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FIBRA Prologis Announces Second Quarter 2017 Earnings Results

MEXICO CITY, July 20, 2017 /PRNewswire/ -- FIBRA Prologis (BMV:FIBRAPL 14), a leading owner and operator of Class-A logistics real estate in Mexico, today reported results for the second quarter of 2017.

HIGHLIGHTS FROM THE QUARTER:

- Net effective rent change on rollover increased 9.7 percent
- Period-end occupancy remained elevated at 97.3 percent
- Cash Same Store NOI growth was 3.6 percent

Funds from operations (FFO) per CBFI was Ps. 0.5800 (US\$0.0303) for the second quarter compared with Ps. 0.6919 (US\$ 0.0404) for the same period in 2016. FFO this quarter includes an incentive fee paid to FIBRA Prologis' sponsor of Ps. 0.2192 (US\$0.0117) per CBFI. Excluding the incentive fee, FFO per CBFI was Ps. 0.7992 (US\$0.0420).

Net earnings per CBFI in the second quarter was Ps. 0.6729 (US\$0.0352) compared with earnings of Ps. 0.5999 (US\$0.0353) for the same period in 2016.

"Our performance in the first half of the year was excellent as evidenced by healthy leasing volume and near double-digit rent increases," said Luis Gutierrez, CEO, Prologis Property Mexico. "Demand for modern logistics space remains strong pushing vacancies to record low levels. As e-commerce and 3PLs grow, we expect demand to intensify. Our strategy of owning high-quality, logistics facilities in the best markets has never been more important."

OPERATING PERFORMANCE

Operating Portfolio	2Q17	2Q16	Notes
Period End Occupancy	97.3%	96.4%	Second consecutive quarter with occupancy above 97%
Leases Signed	1.5MSF	2.1MSF	Renewals accounted for 95% of leasing volume
Customer Retention	89.1%	87.0%	
Net Effective Rent Change	9.7%	11.8%	Led by regional markets at 17.7%
Cash Same Store NOI	3.6%	1.1%	
Same Store NOI	1.7%	-0.9%	

FINANCIAL POSITION

As of June 30, 2017, FIBRA Prologis' liquidity was Ps. 2.8 billion (US\$155.5 million), which included Ps. 2.6 billion (US\$145.0 million) of available capacity on its unsecured credit facility and Ps. 188.8 million (US\$10.5 million) of unrestricted cash.

During the quarter, FIBRA Prologis fully repaid two secured debt facilities totaling US\$176.6 million, both scheduled to mature this year. US\$64.1 million with a debt cost of 7.9 percent and US\$112.5 million with a debt cost of 6.9 percent were repaid with borrowings under the

unsecured credit facility at par, decreasing the overall cost of debt by approximately 90 basis points from 4.9 to 4.0 percent quarter-over-quarter.

Subsequent to quarter end, FIBRA Prologis completed two transactions with a syndicate of domestic and international banks for a US\$150.0 million unsecured term loan and a new US\$325.0 million unsecured credit facility with a US\$150.0 million accordion feature, that can be drawn from either product. Both financings have options which extend maturity to 2022. The debt cost of the term loan and new credit facility are approximately 3.3 percent and 3.4 percent, respectively. Proceeds were used to repay the former unsecured credit facility, which was scheduled to mature in 2019.

"With the recent signing of the new unsecured term loan and credit facility, our 2017 refinancing strategy is nearly complete," said Jorge Girault, senior vice president, Finance, Prologis Mexico. "We have refinanced US\$176.6 million to date, reducing our debt costs while keeping leverage levels steady and pushing out term. The result is a more flexible balance sheet that puts us in an excellent position to seize future opportunities."

"Our strong performance and healthy market conditions, along with an improving macroeconomic environment for Mexico, are reflected in our updated guidance" added Girault.

GUIDANCE UPDATE

(US\$ in million, except per CBF amounts)	Previous	Revised	Notes
FFO per CBF ^(A)	US\$0.1550-0.1650	n/a	<i>Excludes the impact of incentive fee</i>
FFO per CBF ^(A)	n/a	US\$0.1475-0.1550	<i>Includes the impact of incentive fee</i>
Full Year 2017 Distributions per CBF	US\$0.1155	US\$0.1180	
Year End Occupancy	95.5-96.5%	96.0-96.5%	
Same Store NOI (Cash)	0.0-1.0%	0.75%-1.75%	<i>Based in U.S. dollars</i>
Annual Capital Expenditures as % of NOI	14.0-16.0%	13.0%-15.0%	
Asset Management and Professional Fees	US\$18.5-20.5	US\$18.5-20.5	
Acquisitions	n/a	\$50.0-100.0	
Foreign Exchange Rate	Ps\$22.0 / US\$1.0	Ps\$20.0 / US\$1.0	

(A) Excludes the impact of foreign exchange movements

WEBCAST & CONFERENCE CALL INFORMATION

FIBRA Prologis will host a live webcast/conference call to discuss quarterly results, current market conditions and future outlook. Here are the event details:

- Friday, July 21, 2017, at 9 a.m. CT/10 a.m. ET
- Live webcast at www.fibraprologis.com by clicking Events
- Dial in: +1 877 256 7020 or +1 973 409 9692 and enter Passcode 93296068.

A telephonic replay will be available July 21– July 28 at +1 855 859 2056 from the U.S. and Canada or at +1 404 537 3406 from all other countries using conference code 93296068 and passcode 31833. The replay will be posted in the Investor Relations section of the FIBRA Prologis website.

ABOUT FIBRA PROLOGIS

FIBRA Prologis is a leading owner and operator of Class-A logistics real estate in Mexico. As

of June 30, 2017, FIBRA Prologis comprised 194 logistics and manufacturing facilities in six industrial markets in Mexico totaling 34.2 million square feet (3.2 million square meters) of gross leasable area.

FORWARD-LOOKING STATEMENTS

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.



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