used and selectively, the reasonableness of the projected cash flow data, the values concluded by the external appraiser and the capitalization and discount rates used, taking into consideration comparability and market factors applicable to real estate. • We evaluated the disclosures in the notes to the financial statements, which include those related to key assumptions that have a high degree of sensitivity in valuations.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Trust´s 2016 Annual Report to be filed with the National Banking and Securities Commission (CNBV) and the Mexican Stock Exchange, (“the Annual Report”), but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be available to us after the date of this auditors' report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

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

(Continued)

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

KPMG CARDENAS DOSAL, S. C.

José Angel Cháirez Garza

Mexico City, February 15, 2017.

Statements of financial position

As of December 31, 2016 and 2015

in thousands Mexican Pesos	Note	December 31, 2016	December 31, 2015
Assets			
Current assets:			
Cash	3g	$ 370,909	$ 721,207
Trade receivables	9	50,457	41,814
Value added tax and other receivables	10	141,348	176,914
Prepaid expenses	11	46,718	85,202
		609,432	1,025,137
Non-current assets:			
Investment properties	12	45,064,110	35,475,843
Interest rate swaps	19	42,492	-
		45,106,602	35,475,843
Total assets		**$ 45,716,034**	**$ 36,500,980**
Liabilities and equity			
Current liabilities:			
Trade payables		$ 54,904	$ 64,129
Due to affiliates	18	110,111	14,016
Current portion of long term debt	13	4,556,722	1,865,329
		4,721,737	1,943,474
Non-current liabilities:			
Long term debt	13	10,634,498	9,544,304
Security deposits	3m	294,174	233,386
		10,928,672	9,777,690
Total liabilities		15,650,409	11,721,164
Equity:			
CBFI holders capital	14	14,313,287	15,532,302
Other equity accounts		15,752,338	9,247,514
Total equity		30,065,625	24,779,816
Total liabilities and equity		**$ 45,716,034**	**$ 36,500,980**

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

Statements of comprehensive income

For the years ended December 31, 2016 and 2015

in thousands Mexican Pesos, except per CBFI amounts	Note	For the year ended December 31, 2016	2015
Revenues:			
Lease rental income	3d	$ 2,882,093	$ 2,369,856
Rental recoveries	3d	296,744	244,901
Other property income	3d	60,517	47,072
		3,239,354	2,661,829
Costs and expenses:			
Property operating expenses:			
Operating and maintenance		176,650	155,064
Utilities		38,585	34,449
Property management fees	18	98,950	88,802
Real estate taxes		57,713	54,997
Non-recoverable operating		48,052	28,805
		419,950	362,117
Gross profit		**2,819,404**	**2,299,712**
Other expenses (income):			
Gain on valuation of investment properties	12	(6,141)	(902,106)
Gain on disposition of investment properties		(5,197)	-
Asset management fees	18	294,170	232,155
Professional fees		36,691	54,608
Other general and administrative expenses		14,948	11,575
Interest expense		627,656	529,362
Amortization of debt premium		(145,222)	(195,702)
Amortization of deferred financing cost		29,327	18,145
Net loss on early extinguishment of debt		57,105	18,697
Credit Facility Commission		42,547	19,203
Exchange loss, net		34,981	108,688
Interest income from value added tax receivable		-	(59,280)
		980,865	(164,655)
Net income		**1,838,539**	**2,464,367**
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss:			
Translation effects from functional currency to reporting currency		(4,691,081)	(3,462,272)
Items that are or may be reclassified subsequently to profit or loss:			
Unrealized gain on interest rate swaps	19	(42,492)	-
		(4,733,573)	(3,462,272)
Total comprehensive income for the period		**$ 6,572,112**	**$ 5,926,639**
Earnings per CBFI	8	**$ 2.90**	**$ 3.88**

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

Statements of changes in equity

For the years ended December 31, 2016 and 2015

in thousands Mexican Pesos	CBFI holders capital	Other equity accounts	Retained earnings	Total
Balance as of January 1, 2015	$ 16,437,977	$ 2,409,874	$ 911,001	$ 19,758,852
Equity distributions	(905,675)	-	-	(905,675)
Comprehensive income:				
Translation effects from functional currency to reporting currency	-	3,462,272	-	3,462,272
Net income	-	-	2,464,367	2,464,367
Total comprehensive income	-	3,462,272	2,464,367	5,926,639
Balance as of December 31, 2015	**$ 15,532,302**	**$ 5,872,146**	**$ 3,375,368**	**$ 24,779,816**
Equity distributions	(1,219,015)	-	-	(1,219,015)
Dividends	-	-	(67,288)	(67,288)
Comprehensive income:				
Translation effects from functional currency to reporting currency	-	4,691,081	-	4,691,081
Unrealized gain on interest rate swaps	-	42,492	-	42,492
Net income	-	-	1,838,539	1,838,539
Total comprehensive income	-	4,733,573	1,838,539	6,572,112
Balance as of December 31, 2016	**$ 14,313,287**	**$ 10,605,719**	**$ 5,146,619**	**$ 30,065,625**

