March 2018


# FIBRA Prologis

## Citi 2018 Global Property CEO Conference

Hollywood, Florida

*Prologis Park Apodaca Building 3, Monterrey*

FIBRA PROLOGIS

# Forward-Looking Statements / Non Solicitation

**This presentation includes certain terms and non-IFRS financial measures that are not specifically defined herein. These terms and financial measures are defined and, in the case of the non-IFRS financial measures, reconciled to the most directly comparable IFRS measure, in our first quarter Earnings Release and Supplemental Information that is available on our website at www.fibraprologis.com and on the BMV's website at www.bmv.com.mx.**

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.

# Contents



*Alamar Industrial Center 3, Tijuana*

FIBRA PROLOGIS®

# FIBRA Prologis Key Differentiators

## Focused Investment Strategy

- Own irreplaceable industrial real estate in Mexico
- Investing in the six most dynamic markets
- Consumption and e-commerce driving incremental growth
- Proprietary access to acquire Prologis development pipeline

## Irreplaceable Portfolio[1]

- Average age of 14 years
- 93% Class-A/A+ buildings
- 81% of buildings located in master-planned parks

## Solid Track Record

- Leadership team with over 27-years of experience
- ~60% total stock return since IPO[2] or 13.4% CAGR [2]
- ~30% growth in FMV of total operating portfolio (including acquisitions) and over 14% growth in FMV of just the IPO portfolio[3]

## Strong Balance Sheet

- Conservative leverage
- Liquidity emphasis provides increased flexibility

*Tres Rios 8 Mexico City*

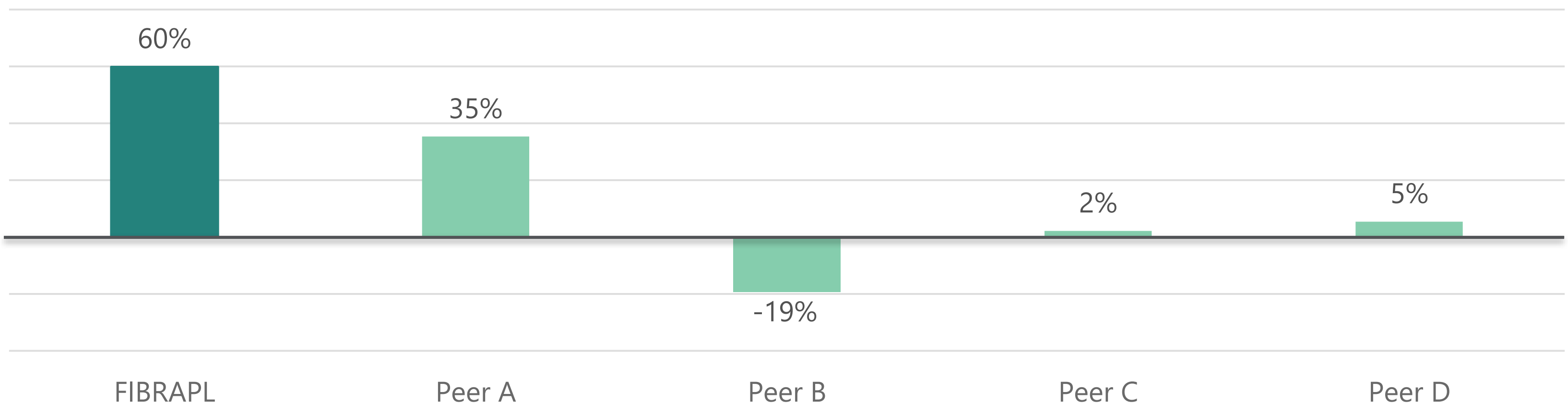

*Prologis Park Los Altos, Guadalajara*

Source: FIBRA Prologis, CBRE, Bloomberg
1. Data as of December 31, 2017
2. IPO was June 4, 2014; total return and CAGR calculated in Mexican Pesos on February 28, 2018
3. Comparison of fair market value of the portfolio between June 4, 2014 and December 31, 2017

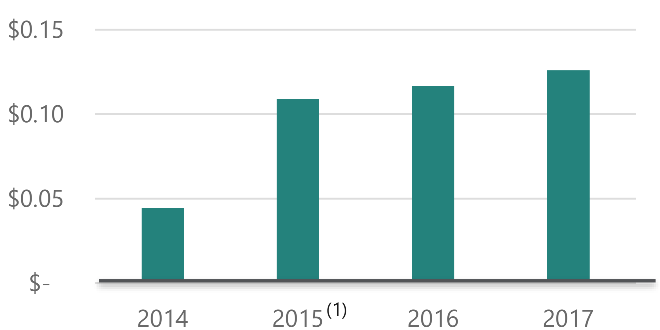
FIBRA PROLOGIS®

# Creating Value for Certificate Holders

## Total Return of CBFIs in Mexican Pesos
June 4, 2014 – February 28, 2018

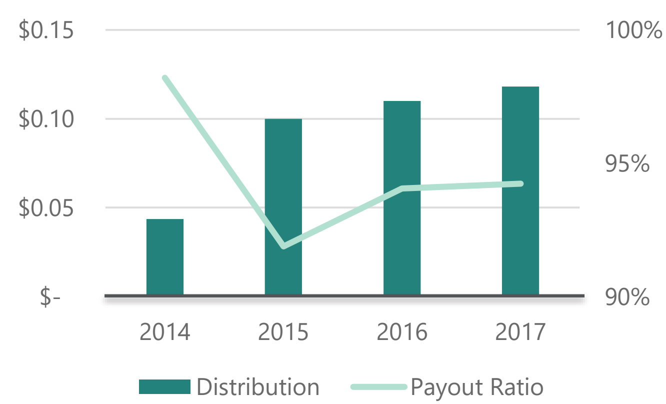



## FIBRAPL AFFO per CBFI
USD, millions




## FIBRAPL Distributions per CBFI
USD, millions

## Payout Ratio
% of AFFO




FIBRA PROLOGIS®

Source: Bloomberg, company filings. FIBRA Prologis' initial public offering was June 4, 2014. Peers include FIBRA Macquarie, FIBRA Uno, Terrafina and Vesta.
1. Excluding the realized exchange loss on VAT refund

# Distribution Growth Potential

## Internal Growth Drivers

- Positive demand / supply imbalance and record low vacancy of ~4%
- Market rents grew ~7% in 2017 and favorable operating conditions should continue to push market rents higher
- Portfolio is ~5.3% under rented with ~20% expiring annually

## External Growth Drivers

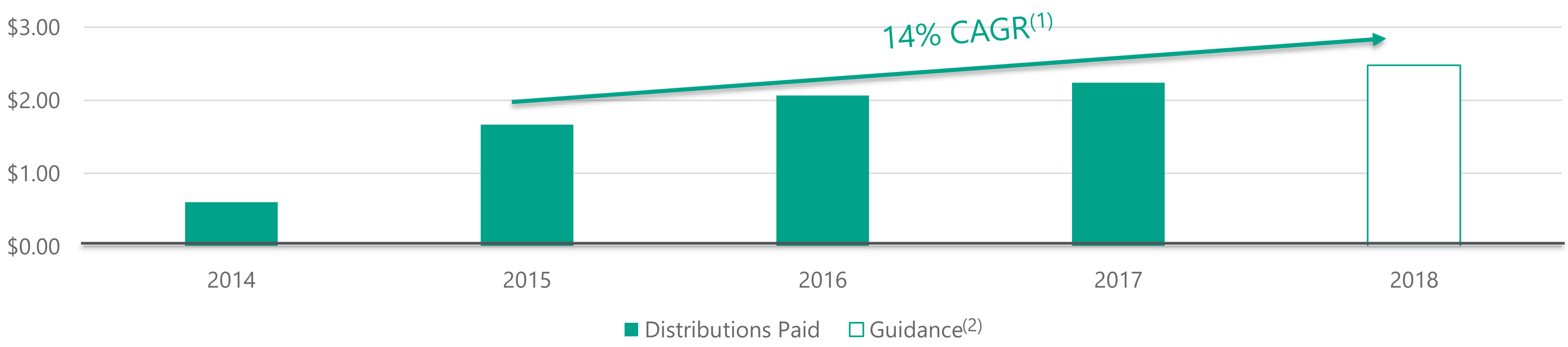
- Exclusive right to 4.5MSF of Prologis development, at appraised value, plus access to potential, incremental 4.5MSF upon completion of Prologis held land bank

