



*Prologis Tres Rios Industrial Park, Mexico City*

# FIBRA PROLOGIS

BTG Pactual Non-Deal Roadshow

June 1-3, 2020



# Forward-Looking Statements / Non Solicitation

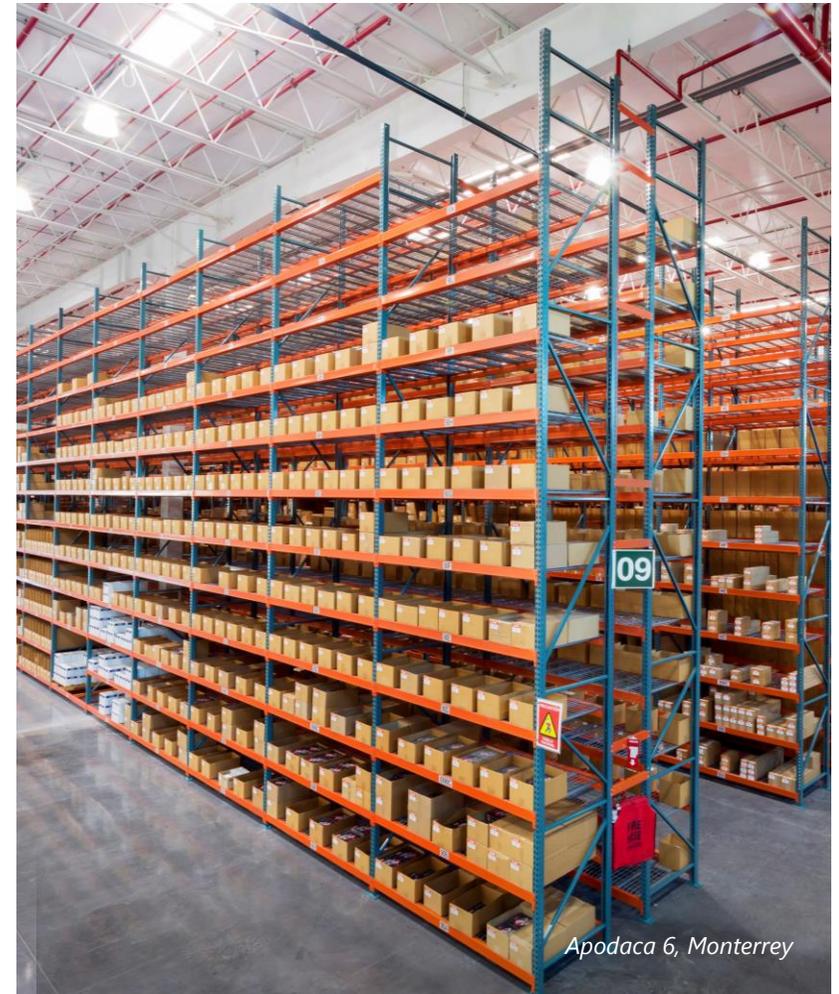
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The statements in this release that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which FIBRA Prologis operates, 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, (ix) risks related to the current coronavirus pandemic, and (x) 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.

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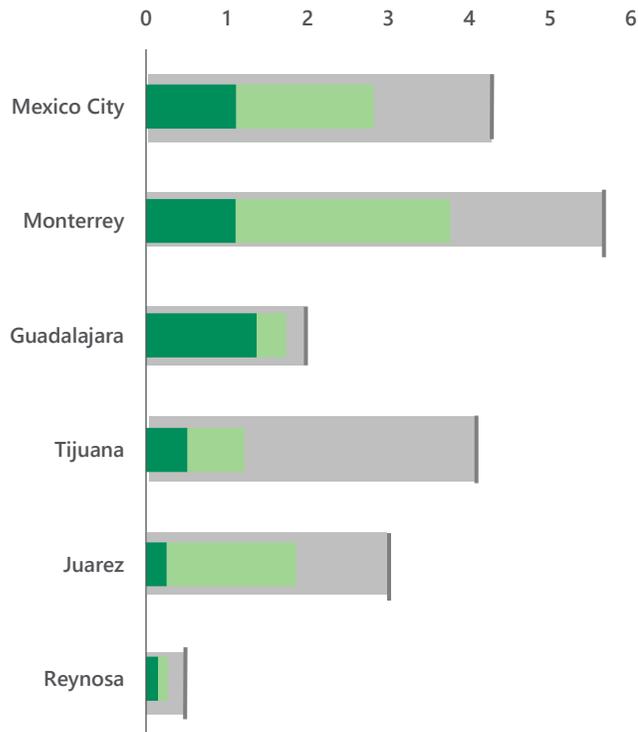