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

Statements of cash flows

For the years ended December 31, 2016 and 2015

in thousands Mexican Pesos	For the years ended December 31,	
	2016	2015
Operating activities:		
Net income	$ 1,838,539	$ 2,464,367
Adjustments for:		
Gain on revaluation of investment properties	(6,141)	(902,106)
Gain on disposition of investment properties	(5,197)	-
Allowance for uncollectible trade receivables	27,391	11,196
Interest income	(1,989)	-
Interes expense	627,656	529,362
Net loss on early extinguishment of debt	57,105	18,697
Amortization of deferred financing cost	29,327	18,145
Unrealized exchange loss	41,064	152,627
Amortization of debt premium	(145,222)	(195,702)
Rent leveling	(65,223)	(93,230)
Change in:		
Trade receivables	(36,034)	10,658
Value added tax and other receivables	35,566	1,957,713
Prepaid expenses	38,484	(53,695)
Trade payables	(9,225)	46,255
Due to affiliates	96,095	(76,574)
Security deposits	60,788	41,746
Net cash flow provided by operating activities	2,582,984	3,929,459
Investing activities:		
Funds for acquisition of investment properties	(2,214,825)	(1,994,348)
Funds for development of investment properties	(9,739)	(124,651)
Capital expenditures on investment properties	(394,960)	(327,952)
Proceeds from disposition of investment properties	31,360	371,536
Interest income	1,989	-
Net cash flow used in investing activities	(2,586,175)	(2,075,415)
Financing activities:		
Equity distributions	(1,219,015)	(905,675)
Dividends paid	(67,288)	-
Long term debt borrowings	2,164,884	5,473,158
Long term debt payments	(504,047)	(5,396,808)
Interest paid	(655,860)	(515,365)
Cash paid for early extinguishment of debt	(94,561)	(44,041)
Net cash flow used in financing activities	(375,887)	(1,388,731)
Net (decrease) increase in cash	(379,078)	465,313
Effect of foreign currency exchange rate changes on cash	28,780	(26,581)
Cash at beginning of the period	721,207	282,475
Cash at the end of the period	**$ 370,909**	**$ 721,207**

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

Notes to financial statements

As of December 31, 2016 and 2015 and for the years then ended
In thousands of Mexican Pesos, except earning 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 Raices, 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.

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

Structure – FIBRAPL's parties are:

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

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

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

Significant events

i) Acquisitions and disposition:

in millions except per lease area	Date	Market	Lease area square feet	Consideration including closing cost Mexican pesos	U. S. dollars
Acquisitions:					
Centro Industrial Juarez 13	December 14, 2016	Juarez	60,463	$ 77.2	$ 3.8
Centro Industrial Juarez 16	December 14, 2016	Juarez	189,943	247.9	12.2
Izcalli Park 4	November 3, 2016	Mexico City	616,800	924.0	49.3
Toluca 2	June 30, 2016	Mexico City	308,300	413.1	21.9
Centro Industrial Juarez 14	June 30, 2016	Juarez	210,200	254.7	13.5
Los Altos 15	June 23, 2016	Guadalajara	231,500	307.6	16.3
Total acquisitions				**$ 2,224.5**	**$ 117.0**
Disposition:					
Monterrey 1	May 11, 2016	Monterrey	46,651	$ 31.4	$ 1.7
Total disposition				**$ 31.4**	**$ 1.7**

ii) Long term debt transactions:

in millions	Date	Denomination	Interest rate (*)	Mexican pesos	U. S. dollars
Borrowings:					
Citibank, NA Credit facility (Unsecured)	December 13, 2016	U. S. dollars	LIBOR +250bps	$ 203.0	$ 10.0
Citibank, NA Credit facility (Unsecured)	October 31, 2016	U. S. dollars	LIBOR +250bps	834.0	44.5
Citibank, NA Credit facility (Unsecured)	October 28, 2016	Mexican pesos	TIIE +220bps	325.0	17.2
Citibank, NA Credit facility (Unsecured)	July 28, 2016	Mexican pesos	TIIE +220bps	330.0	17.5
Citibank, NA Credit facility (Unsecured)	June 28, 2016	U. S. dollars	LIBOR +250bps	383.0	20.0
Citibank "The Citibank Loan" (Unsecured)	March 1, 2016	U. S. dollars	LIBOR +245bps	90.5	5.0
Total borrowings				**$ 2,165.5**	**$ 114.2**
Payments:					
Citibank, NA Credit facility (Unsecured)	September 23, 2016	Mexican pesos	TIIE +220bps	$ 180.0	$ 9.2
Citibank, NA Credit facility (Unsecured)	August 30, 2016	U. S. dollars	LIBOR +250bps	130.0	7.0
Citibank, NA Credit facility (Unsecured)	August 25, 2016	Mexican pesos	TIIE +220bps	150.0	8.2
Total payments				**$ 460.0**	**$ 24.4**

** LIBOR (London Interbank Offered Rate)*

** TIIE (Interbank Balance Interest Rate, from its name in Spanish)*

iii) Distributions:

in millions	Date	Distribution in Mexican pesos	Distribution in U. S. dollars	Mexican pesos per CBFI	U. S. dollars per CBFI
Distributions:					
Equity	October 26, 2016	$ 323.9	$ 17.4	0.5105	0.0275
Equity	July 28, 2016	257.3	13.8	0.4055	0.0218
Dividends, net of tax	July 28, 2016	67.3	3.6	0.1060	0.0057
Equity	May 11, 2016	300.7	17.4	0.4739	0.0275
Submission of income taxes on behalf of CBFI Holders*	May 11, 2016	28.8	1.5	0.0454	0.0024
Equity	February 3, 2016	308.3	16.8	0.4859	0.0265
Total distributions		**$ 1,286.3**	**$ 70.5**		

** See Note 3f*

On January 26, 2016, FIBRAPL renegotiated the 1st and 2nd sections of Prudential Insurance Company and Metropolitan Life Insurance Co., Loan through a $107.0 million U.S. dollars new secured facility. This new facility is scheduled to mature in February 2026, with a one year extension at the borrower option, and bears interest at 4.67%. As a result, FIBRAPL wrote off an unamortized debt premium of $2.0 million U.S. dollars ($36.3 million Mexican pesos), and paid a prepayment penalty and other costs of $5.0 million U.S. dollars ($81.9 million Mexican pesos), which are included in "Net loss on early extinguishment of debt" in the statement of comprehensive income. See note 13.

On January 21, 2016, the designation date, FIBRAPL entered into interest rate swaps with the Bank of Nova Scotia and HSBC Bank USA for the Citibank Loan, with notional amounts of $100.0 million U.S. dollars and $150.0 million U.S. dollars for each bank, respectively. The effective date of these swaps was June 23, 2016, fixing the average base rate at 1.0635% and 1.0660%, respectively. Both interest rate swaps expire on July 23, 2019. See note 19.