## Interest Savings

- Refinancing completed in 2017 lowered weighted average interest cost by ~90 basis points benefitting 2018 earnings

**Distributions per CBFI**

Mexican Pesos



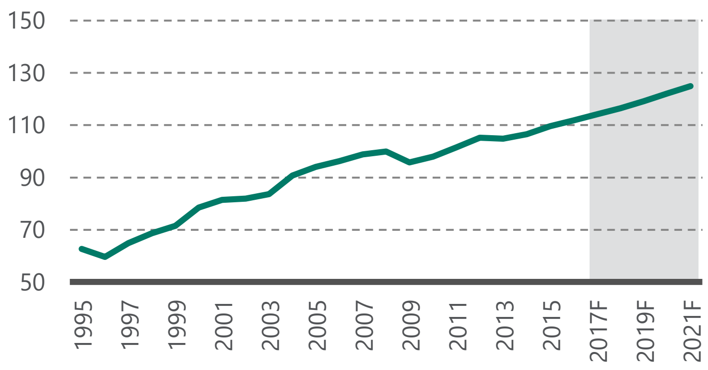

1. 14% CAGR from 2015 through 2018E as FIBRA Prologis was only a public company for seven months in 2014
2. Guidance introduced on January 25, 2018 for 2018 distributions of USD$0.1240 per CBFI (at 20 pesos per USD) or Ps$2.480 per CBFI. Guidance represents management's best estimate at a specific point in time and no assurances can be given that this distribution level can be attained


# Macroeconomic Indicators and Drivers of Demand

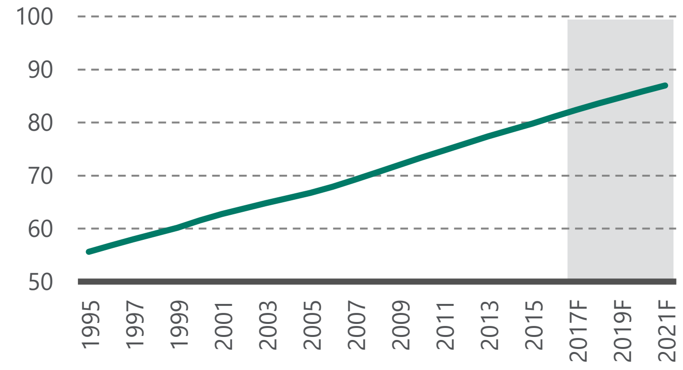
*Izcali 4, Mexico City*

# Structural Drivers Build Logistics Real Estate Demand

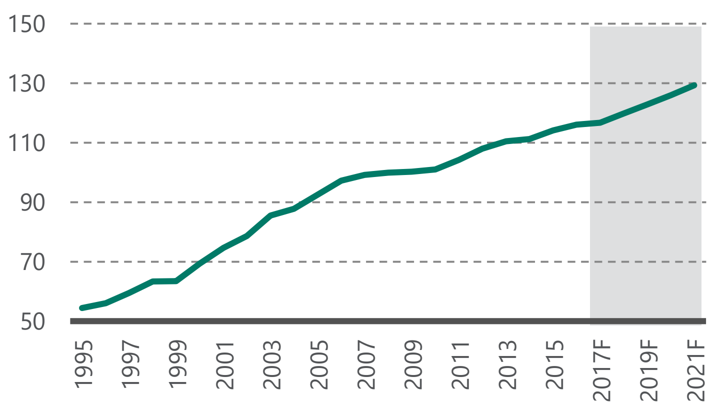
## Robust Retail Sales Growth
Index, 2008 = 100, 2008 Pesos