# Industrial Real Estate Fundamentals & Structural Drivers

# Real Estate Fundamentals

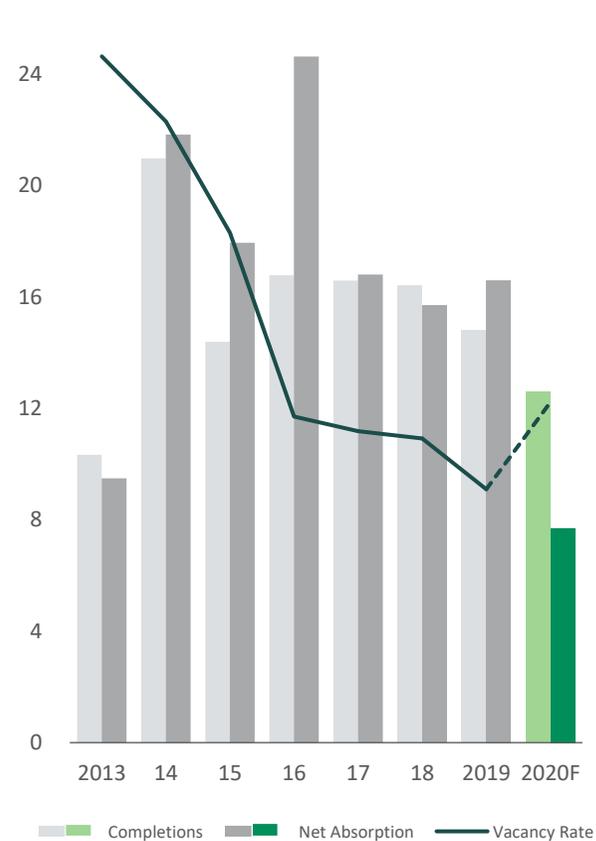
## DEMAND (TTM) VS SUPPLY (PIPELINE) (MSF)



■ BTS Development<sup>(1)</sup> ■ Speculative Development ■ Net Absorption (TTM)<sup>(2)</sup>