2. Basis of presentation

a. ***Financial reporting -*** The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS or IAS) as issued by the International Accounting Standards Board (IASB), as of December 31, 2016.

b. ***Functional currency and reporting currency*** – The accompanying financial statements are presented in thousands of Mexican pesos, the local currency in Mexico, unless otherwise indicated. FIBRAPL's functional currency is the U.S. dollar.

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

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

i. Investment property

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

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

Valuations are predominately estimated using an income capitalization approach, utilizing comparable recent market transactions at arm's length terms. In Mexico, Discounted Cash Flow ("DCF") is the primary basis of assessment of value; which is the methodology FIBRAPL adopted. Valuations are based on various assumptions such as tenure, leasing, town planning by management, the condition and repair of buildings and sites, including ground and groundwater contamination, as well as the best estimates of Net Operating Income ("NOI"), reversionary rents, leasing periods, purchasers' costs, etc.

ii. Fair value financial liabilities

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

iii. Operating lease contracts

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

iv. Method of acquisition accounting

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

Acquisitions of properties made during the year ended December 31, 2016 and 2015 by FIBRAPL were accounted for as acquisitions of assets and not as business combinations.

d. ***Going concern basis of accounting –*** FIBRAPL financial statements as of December 31, 2016 and 2015 and for the years then ended have been prepared on a going concern basis, which assumes that FIBRAPL will be able to meet the mandatory repayment terms of the banking facilities disclosed in note 13. For the years ended December 31, 2016 and 2015, FIBRAPL recognized a net profit of $1,838,539 and $2,464,367, respectively, and it generated positive operating cash flows of $2,582,984 and $3,929,459, respectively. As of December 31, 2016 and 2015, current liabilities exceeded current assets because of the current portion of long term debt, however, FIBRAPL currently holds a borrowing capacity of $6,531,000 under its undrawn credit facility and has an unrestricted cash balance of $370,909. Management has a reasonable expectation that FIBRAPL has adequate resources to continue as a going concern and has the ability to realize its assets at their recognized values and to extinguish or refinance its liabilities in the normal course of business.

3. Summary of significant Accounting Policies

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

a. New standards, amendments and interpretations that are required for annual periods beginning after January 1, 2016.

The following new amendment, effective for annual periods beginning on or after January 1, 2016, has been adopted in preparing these financial statements.

Amendments to IAS 1, effective January 1, 2016 aim to improve financial statements disclosures by adopting a narrow-scope perspective, emphasizing the use of materiality in order to present only material information and to ensure comparability with FIBRAPL's financial statements of previous years.

b. Segment reporting

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

c. Foreign currency translation

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

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

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

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

d. Revenue recognition

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

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

e. Property related payments

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

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

f. Income and other taxes

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

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

In 2016 and 2015 FIBRAPL incurred a tax loss, accordingly, all distributions made for such fiscal years, except for what is mentioned in the following paragraph, were treated as a return of capital as explained in the Significant Events section, in note 1. The cumulative balance of the tax losses as of December 31, 2016, is $2,512,362.

On May 11, 2016, FIBRAPL declared a dividend, derived from capital gains from the sale of assets completed on December 2015 and May 2016. FIBRAPL paid income taxes of $28.8 million ($1.5 million U.S. dollar), or $0.0454 per CBFI ($0.0024 U.S. dollar per CBFI), on behalf of the holders of CBFIs with respect to the sales aforementioned. As a result, holders received a cash net of the income tax amount paid on their behalf by FIBRAPL.

g. Cash

Cash in the statement of financial position is comprised of cash held in bank accounts subject to very low risk of change in value. Bank overdrafts are carried at the principal amount. Interest is recorded as an expense as it accrues as of December 31, 2016.

h. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

i. Value Added Tax and other receivables

As of December 31, 2016 and 2015, receivable balances are primarily comprised of VAT paid in connection with the purchase of investment properties.

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

j. Prepaid expenses

Prepaid expenses are recognized at historic cost and subsequently amortized against profit or loss during the period the benefits or services are obtained. As of December 31, 2016 and 2015, prepaid expenses are comprised primarily of utility deposits, prepaid insurance and property taxes attributable to the investment properties. As of December 31, 2015 it also includes a fee in connection with its negotiations of the loan with Prudential Insurance Company of America and Metropolitan Life Insurance Company refinancing (see note 11).

k. Investment properties

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

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

l. Distributions paid and payable

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

m. Security deposits

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

n. Long term debt

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

As of December 31, 2016 and 2015, long term debt is presented at amortized cost.

o. Financial instruments

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

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

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

i. Effective interest method

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

Interest expense is recognized on an effective interest basis for debt instruments.

ii. Held-to-maturity investments

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

iii. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

iv. Derecognition of financial assets

FIBRAPL derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If FIBRAPL neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, FIBRAPL recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If FIBRAPL retains substantially all the risks and rewards of ownership of a transferred financial asset, FIBRAPL continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety (e.g. when FIBRAPL retains an option to repurchase part of a transferred asset), FIBRAPL allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

p. Derivative Financial Instruments and Hedge Accounting

FIBRAPL holds derivative financial instruments to hedge its interest rate exposures wich qualify for hedge accounting. Derivatives are initially recognized at fair value and any directly attributable transaction costs are recognized in the statement of comprehensive income as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivatives is recognized immediately in profit or loss. See note 19.

q. Provisions

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

r. Cash flow

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

s. Statement of comprehensive income

The statement of comprehensive income of FIBRAPL presents its comprehensive results and other comprehensive income in one single financial statement, which groups other comprehensive income in two categories: i) items not to be reclassified to profit or loss and ii) items that can be reclassified to profit or loss if some conditions have been met. For the year ended December 31, 2016 and 2015, FIBRAPL presented as other comprehensive income the translation effects from functional currency to reporting currency and unrealized gain on interest rate swaps.