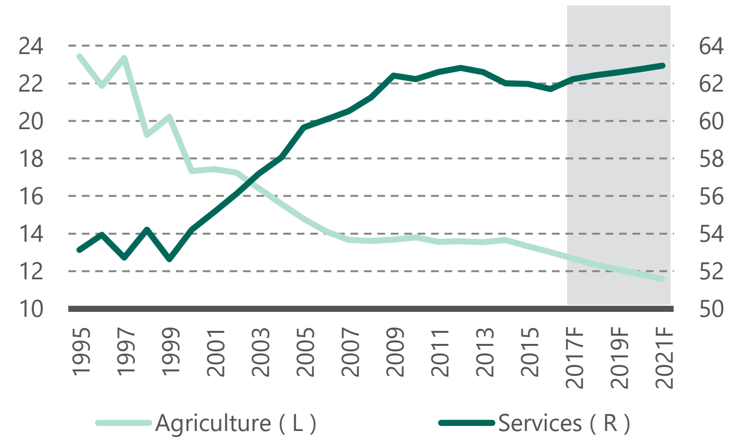

## Young & Growing Population
Working Age Population, Millions of People




## Rising Consumer Class
Personal Disposable Income, Index, 2008 = 100, 2008 Pesos




## Growth in Higher Wage Sectors
%, Ag. Jobs as a % of Total %, Services Jobs as a % of Total



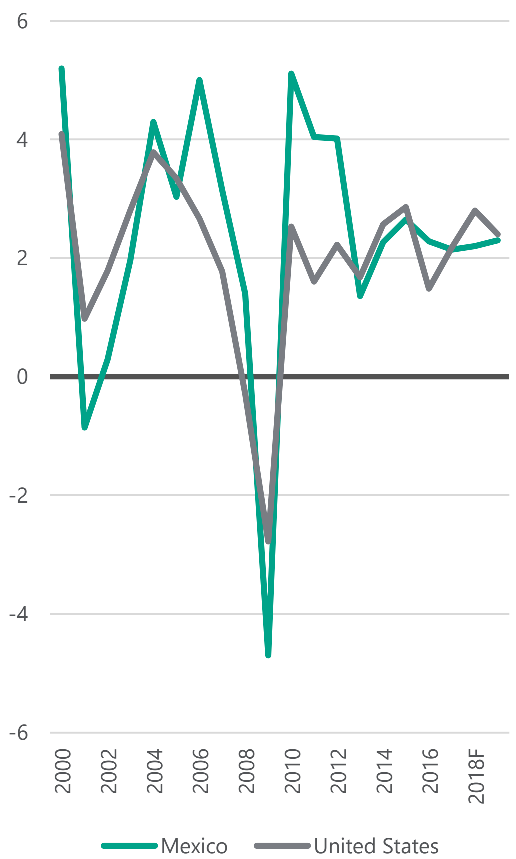

FIBRA PROLOGIS

Source: Oxford Economics, Prologis Research

# Mexico Economy Strongly Linked to U.S. Performance

## Mexico-U.S. Economies Intertwined

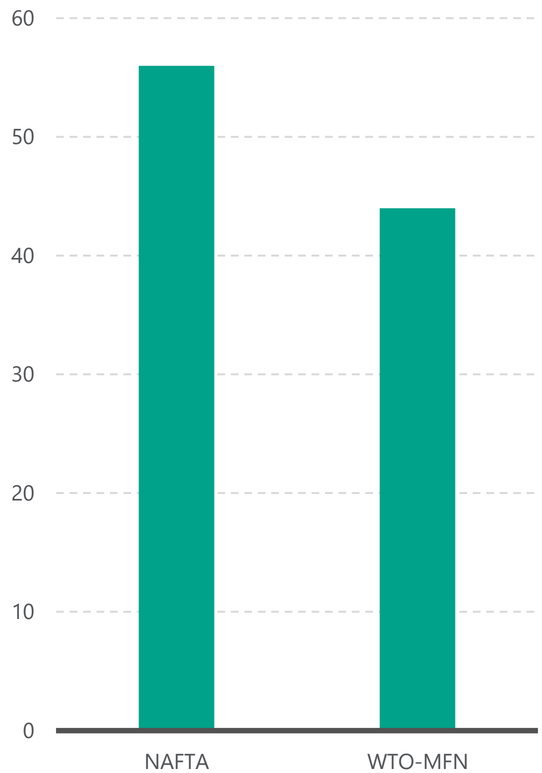
%, Real GDP Growth




Sources: IMF, Consensus Economics (forecast), Prologis Research

## Mexico Exports to U.S. by Tariff Regime

%, Share of Trade



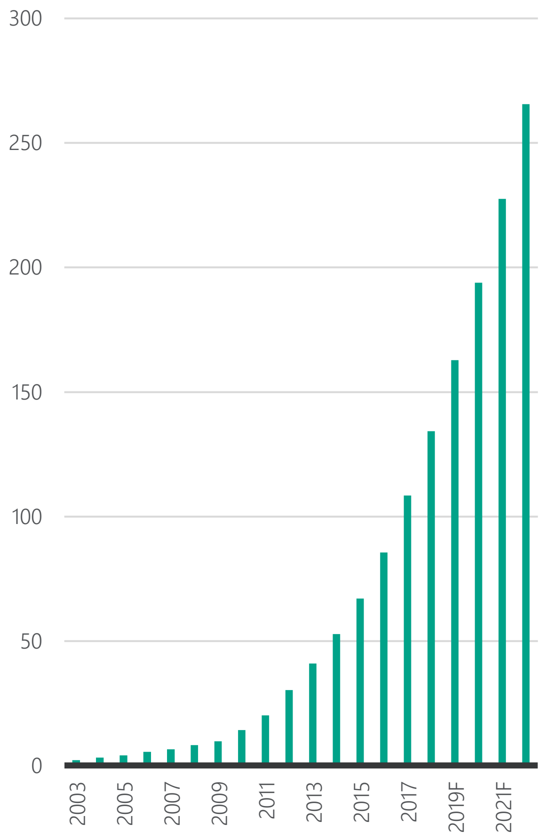

Sources: United States International Trade Commission (USITC), Goldman Sachs, Prologis Research

- Mexican economy buoyed by U.S. throughout the cycle
- North American value chains are deeply intertwined, with parts often crossing the border multiple times prior to product completion
  - Share of U.S. value added in Mexican exports is high and more than 1/3 of gross exports
- Significant share of U.S. imports from Mexico do not fall under NAFTA
- Agriculture, auto, energy and apparel sectors particularly dependent on NAFTA

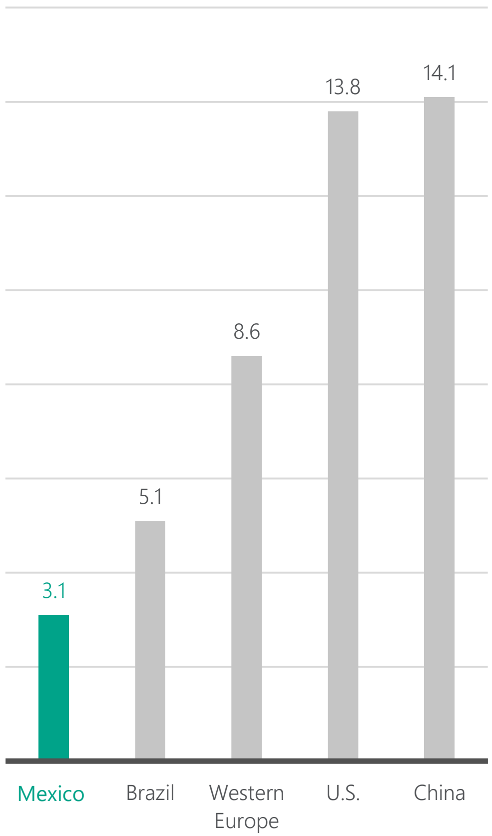
FIBRA PROLOGIS

# E-Commerce Becoming an Added Demand Driver

## Significant E-Commerce Sales, Mexico
Billions, MXN, Constant 2017 Prices




## Positive Upside in Internet Penetration
%, Internet Sales as a Share of Total Retail Sales



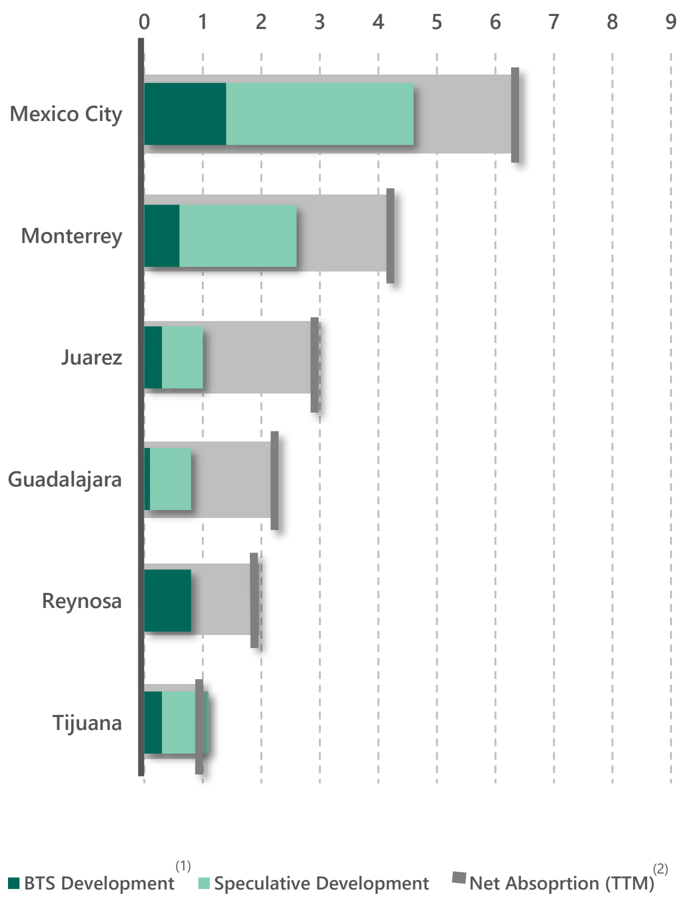

- E-commerce becoming an added tailwind for logistics real estate demand, especially in Mexico City
- Mexican e-commerce sales grew 25% year-over-year in 2017
- E-commerce penetration in Mexico still in nascent development stage relative to global market peers

FIBRA PROLOGIS

Source: Euromonitor, Prologis Research
Note: Excludes sales tax and travel spending; E-commerce sales exclude consumer-to-consumer transactions

# Real Estate Fundamentals

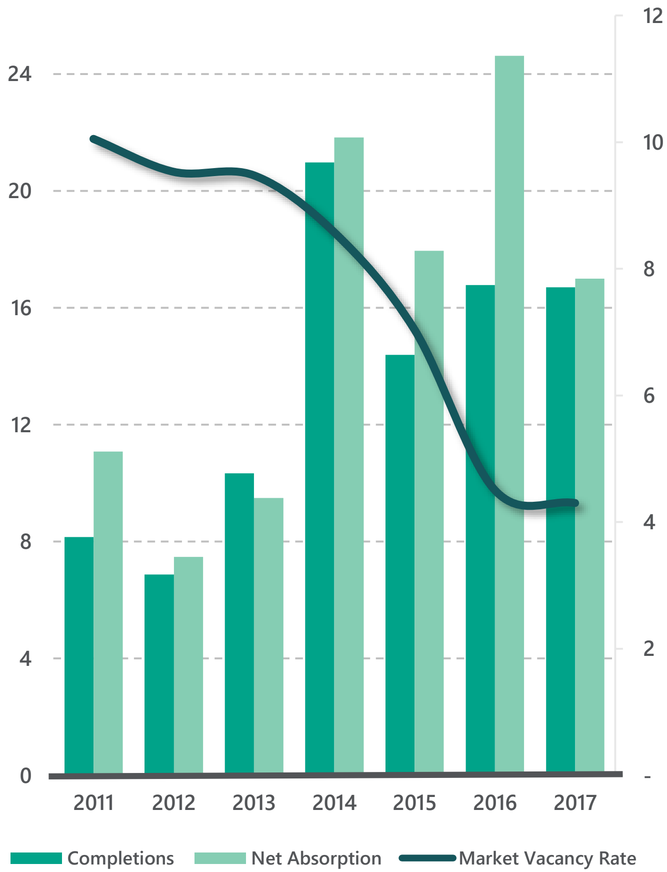
## Demand vs Supply
(MSF)