Sources: CBRE, NAI, Prologis Research

## DEMAND VS SUPPLY (MSF)



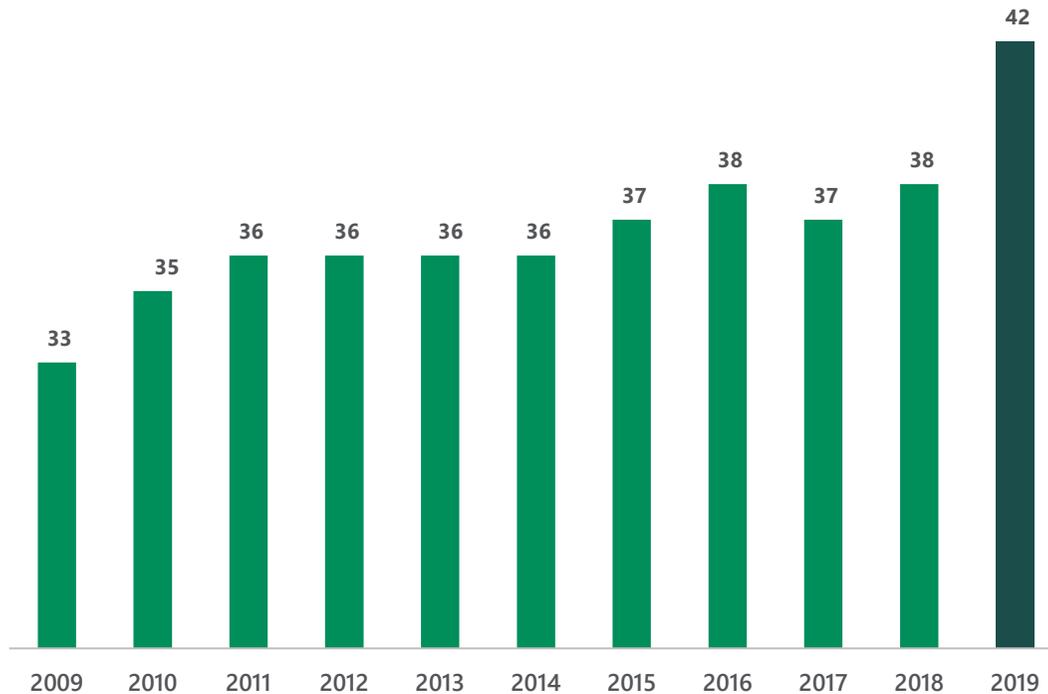
Sources: CBRE, Prologis Research

## VACANCY (%)

- Political uncertainty impacting development cycle more so than customer demand
- Mexico City's market vacancy for Class-A product is ~2.2%
- Scarcity of available modern product is driving customers to sign pre-leases on speculative supply currently under construction in Mexico City

# Nearshoring: Growth in Mexico-to-US Manufacturing

**TOTAL MANUFACTURED GOODS IMPORTS FROM MEXICO AS % OF IMPORTS FROM ASIAN LOW-COST COUNTRIES**



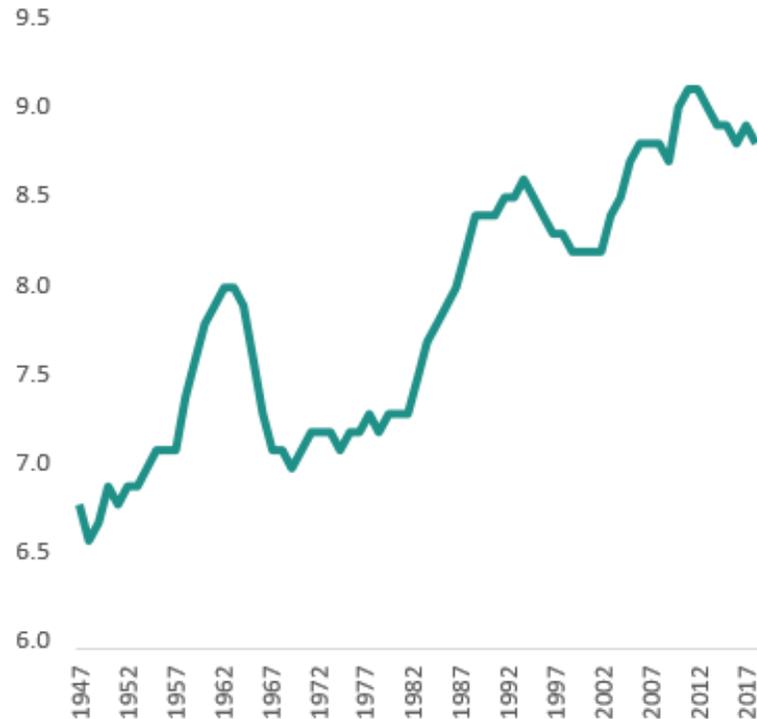
- In 2019, the U.S. imported 42 cents worth of manufacturing imports from Mexico for every dollar of manufacturing imports from Asia
- 75% less time to transport goods to the end customer in the U.S. from Mexico vs Asia
- 20-30% savings in production cost by manufacturing in Mexico vs U.S.