t. Earnings per CBFI

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

u. Contributed equity

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

4. Reclassifications

During 2016 FIBRAPL modified the classification of certain expenses to reflect all general and administrative expenses in separated specific lines in the statement of comprehensive income. Comparative amounts were also reclassified for consistency as it is detailed in the table below:

	2015		
thousands of Mexican pesos	Previously reported figures	Reclasifications	As reported
Other expenses	$ 30,778	$ (30,778)	$ -
Credit Facility Commision	-	19,203	19,203
Other general and administrative expenses	-	11,575	11,575
	$ 30,778	**$ -**	**$ 30,778**

5. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2016 and earlier application is permitted; however, FIBRAPL has not early adopted the following new or amended standards in preparing these financial statements.

Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

To satisfy the new disclosure requirements, FIBRAPL intends to present a reconciliation between the and closing balances for liabilities with changes arising from financing activities.

FIBRAPL is currently evaluating the impact that this standard will have on its financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, and IAS 11 *Construction Contracts*.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

FIBRAPL has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its financial statements.

Transition

FIBRAPL plans to adopt IFRS 15 in its financial statements for the year ending December 31, 2018, using the retrospective approach. As a result, FIBRAPL will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its financial statements.

FIBRAPL is currently performing a detailed assessment of the impact resulting from the application of IFRS 15 and expects to disclose additional quantitative information before it adopts IFRS 15.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 *Financial Instruments*.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. FIBRAPL currently plans to apply IFRS 9 initially on January 1, 2018.

The actual impact of adopting IFRS 9 on FIBRAPL's financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that FIBRAPL holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future. The new standard will require the FIBRAPL to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, FIBRAPL has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its positions at December 31, 2016 and hedging relationships designated during 2016 under IAS 39.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

FIBRAPL plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes.

Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.

New hedge accounting requirements should generally be applied prospectively. However, FIBRAPL may elect to apply the expected change in accounting for forward points retrospectively. FIBRAPL has not made a decision in relation to this election.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

a. The determination of the business model within which a financial asset is held.
b. The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
c. The designation of certain investments in equity instruments not held for trading as at FVOCI

FIBRAPL is currently evaluating the impact that this standard will have on its financial statements.

IFRS 16 Leases

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

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

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

FIBRAPL has started an initial assessment of the potential impact on its financial statements. So far, the most significant impact identified is that FIBRAPL will recognize new assets and liabilities for its operating leases of vehicles and offices. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. FIBRAPL has not yet decided whether it will use the optional exemptions.

Transition

As a lessee, FIBRAPL can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. FIBRAPL currently plans to apply IFRS 16 initially on January 1, 2019. FIBRAPL has not yet determined which transition approach to apply. As a lessor, FIBRAPL is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

FIBRAPL is currently evaluating the impact that this standard will have on its financial statements.

6. Rental revenues

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

Future minimum lease payments from base rent on leases with lease periods greater than one year, valued at the December 31, 2016 exchange rate in Mexican pesos are as follows:

in thousands Mexican pesos		Amount
Rental revenues:		
2017	$	3,093,853
2018		2,593,133
2019		2,000,395
2020		1,166,877
2021		677,533
Thereafter		800,865
	$	**10,332,656**

7. Segment reporting

Operating segment information is presented based on how management views the business, which includes information aggregated by market. The results for these operating segments are presented for the year ended December 31, 2016, and 2015, while assets and liabilities are included as of December 31, 2016 and 2015. FIBRAPL operates in six geographic markets that represent its reportable operating segments under IFRS 8 as follows: Mexico City, Guadalajara, Monterrey, Tijuana, Reynosa and Juarez.

in thousands Mexican pesos	For the year ended December 31, 2016 Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
Revenues:							
Lease rental income	$ 1,038,298	$ 499,170	$ 356,824	$ 354,870	$ 375,648	$ 257,283	$ 2,882,093
Rental recoveries	96,331	33,267	34,199	43,290	33,652	56,005	296,744
Other property income	11,982	32,382	7,807	974	6,857	515	60,517
	1,146,611	564,819	398,830	399,134	416,157	313,803	3,239,354
Cost and expenses:							
Property operating expenses	145,146	79,619	41,990	42,775	46,375	64,045	419,950
Gross Profit	**$ 1,001,465**	**$ 485,200**	**$ 356,840**	**$ 356,359**	**$ 369,782**	**$ 249,758**	**$ 2,819,404**

in thousands Mexican pesos	For the year ended December 31, 2015 Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Total
Revenues:							
Lease rental income	$ 835,353	$ 446,744	$ 265,586	$ 305,072	$ 318,066	$ 199,035	$ 2,369,856
Rental recoveries	77,359	26,252	29,484	37,464	28,735	45,607	244,901
Other property income	7,408	22,862	5,854	2,584	6,256	2,108	47,072
	920,120	495,858	300,924	345,120	353,057	246,750	2,661,829
Cost and expenses:							
Property operating expenses	127,808	58,167	31,020	43,576	41,038	60,508	362,117
Gross Profit	**$ 792,312**	**$ 437,691**	**$ 269,904**	**$ 301,544**	**$ 312,019**	**$ 186,242**	**$ 2,299,712**

in thousands Mexican pesos	As of December 31, 2016 Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Unsecured debt	Total
Investment properties:								
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
Investment properties	**$ 18,825,511**	**$ 7,584,846**	**$ 5,309,908**	**$ 4,754,834**	**$ 4,803,289**	**$ 3,785,722**	**$ -**	**$ 45,064,110**
Long term debt	**$ 2,491,169**	**$ 1,062,636**	**$ 1,743,979**	**$ 736,084**	**$ 1,293,050**	**$ 967,128**	**$ 6,897,174**	**$ 15,191,220**