Sources: CBRE, NAI, Prologis Research

## Demand vs Supply
(MSF)

## Vacancy
(%)




Sources: CBRE, Prologis Research

- Balanced supply and demand in 2017 with historical low market vacancies
- Political uncertainty impacting development cycle more so than customer demand
- Mexico City's market vacancy for Class-A product below 1.0%
- Scarcity of available modern product is driving customers to sign pre-leases on speculative supply currently under construction in Mexico City

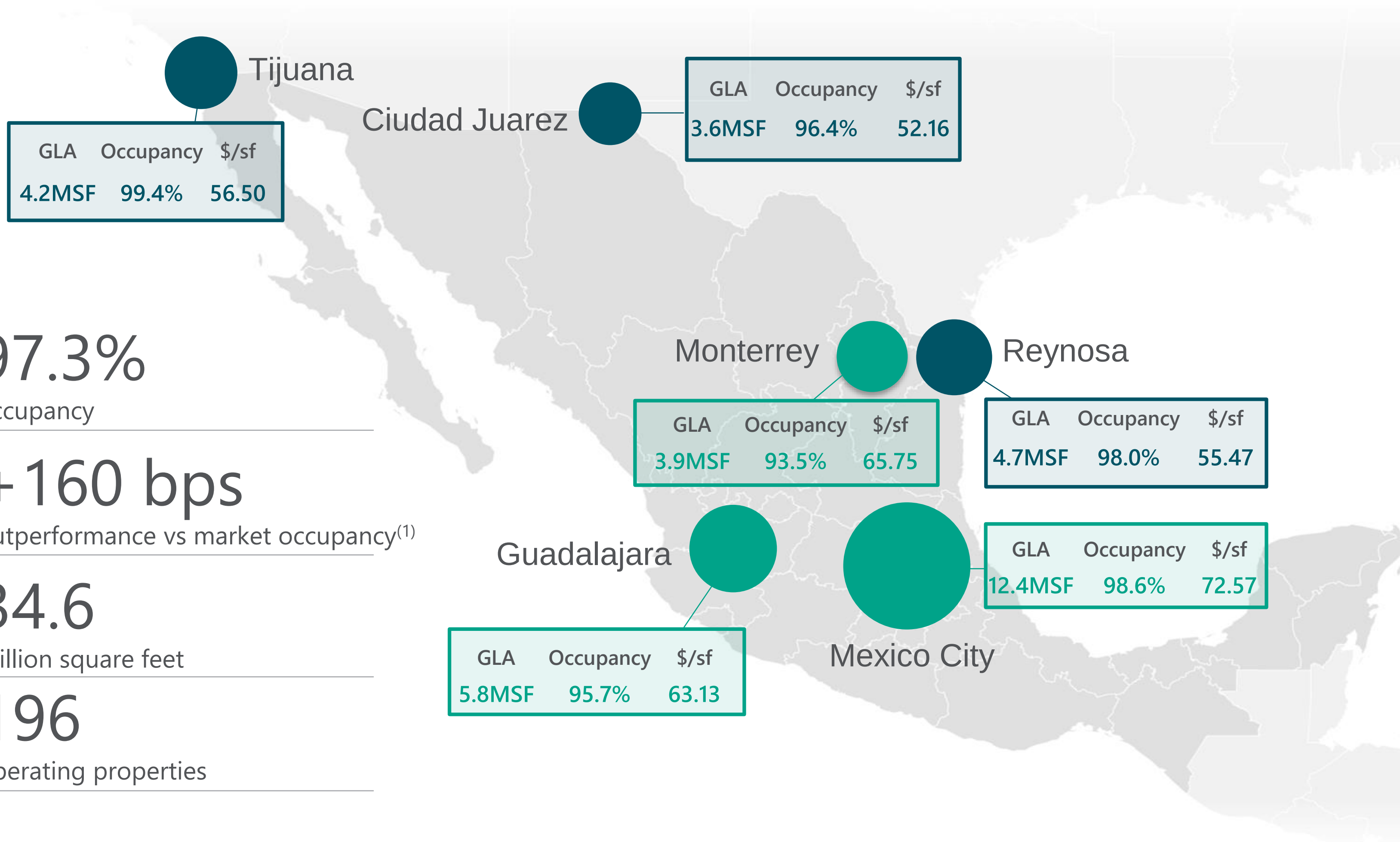
FIBRA PROLOGIS®

Data as of December 31, 2017
1. BTS is defined as build to suit
2. TTM is defined as trailing twelve months

# Operating Portfolio & Performance


*Izcalli 3, Prologis Park Izcalli, Mexico City*

# Unmatched Portfolio Focused in the Top Consumption and Manufacturing Markets




97.3%
occupancy

+160 bps
outperformance vs market occupancy[(1)]

34.6
million square feet

196
operating properties

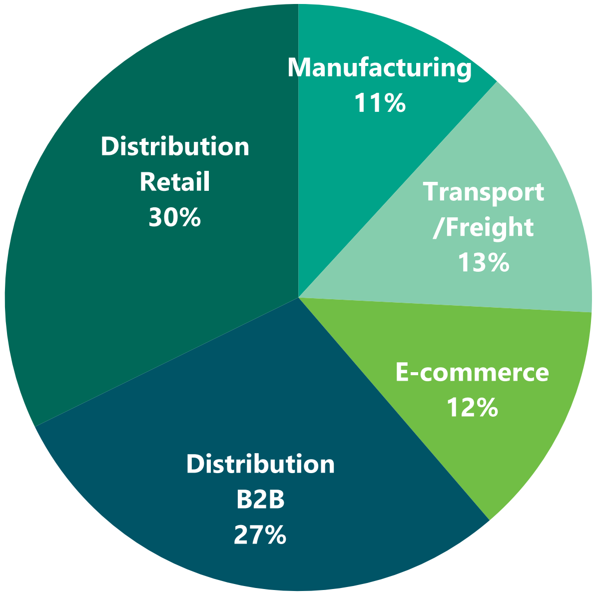
FIBRA PROLOGIS®

Data as of December 31, 2017, size of circle is proportionate to annualized 4Q17 NOI contribution in USD and $/SF are appraised values

1. Overall market vacancy for Class-A product as of December 31, 2017 was 4.3% according to estimates from CBRE, NAI and Prologis Research

# Diversified Customer Base

## Customer Activity
(%, NRA basis)




## Customer Industry
(%, NRA basis)


Our top 10 customers represent just

19%

of net effective rent

Data as of December 31, 2017; Prologis Research
Note: Industry classifications do not sum to 100%; the balance (13%) is ascribable to units where 3PL customers have more than one industry type present

FIBRA PROLOGIS®

# Serving the World's Best Brands

## Consumption Markets

## Manufacturing Markets

233

customers in Mexico have

329 leases with

FIBRA Prologis

81% of FIBRA Prologis'

customers are multinational companies(1)