Sources: United States International Trade Commission, United States Department of Commerce Bureau of Economic Analysis; Kearney analysis

# Automation: Adoption of Manufacturing Technology Evolves Gradually

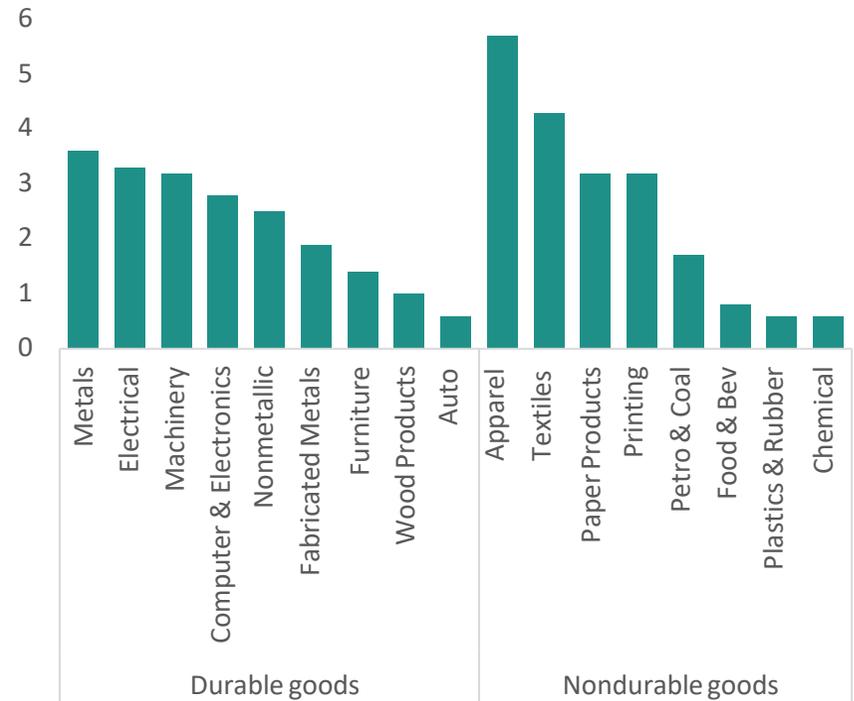
**AVERAGE AGE OF MFG EQUIPMENT, U.S.**

Years



**CHANGE IN EQUIPMENT AGE BY SECTOR**

Years, change between 1980 and 2017



# Structural Drivers Offer Operating Environment Durability

## MODERN LOGISTICS STOCK PER CAPITA

Square Feet per Consumer Household

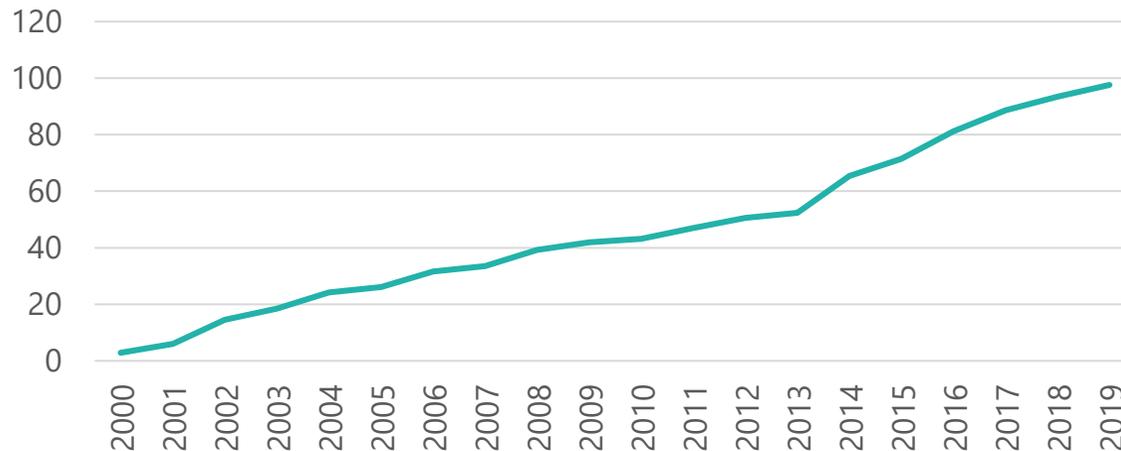


Source: CBRE, C&W, JLL, Colliers, NAI, Oxford Economics, Prologis Research

- Undersupply of modern logistics stock in Greater Mexico City driven by:
  - Scarcity of well-located sites / access to roadways south of the CTT tollbooth
  - Economic / supply chain modernization began less than 25 years ago
  - Lengthy land entitlement processes