in thousands Mexican pesos	As of December 31, 2015 Mexico City	Guadalajara	Monterrey	Tijuana	Reynosa	Juarez	Unsecured debt	Total
Investment properties:								
Land	$ 2,986,617	$ 1,176,805	$ 999,303	$ 775,332	$ 784,150	$ 533,804	$ -	$ 7,256,011
Buildings	11,517,325	4,707,218	3,423,610	3,101,327	3,136,601	2,135,216	-	28,021,297
	14,503,942	5,884,023	4,422,913	3,876,659	3,920,751	2,669,020	-	35,277,308
Rent leveling	87,499	19,312	26,827	32,599	22,319	9,979	-	198,535
Investment properties	**$ 14,591,441**	**$ 5,903,335**	**$ 4,449,740**	**$ 3,909,258**	**$ 3,943,070**	**$ 2,678,999**	**$ -**	**$ 35,475,843**
Long term debt	**$ 2,175,852**	**$ 853,387**	**$ 1,543,715**	**$ 640,084**	**$ 1,117,959**	**$ 836,386**	**$ 4,242,250**	**$ 11,409,633**

8. Earnings per CBFI

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

in thousands Mexican Pesos, except per CBFI	For the years ended December 31, 2016	2015
Basic and diluted earnings per CBFI (pesos)	$ 2.90	$ 3.88
Net income	1,838,539	2,464,367
Weighted average number of CBFIs ('000)	**634,480**	**634,480**

As of December 31, 2016, FIBRAPL had 634,479,746 CBFIs outstanding.

9. Trade receivables

As of December 31, 2016 and 2015, trade accounts receivables of FIBRAPL were comprised as follows:

in thousands Mexican Pesos	December 31, 2016	December 31, 2015
Trade accounts receivable	$ 91,914	$ 64,870
Allowance for uncollectable trade receivables	(41,457)	(23,056)
	$ 50,457	**$ 41,814**

10. Value added tax and other receivables

As of December 31, 2016 and 2015, value added tax and other receivables were comprised as follows:

in thousands Mexican Pesos	December 31, 2016	December 31, 2015
Value added tax	$ 108,241	$ 159,598
Other receivables	33,107	17,316
	$ 141,348	**$ 176,914**

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

11. Prepaid expenses

As of December 31, 2016 and 2015, prepaid expenses of FIBRAPL were comprised as follows:

in thousands Mexican Pesos	December 31, 2016	December 31, 2015
Utility deposits	$ 43,753	$ 34,440
Insurance	688	579
Debt rate lock fee[1]	-	46,384
Other prepaid expenses	2,277	3,799
	$ 46,718	**$ 85,202**

[1] In December 2015, FIBRAPL paid a fee in connection with its negotiations of the Prudential Insurance Company and Metropolitan Life Insurance Co. loan refinancing which is amortized over the term of the secured facility as Deferred financing cost beginning in January 2016.

12. Investment properties

FIBRAPL obtained a valuation from independent appraisers in order to determine the fair value of its investment properties which resulted in a gain of $6,141 and $902,106 for the years ended December 31, 2016 and 2015, respectively.

a) As of December 31, 2016, investment properties were as follows:

Market	Fair value as of December 31, 2016	# of properties	Lease area in thousands square feet
Mexico City	$ 18,825,511	52	13,351
Guadalajara	7,584,846	26	5,838
Monterrey	5,309,908	24	3,868
Tijuana	4,754,834	33	4,217
Reynosa	4,803,289	29	4,422
Juarez	3,785,722	31	3,566
Total	**$ 45,064,110**	**195**	**35,262**

The table above includes an Intermodal facility in the Mexico City market with a leasable area of 1,092 thousand of square feet and a fair value of $309,291.

As of December 31, 2016, the fair value of investment properties includes excess land in the Monterrey market of $50,105.

During November, 2016 a property that was under development and located in the Mexico City market with a leasable area of 166 thousand square feet was stabilized and such property was added to the FIBRAPL operating portfolio accordingly. As of December 31, 2016, the fair value of this new property was $204,132.

As of December 31, 2015, the fair value of investment properties was $35,475,843 on 189 buildings with a lease area of 33,693 thousand square feet.

As of December 31, 2016, 98 of the properties from FIBRAPL are encumbered by some bank loans as it is described in note 13.

As of December 31, 2016, and 2015, the balance of investment properties included rent leveling assets of $298,945 and $198,535, respectively.

b) The reconciliation of investment properties for the year ended December 31, 2016 and 2015 was as follows:

in thousands Mexican Pesos	For the year ended December 31,	
	2016	2015
Beginning balance	$ 35,475,843	$ 27,563,010
Translation effect from functional currency	6,878,640	4,812,872
Acquisition of investment properties	2,171,887	1,968,062
Acquisition cost	52,620	38,839
Capital expenditures, leasing commissions and tenant improvements	394,960	327,952
Development	9,739	124,651
Dispositions	(26,130)	(371,536)
Rent leveling	100,410	109,887
Gain on valuation of investment properties	6,141	902,106
Ending balance of investment properties	**$ 45,064,110**	**$ 35,475,843**

c) During the years ended December 31, 2016 and 2015, capital expenditures, leasing commissions and tenant improvements of FIBRAPL were as follows:

in thousands Mexican Pesos	For the year ended December 31,	
	2016	2015
Capital expenditures	$ 139,606	$ 106,233
Leasing commissions	91,255	78,719
Tenant improvements	164,099	143,000
	$ 394,960	**$ 327,952**

13. Long term debt

As of December 31, 2016 and 2015, FIBRAPL had long term debt outstanding which is comprised of loans from the financial institutions included below:

					Fair value as of December 31, 2016		December 31, 2016		December 31, 2015	
	Paragraph	Denomination	Maturity date	Rate	thousands U. S. dollars	thousands Mexican pesos	thousands U. S. dollars	thousands Mexican pesos	thousands U. S. dollars	thousands Mexican pesos
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 1st. Section (Secured)	-	U. S. dollars	December 15, 2016	4.58%	-	$ -	-	$ -	93,543	$ 1,622,017
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 2nd. Section (Secured)	-	U. S. dollars	December 15, 2016	4.50%	-	-	-	-	11,925	206,777
Neptuno Real Estate, S. de R. L. de C. V. "Blackstone" (Secured)	a.	U. S. dollars	October 7, 2017	7.90%	66,037	1,361,643	64,149	1,322,714	64,149	1,112,331
Metropolitan Life Insurance Co. (The Metlife 1 Loan) (Secured)	b.	U. S. dollars	September 1, 2017	6.90%	114,672	2,364,468	112,500	2,319,683	112,500	1,950,728
Metropolitan Life Insurance Co. (The Metlife 2 Loan) (Secured)	c.	U. S. dollars	November 1, 2017	6.90%	38,404	791,867	37,500	773,228	37,500	650,243
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 3rd. Section (Secured)	d.	U. S. dollars	December 15, 2018	5.04%	67,180	1,385,211	65,749	1,355,705	67,597	1,172,118
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 4th. Section (Secured)	d.	U. S. dollars	December 15, 2018	4.78%	9,094	187,513	8,943	184,399	9,202	159,561
Citibank N.A. Credit Facility (Unsecured)	f.	U. S. dollars	May 21, 2019	LIBOR + 250bps	67,500	1,391,810	67,500	1,391,810	-	-
Citibank N.A. Credit Facility (Unsecured)	f.	Mexican pesos	May 21, 2019	TIIE + 220bps	15,762	325,000	15,762	325,000	-	-
Citibank (The Citibank Loan) (Unsecured)	e.	U. S. dollars	December 18, 2020	LIBOR+ 245bps	256,248	5,283,680	255,000	5,257,947	250,000	4,334,950
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 1st. Section (Secured)	d.	U. S. dollars	February 1, 2027	4.67%	53,394	1,100,952	53,500	1,103,138	-	-
Prudential Insurance Company and Metropolitan Life Insurance Co. (The Pru-Met Loan) 2nd. Section (Secured)	d.	U. S. dollars	February 1, 2027	4.67%	53,394	1,100,952	53,500	1,103,138	-	-
Total					**741,685**	**15,293,096**	**734,103**	**15,136,762**	**646,416**	**11,208,725**
Long term debt interest accrued							424	8,736	635	11,011
Debt premium, net							6,962	143,549	16,726	290,025
Deferred financing cost							(4,744)	(97,827)	(5,774)	(100,128)
Total debt							**736,745**	**15,191,220**	**658,003**	**11,409,633**
Current portion of long term debt							220,992	4,556,722	107,575	1,865,329
Total long term debt							**515,753**	**$ 10,634,498**	**550,428**	**$ 9,544,304**

During the years ended December 31, 2016 and 2015, FIBRAPL paid interest on long term debt of $655,860 and $515,365, respectively and principal of $504,047 and $5,396,808, respectively.

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

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

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

c. This loan is secured by the 8 properties that were financed by the loan; such properties and the cash flows are subject to a Mexican law guarantee security trust for the benefit of the lender.

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

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

f. At December 31, 2016, FIBRAPL had 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 peso, subject to loan to value grid, and an Credit Facility Commission of 60 basis points. This line of credit matures on May 21, 2018, with one year extension at the borrower's option. As of December 31, 2016, FIBRAPL had an outstanding balance of $67.5 million U.S. dollars ($1,392 million Mexican pesos) and $325.0 million Mexican pesos ($15.8 million U.S. dollars) under the Credit Facility.

The loans described above are subject to certain affirmative covenants, including, among others, (a) reporting of financial information; and (b) maintenance of corporate existence, the security interest in the properties subject to the loan and appropriate insurance for such properties. In addition, the loans are subject to certain negative covenants that restrict FIBRAPL's ability to, among other matters and subject to certain exceptions, incur additional indebtedness under or create additional liens on the properties subject to the loans, change its corporate structure, make certain restricted payments, enter into certain transactions with affiliates, amend certain material contracts, enter into derivative transactions for speculative purposes or form any new subsidiary. The loans contain, among others, the following events of default: (i) non-payment; (ii) false representations; (iii) failure to comply with covenants; (iv) inability to generally pay debts as they become due; (v) any bankruptcy or insolvency event; (vi) disposition of the subject properties; or (vii) change of control of the subject properties.

As of December 31, 2016, FIBRAPL was in compliance with all its covenants.

14. FIBRAPL certificates

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

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

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

As of December 31, 2016 total CBFI outstanding are 634,479,746.

Total CBFI holder's capital is comprised as follows:

in thousands Mexican Pesos	December 31, 2016	December 31, 2015
Trust certificates	$ 17,177,010	$ 17,177,010
Issuance cost	(508,949)	(508,949)
Distributions	(2,354,774)	(1,135,759)
	$ 14,313,287	**$ 15,532,302**

15. Capital and Financial Risk Management

Liquidity Risk

Real estate investments are not as liquid as many other investments and such lack of liquidity may limit the ability to react promptly to any changes in economic, market or other conditions. Consequently, the ability to sell the assets at any time may be limited, and such lack of liquidity may limit the ability to make changes to the FIBRAPL portfolio in a timely manner, which may materially and adversely affect the financial performance.

Likewise, in order to maintain FIBRAPL status as a FIBRA under Mexican income tax laws, it may not be able to sell property, even if it would do so otherwise in consideration of market conditions or changes to its strategic plan.