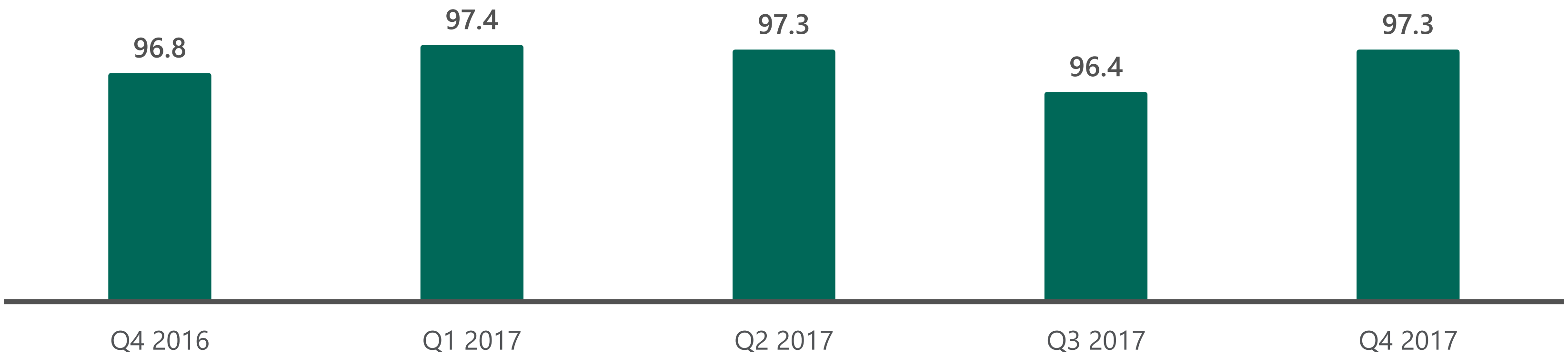
Data as of December 31, 2017;

1. As percentage of net effective rent

# Solid Operating Performance

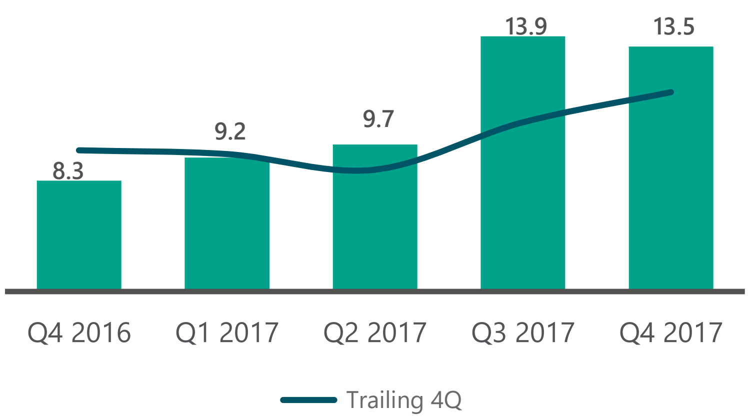
## Strong Period-End Occupancy

(%)



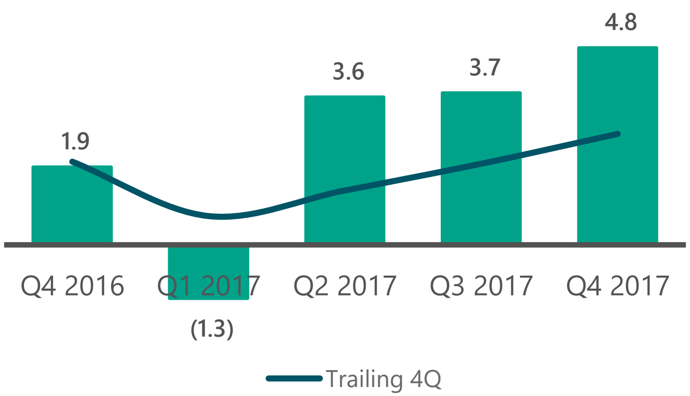

## Positive Rent Change on Rollover Expected to Continue

(%)




## Cash Same Store NOI Growth Driven by Occupancy and Rent Growth

(%)

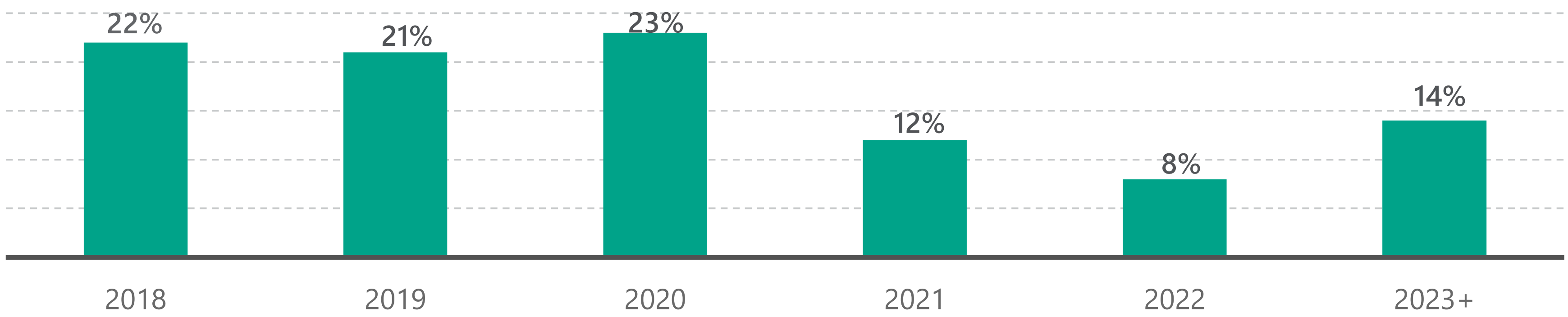



FIBRA PROLOGIS®

Data as of December 31, 2017
Note: Leasing volume was 7.8 million square feet through Dec 31

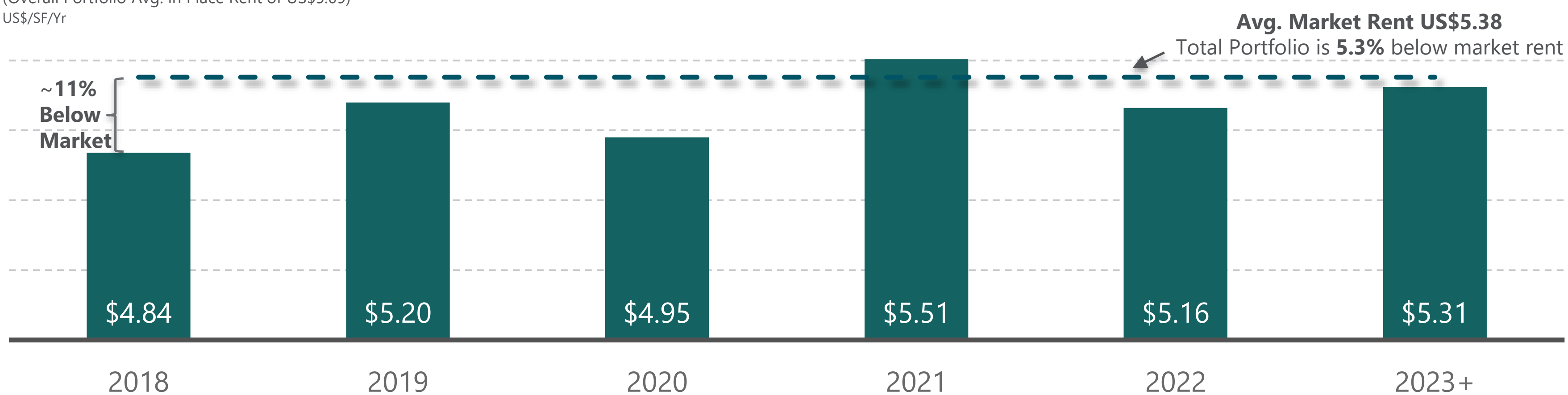
# Embedded Earnings Potential from Harvesting the Gap between In-place Rents and Market Rents