## OCCUPIED STOCK, GREATER MEXICO CITY

Millions, Square Feet



Source: CBRE, C&W, JLL, Colliers, NAI, Oxford Economics, Prologis Research

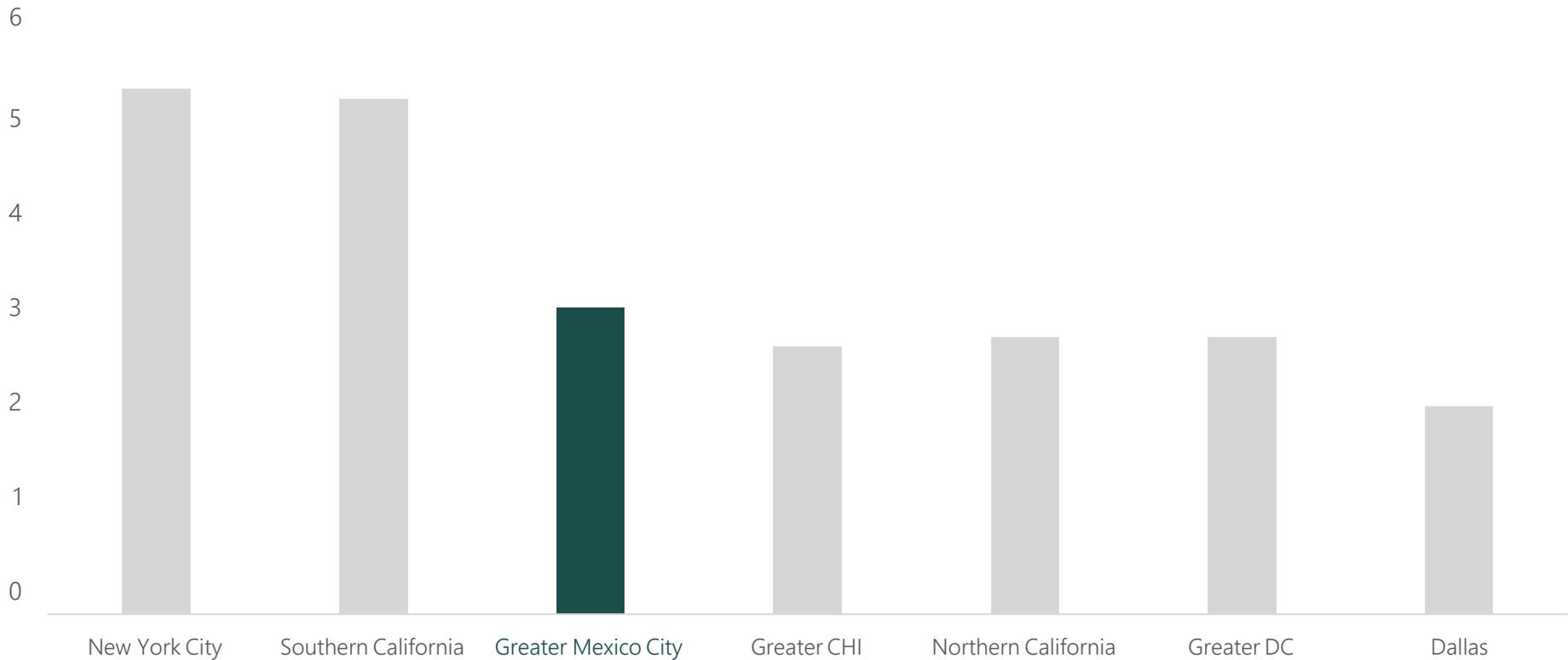
- Mexico City occupied stock has increased 35x since 2000
- Adoption of modern logistics facilities, as well as emerging consumer class, the primary drivers