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

The following table shows the balances pending as of December 31, 2016 and 2015 of financial liabilities classified according to their due dates. The table includes principal, accrued interest and future interest accruals due. For loans with floating interest rates, spot interest rates at the end of the reporting period were used for future interest accruals.

in thousands Mexican Pesos	Less than 1 year	From 1 to 5 years	More than 5 years	Total
December 31, 2016				
Trade payables	$ 54,904	$ -	$ -	$ 54,904
Due to affiliates	110,111	-	-	110,111
Principal of long term debt	4,415,625	10,721,137	-	15,136,762
Interest	462,817	615,694	307,683	1,386,193
Security deposits	-	293,452	722	294,174
December 31, 2015				
Trade payables	$ 64,129	$ -	$ -	$ 64,129
Due to affiliates	14,016	-	-	14,016
Principal of long term debt	1,865,327	9,343,398	-	11,208,725
Interest	542,870	810,119	-	1,352,989

Quantitative and Qualitative Disclosures about Market Risk

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

Financial Risk

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

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

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

Investment Properties Valuation Sensitivity Analysis

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

Variation %		Thousands Mexican pesos	Change in current value
0.25% increase	$	(1,503,553)	(3.37%)
0.25% decrease	$	1,650,235	3.70%

Interest Rate Risk

Interest rates are highly sensitive to many factors, including governmental, fiscal, monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond FIBRAPL's control. Interest rate risk arises primarily from variable rate interest-bearing financial liabilities. FIBRAPL may in the future enter into credit facilities or otherwise incur indebtedness with variable interest rates. To the extent FIBRAPL borrows on these facilities, or otherwise incurs variable-rate indebtedness, FIBRAPL will be exposed to risk associated with market variations in interest rates. FIBRAPL utilizes hedging instruments to protect against fluctuations in interest rates. As of December 31, 2016 all variable rate debt that FIBRAPL had was the Citibank unsecured loan and the borrowing from the Credit Facility.

Interest Rate Sensitivity Analysis

For the portion of $5.0 million U.S. dollars from the Citibank Loan that is not hedged by the swap instruments, FIBRAPL has entered into and the borrowings from the Credit Facility as of December 31, 2016, a variation of +/- 0.25% on interest rate would increase or decrease the annual interest expense as follows:

Variation %		Effect in Income statement
0.25% increase	$	4,550
0.25% decrease	$	(4,550)

Foreign Currency Risk

Foreign currency risk is attributable to fluctuation of exchange rates between the currency denomination in which FIBRAPL conducts its sales, purchases, receivables and borrowings and the functional currency of FIBRAPL, which is the U.S. dollar. A majority of FIBRAPL's revenue and debt transactions, including 75.6% and 84.2% of revenues under FIBRAPL lease agreements, and 98% and 100% of debt financings as of December 31, 2016 and 2015, respectively, are denominated in U.S. dollars. As a result, FIBRAPL management believes that its exposure to transactional foreign currency risk has been decreased.

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

in thousands Mexican pesos	December 31, 2016	December 31, 2015
Assets		
Cash and equivalents of cash	$ 131,936	$ 135,666
Trade receivables	18,720	20,560
Value added tax and other receivables	89,039	159,598
Prepaid expenses	4,182	3,686
	243,877	319,510
Liabilities		
Trade payables	22,608	14,883
Due to affiliates	8,221	-
Security deposits	24,064	9,455
	54,893	24,338
Net statement of financial position exposure	**$ 188,984**	**$ 295,172**

The U.S. dollar to Mexican peso exchange rate as of December 31, 2016 and 2015, average exchange rates of the period are as follows:

exchange rate	December 31, 2016	December 31, 2015
U.S. dollar vs. Mexican peso	20.6194	17.3398
Average for the years ended December 31, 2015, and 2016	18.6728	15.8650

Foreign Currency Sensitivity Analysis

As mentioned above, the functional currency is the U.S. dollar and transactional foreign exchange risk is represented by transactions denominated in Mexican pesos. FIBRAPL managements believes its exposure to foreign currency risk is decreased by the fact that the majority of its transactions are denominated in U.S. dollars, including 75.65% of lease agreements and 98% of debt in 2016 and has not conducted further analysis.

Inflation

Most of FIBRAPL's leases contain provisions designed to mitigate the adverse impact of inflation. These provisions generally increase annualized base rents during the terms of the leases either at fixed rates or indexed escalations (based on the Mexican Consumer Price Index or other measures). As of December 31, 2016 and 2015, all of the leases in the portfolio had an annual rent increase. In addition, most of the leases are triple net leases, which may reduce the exposure to increases in costs and operating expenses resulting from inflation, assuming the properties remain leased and customers fulfill their obligations to assume responsibility for such expenses. As of December 31, 2016 and 2015 the portfolio was 96.8% and 96.5% leased, respectively.

16. Fair Value of Assets and Liabilities

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

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

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

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

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

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

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

	As of December 31,2016							
	Carrying amount				Fair value			
in thousands Mexican pesos	Designated at fair value	Cash and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment properties	$ 45,064,110	$ -	$ -	$ 45,064,110	$ -	$ -	$ 45,064,110	$ 45,064,110
Interest rate swaps	42,492	-	-	42,492	-	-	42,492	42,492
	$ 45,106,602	**$ -**	**$ -**	**$ 45,106,602**	**$ -**	**$ -**	**$ 45,106,602**	**$ 45,106,602**
Financial assets not measured at fair value								
Cash and cash equivalents	$ -	$ 370,909	$ -	$ 370,909	$ -	$ -	$ -	$ -
Trade receivables	-	50,457	-	50,457	-	-	-	-
Value added tax and other receivables	-	141,348	-	141,348	-	-	-	-
Prepaid expenses	-	46,718	-	46,718	-	-	-	-
	$ -	**$ 609,432**	**$ -**	**$ 609,432**	**$ -**	**$ -**	**$ -**	**$ -**
Financial liabilities not measured at fair value								
Trade payables	$ -	$ -	$ 54,904	$ 54,904	$ -	$ -	$ -	$ -
Due to affiliates	-	-	110,111	110,111	-	-	-	-
Long term debt	-	-	15,191,220	15,191,220	-	15,293,096	-	15,293,096
Security deposits	-	-	294,174	294,174	-	-	-	-
	$ -	**$ -**	**$ 15,650,409**	**$ 15,650,409**	**$ -**	**$ 15,293,096**	**$ -**	**$ 15,293,096**