## Lease Expiry Profile by Annualized NER




## Average In-Place NER Rate of Lease Expiry Profile

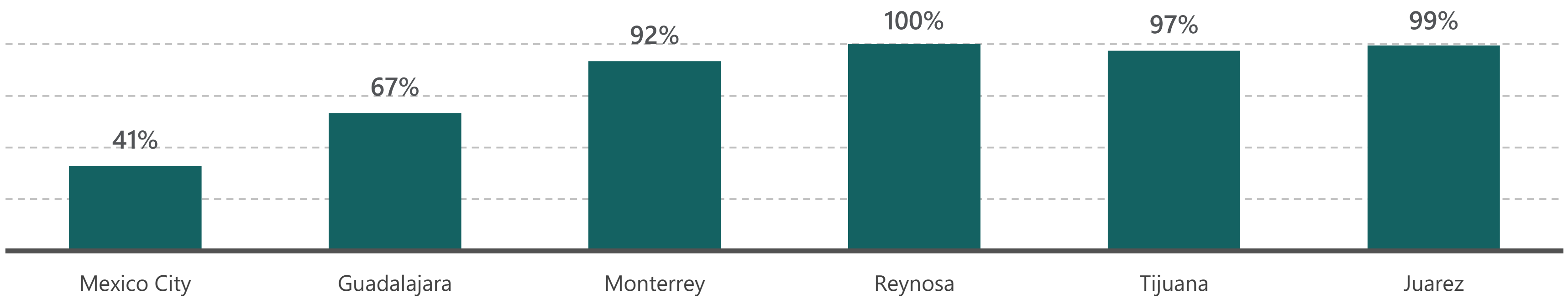
(Overall Portfolio Avg. in Place Rent of US$5.09)
US$/SF/Yr



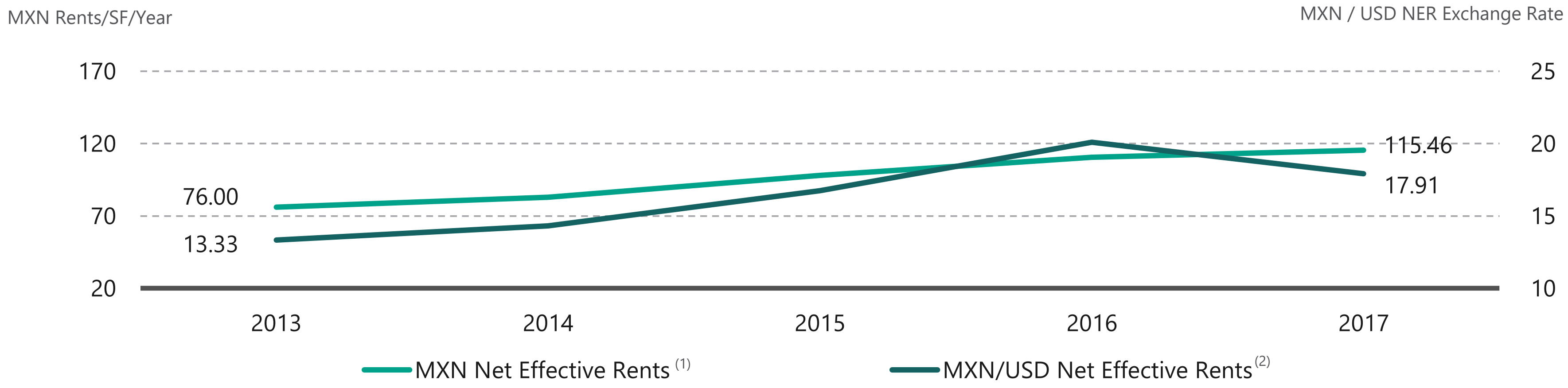

Data as of December 31, 2017

# 71% of Revenues are in U.S. Dollars

## % of FIBRA Prologis USD Revenue by Market




## Avg. Lease Rents Signed in Mexico City




FIBRA PROLOGIS®

Data as of December 31, 2017

1. MXN net effective rent per square foot per year for prime assets which are defined as a Class-A building with best-in-class design in the best submarket. An example of prime assets are those located at Prologis Park Tres Rios
2. Net effective rents signed in Mexico City in Mexican pesos and U.S dollars for Prime assets

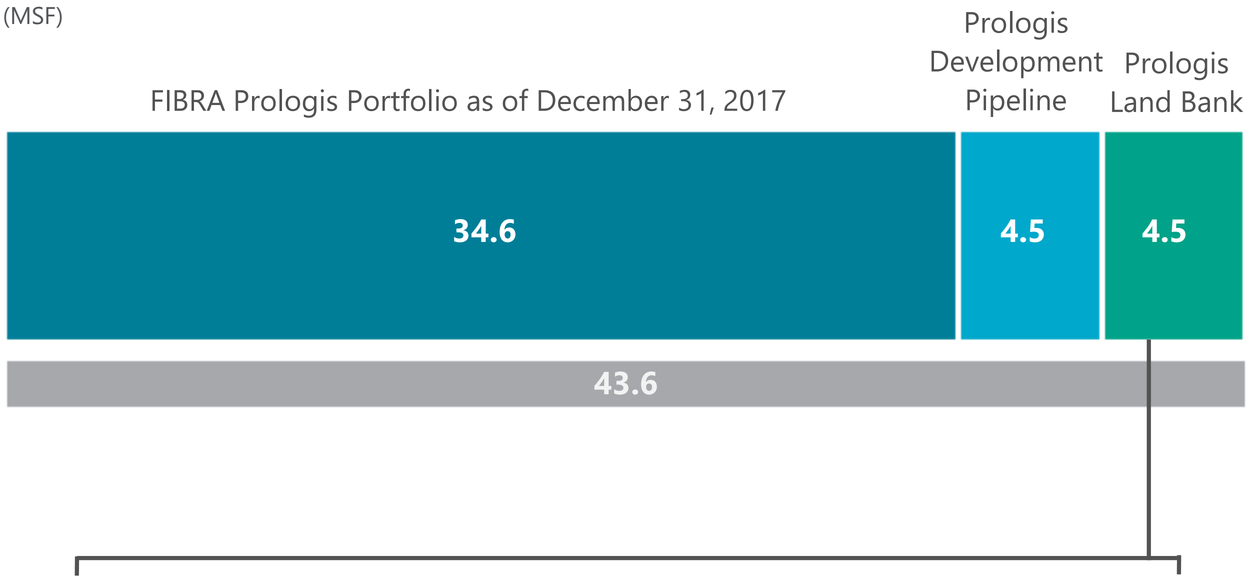
# External Growth


*Del Norte Industrial Center, Reynosa*

# External Growth: Identified Future Growth Acquisitions

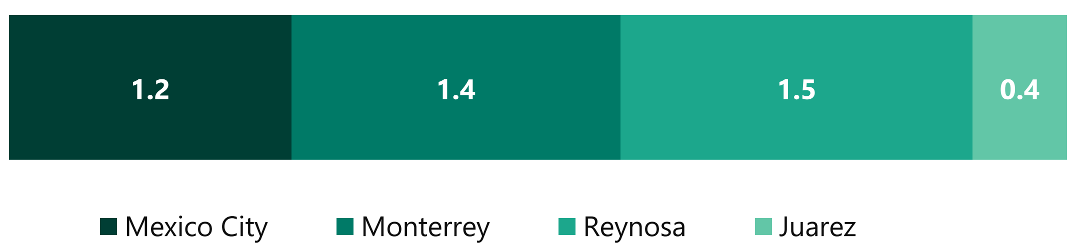
## External Growth via Prologis Development Pipeline

(MSF)




## Prologis Land Bank Based on Buildable SF

(MSF)




## Unique Competitive Advantage

- Proprietary access to Prologis development pipeline at market values
- Exclusive right to third-party acquisitions sourced by Prologis
- 26% growth potential in the next 3 to 4 years

## Prologis Development Pipeline

| | GLA (MSF) | % Leased |
|---|---|---|
| Mexico City | 2.9 | 80% |
| Guadalajara | 0.5 | 89% |
| Monterrey | 0.9 | 89% |
| Ciudad Juarez | 0.2 | 0% |
| **Total** | **4.5** | **79%** |

# Potential Future Investments

## Prologis Park Grande

- Location: **Mexico City**
- Land Size: **212.3 acres, 9.3 MSF**
- Potential Build Out: **3.9 MSF**
- Fully leased: Buildings 1, 3, 4, 7 and 8 (**2.2 MSF**)
- Built: Buildings 3, 4 and 8 (**0.9 MSF**)
- Built and partially leased: Building 6 (**0.3 MSF**)
- Under construction: Building 1 **(1.0MSF)**

## Unique Competitive Advantage:

- State of the art logistics park focused on e-commerce customers and consolidation of 3PL customers
- Strategically located in the land constrained premier Class-A building corridor of Mexico City


FIBRA PROLOGIS®

Note: The properties at Prologis Park Grande are owned by Prologis and no assurances can be given that FIBRA Prologis will acquire these properties

# Capital Structure

*Ladero, Intermodal Facility, Mexico City*

# Disciplined Balance Sheet Management

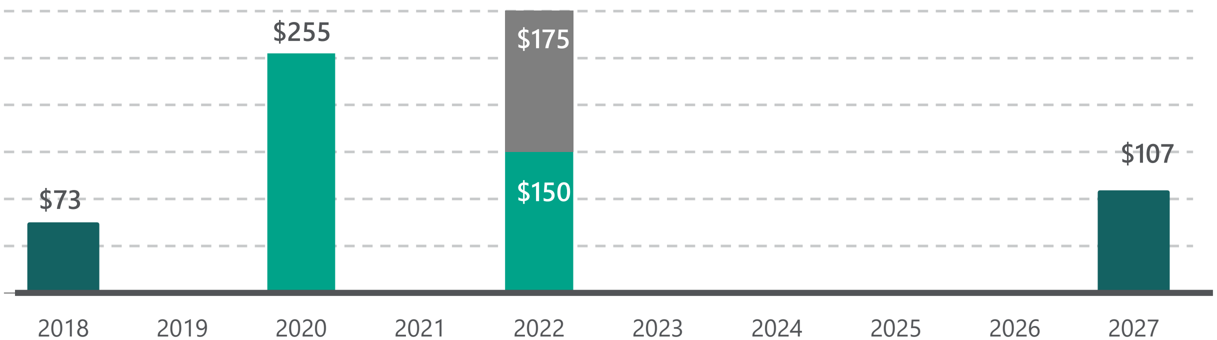
## Debt Maturity Schedule

(Debt = US$759M)

(US$ in millions)

Wtd Avg Term 4.2 years

Wtd Avg Rate 4.0%

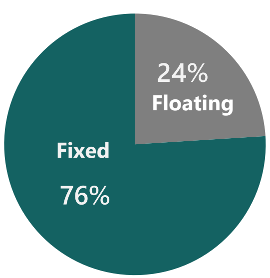



| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Interest Rate[1]:** | --- | 5.0% | --- | 3.5% | --- | 3.5% | --- | --- | --- | --- | 4.7% |

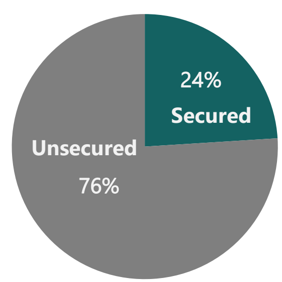
Secured Debt   Unsecured Debt   Unsecured LOC

- All debt issued in USD
- Capital Structure:
  - 4.0% overall cost of debt
  - Loan-to-value: 33.6%
  - Liquidity: US$319M[1]
  - Fixed coverage: 4.16x
  - Debt to adj. EBITDA: 5.19x

## Fixed vs. Floating Debt[2]




## Secured vs. Unsecured Debt




Data as of December 31, 2017

1. Liquidity is comprised of US$19M of cash, US$150M undrawn from unsecured credit facility and US$150M from the accordion feature
2. On October 18, 2017, FIBRA Prologis executed an interest rate swap on the $150M unsecured term loan at a fixed rate of 1.752% for a three year term

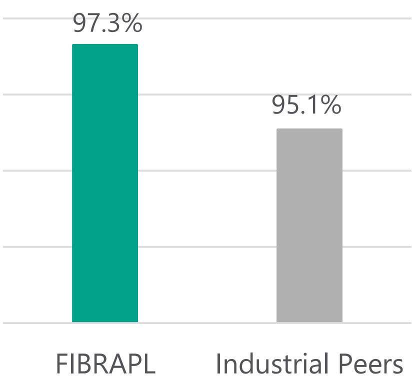
FIBRA PROLOGIS®

# Valuation

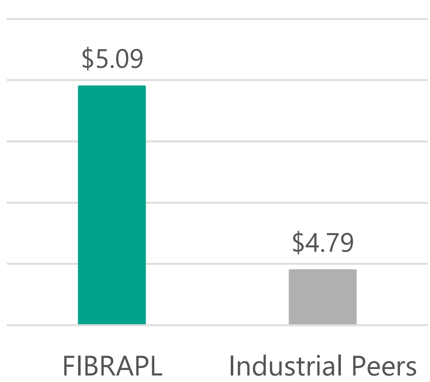

*Prologis Park Centro Industrial, Ciudad Juarez*

# Compelling Valuation

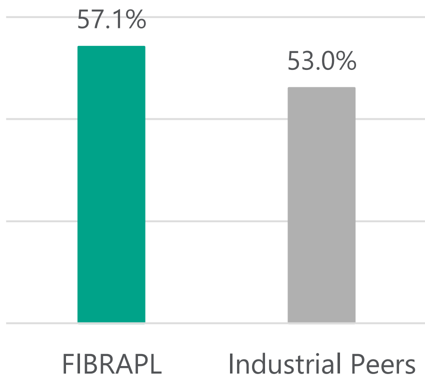
### Occupancy



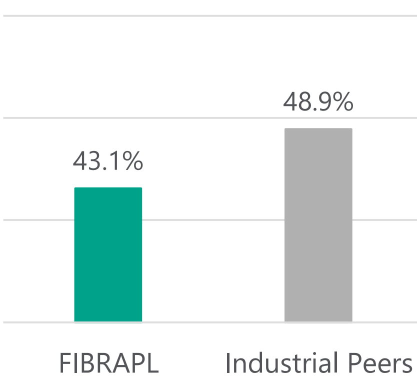

### In-Place Rent per SqFt




### FFO Margin




### AFFO Margin




FIBRA Prologis shares represent an attractive entry point trading at a:

- Discount to NAV
- FFO Multiple slightly below its peers

Certificates are undervalued despite our superior portfolio quality, desirable market concentrations, market leading performance (i.e. occupancy, in-place rent per sq ft and FFO margin), growth profile and total return since IPO



Data as of December 31, 2017 and stock price as of February 28, 2018. Industrial peers are FIBRA Macquarie, FIBRA Uno, Terrafina and Vesta, weighted on industrial NRA