	As of December 31,2015							
	Carrying amount				Fair value			
in thousands Mexican pesos	Designated at fair value	Cash and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment properties	$ 35,475,843	$ -	$ -	$ 35,475,843	$ -	$ -	$ 35,475,843	$ 35,475,843
	$ 35,475,843	**$ -**	**$ -**	**$ 35,475,843**	**$ -**	**$ -**	**$ 35,475,843**	**$ 35,475,843**
Financial assets not measured at fair value								
Cash and cash equivalents	$ -	$ 721,207	$ -	$ 721,207	$ -	$ -	$ -	$ -
Trade receivables	-	41,814	-	41,814	-	-	-	-
Value added tax and other receivables	-	176,914	-	176,914	-	-	-	-
Prepaid expenses	-	85,202	-	85,202	-	-	-	-
	$ -	**$ 1,025,137**	**$ -**	**$ 1,025,137**	**$ -**	**$ -**	**$ -**	**$ -**
Financial liabilities not measured at fair value								
Trade payables	$ -	$ -	$ 64,129	$ 64,129	$ -	$ -	$ -	$ -
Due to affiliates	-	-	14,016	14,016	-	-	-	-
Long term debt	-	-	11,409,633	11,409,633	-	11,483,612	-	11,483,612
Security deposits	-	-	233,386	233,386	-	-	-	-
	$ -	**$ -**	**$ 11,721,164**	**$ 11,721,164**	**$ -**	**$ 11,483,612**	**$ -**	**$ 11,483,612**

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

17. Commitments and contingencies

FIBRAPL had no significant commitments or contingencies except as described in these notes as of December 31, 2016.

18. Related party information

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

a. **Manager**

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

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

2. **Incentive Fee:** an annual fee equal to 10% of cumulative total CBFI holder returns in excess of an annual compound expected return of 9.0%, paid annually in CBFIs, with each payment subject to a six-month lock-up, as established under the Management Agreement. The return measurement related to the Incentive Fee is based on a cumulative return period between June 4, 2016 and June 4, 2017. Given the historical volatility and uncertainty of future CBFI performance, FIBRAPL has not recorded an Incentive Fee expense or liability as of December 31, 2016.

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

c. As of December 31, 2016 and 2015, the outstanding balances due to related parties were as follows:

in thousands Mexican Pesos	As of December 31,	
	2016	**2015**
Asset management fees	$ 81,465	$ 7,804
Property management fees	27,673	2,492
Development fees	922	3,720
Maintenance cost	50	-
	$ 110,110	**$ 14,016**

As of December 31, 2016 and 2015, asset management fees, property management fees and development fees are due to the Manager while capital expenditures reimbursements are due to affiliates of the Manager.

d. Transactions with affiliated companies for the years ended December 31, 2016, and 2015, were as follows:

in thousands Mexican pesos	For the year ended December 31,	
	2016	2015
Acquisition of properties	$ 2,171,887	$ 1,889,736
Equity distribution	$ 545,937	$ 415,435
Dividends	$ 30,865	$ -
Asset management fee	$ 294,170	$ 232,155
Property management fee	$ 98,950	$ 88,802
Leasing commissions	$ 36,951	$ 58,041
Development fee	$ 13,510	$ 18,187
Maintenance costs	$ 3,383	$ -

Development fees disclosed in note 16 to the financial statements for the year ended December 31, 2015 did not include development fees paid by FIBRAPL to affiliated parties in connection with improvements made by the lessor. Accordingly, FIBRAPL included the additional fees for comparative purposes in the table above.

19. 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 1.0660%, respectively, and receives a variable rate based on one month LIBOR. The swaps hedge the exposure to the variable interest rate payments on the variable rate unsecured loan, the Citibank loan. See note 13.

The interest rate swaps meet the criteria of hedge accounting and are designated as a cash flow hedging instrument. Accordingly, the fair value of the swaps as of December 31, 2016, of $42.5 million Mexican pesos has been recognized in other comprehensive income as unrealized gain on interest rate swaps.

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

Counterparty	Effective date	Maturity date	Notional amount*	Fair Value as of December 31, 2016
Bank of Nova Scotia	June 23, 2016	July 23, 2019	100	$ 17,101
HSBC Bank USA	June 23, 2016	July 23, 2019	150	25,391
				$ 42,492

** (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.

20. Subsequent events

On February 13, 2017, FIBRAPL distributed cash to its CBFI holders, which was considered a return of capital, in the amount of $0.5709 Mexican pesos per CBFI (approximately $0.0275 U.S. dollars per CBFI), equivalent to $362.2 million Mexican pesos ($17.4 million U.S. dollars).

On February 7, 2017 FIBRAPL traded 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	Thousands of Mexican pesos	Thousands of U.S. dollars	Forward rate
April 3, 2017	June 30, 2017	July 5, 2017	$ 52,000	$ 2,487	20.9127 USD-MXN
July 3, 2017	September 29, 2017	October 3, 2017	$ 52,000	$ 2,454	21.1918 USD-MXN
October 2, 2017	December 29, 2017	January 3, 2018	$ 56,000	$ 2,605	21.4947 USD-MXN

On January 15, 2017, FIBRAPL paid $150.0 million Mexican pesos (approximately $7.2 U.S. dollars) in Mexican pesos borrowings under its the Credit Facility with Citibank N.A.

21. Financial statements approval

On February 15, 2017, the issuance of these financial statements was authorized by Jorge Roberto Girault Facha, CFO of FIBRA Prologis.

* * * * * * * * * *