1. FFO is based on Factset consensus estimates for 2018

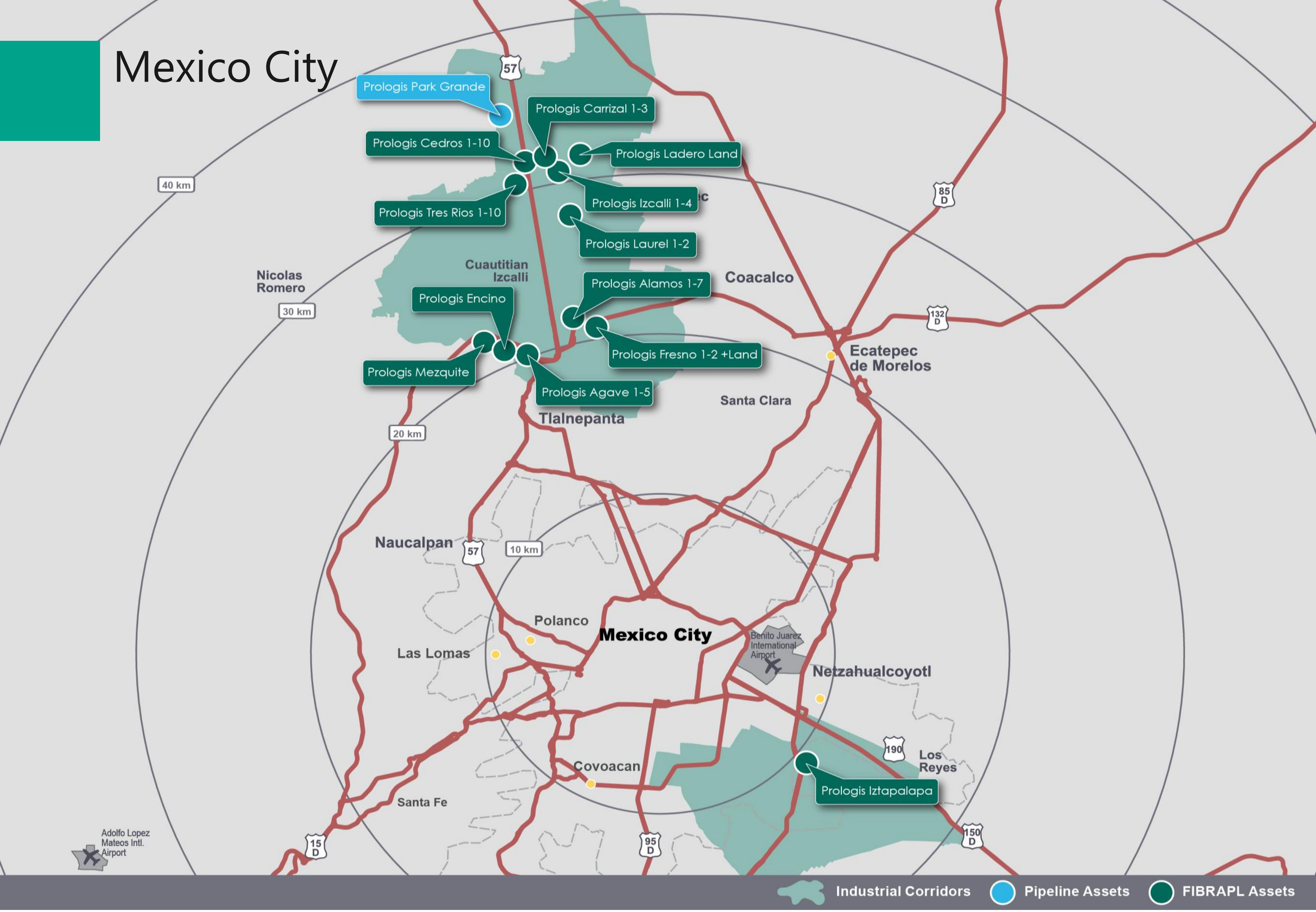
## Location and Quality Matters

- 60% Total Return Since IPO
- Raised the distribution four consecutive years
- Superior organic growth
- Reliable and sustainable cash flow
- Access to Prologis development pipeline
- Disciplined balance sheet management
- Strong corporate governance

# Appendix


*Prologis Park Apodaca, Monterrey*

# Mexico City




FIBRA PROLOGIS®

# Business with High-Profile Customers


## Prologis Tres Rios Industrial Park:

- Location: **Mexico City (Northern CTT Corridor[1])**
- Net Rentable Area: **2.7MSF**
- Market Rents: **US$5.70 - US$6.00/SF/Yr**
- Occupancy: **100%**
- Average Building Age: **8 years**
- Average Remaining Lease Term: **2.1 years**

## Unique Park Features:

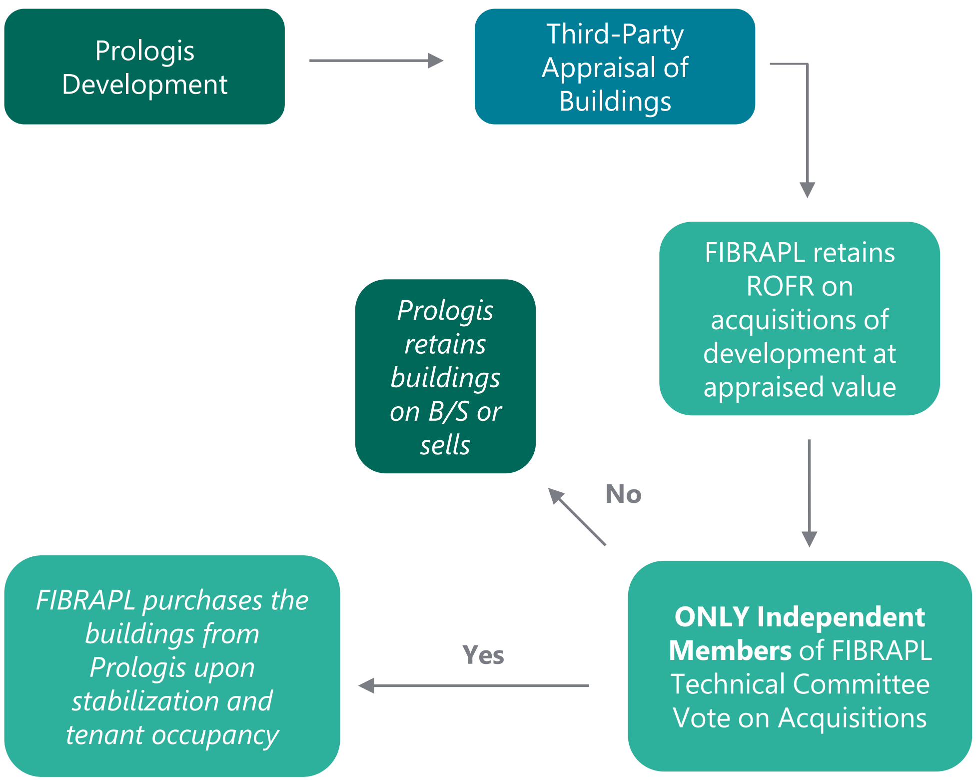
- Infill location in a sub-market with land scarcity
- Enclosed park provides unique security feature to our customers
- Recently developed logistic park that complies with global industry standards
- Location and product quality provide our customers opportunity to improve operating efficiencies

FIBRA PROLOGIS

1. CTT corridor is defined as Cuautitlán, Tepotzotlán and Tultitlán-Izcalli corridor located in the northern part of Greater Mexico City area by the NAFTA highway; Data as of December 31, 2017

# Alignment with Certificate Holders

## Related Party Acquisitions




## Technical Committee Members

| 5 Independent Members | 3 Prologis Members |
|---|---|

- Technical Committee members are ratified annually by certificate holders

## Corporate Governance Matters

- Prologis' **46%** ownership of FIBRA Prologis, demonstrates alignment with certificate holders
- Prologis has **ranked 1st** every year in Green Street Advisors' annual corporate governance rankings since 2003

# Fee Structure – Transparent and Aligned

| | Fee Type | Calculation | | Payment Frequency |
|---|---|---|---|---|
| Operating Fees | Property Management | 3% x collected revenues | | Monthly |
| | Leasing Commission<br>***Only when no broker is involved*** | *New leases:* 5% x lease value for <5 yrs;<br>2.5% x lease value for 5-10 yrs;<br>1.25% x lease value for > 10 yrs<br>*Renewals*: 50% of new lease schedule | | ½ at closing<br>½ at occupancy |
| | Development Fee | 4% x property and tenant improvements and construction cost | | Project completion |
| Administration Fees | Asset Management | 0.75% annual × appraised asset value | | Quarterly |
| | Incentive | Hurdle rate | 9% | Annually at IPO anniversary |
| | | High watermark | Yes | |
| | | Fee | 10% | |
| | | Currency | 100% in CBFIs | |
| | | Lock up | 6 months | |

FIBRA PROLOGIS®

# Sustainability / Social Responsibility

WE CARE

Over 10% of FIBRA Prologis' Portfolio is LEED Certified and
100% of new development by sponsor, Prologis, is built to LEED Certification

FIBRA PROLOGIS®