# Mexico City is a rapidly growing urban consumer market

Expected to be the third largest affluent urban population in North America within the next decade

## AFFLUENT HOUSEHOLDS, MAJOR CONSUMER MARKETS (2030F)

Millions of Households Earning >\$70k USD per Year, PPP-adjusted Constant USD

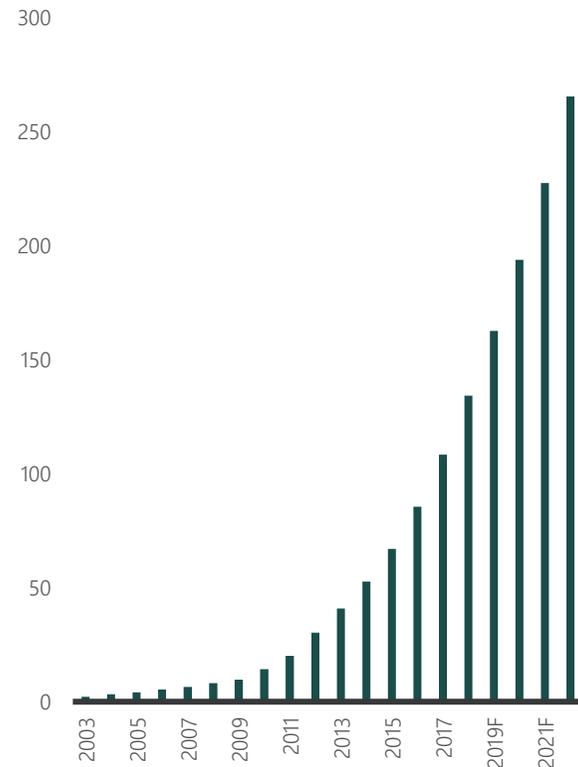


Source: Oxford Economics, Prologis Research

# E-Commerce Becoming an Added Demand Driver

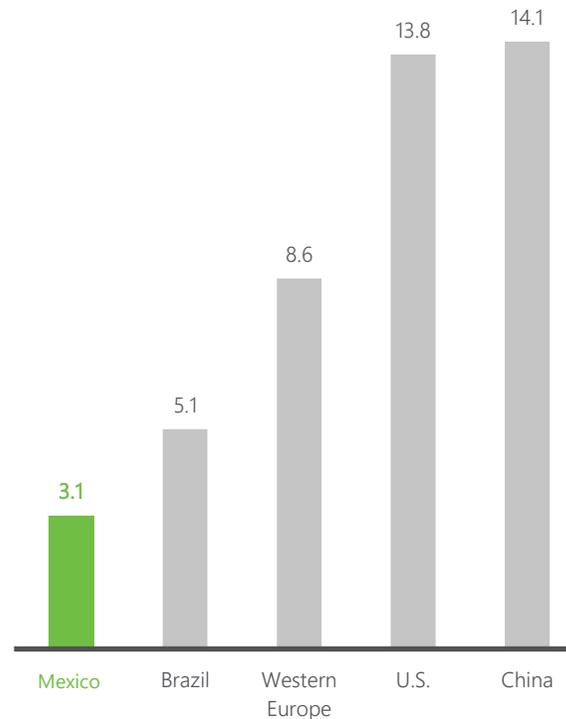
## SIGNIFICANT E-COMMERCE SALES, MEXICO

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 growing rapidly by >20% year-over-year
- E-commerce penetration in Mexico still in nascent development stage relative to global market peers
- Intensive users of logistics space; ~3X traditional brick & mortar
- Mexico projected to exceed USD\$20B in e-commerce sales, surpassing Argentina in 2019 and based on current trajectory, best the Latin American leader, Brazil, by 2022<sup>(1)</sup>

Source: Euromonitor, Prologis Research

Note: Excludes sales tax and travel spending; E-commerce sales exclude consumer-to-consumer transactions

1. eMarketer, "Daily Forecast: Mexico Closes in on Brazil as the Biggest Retail Ecommerce Market in Latin America", July 11, 2019

# E-Commerce Requires ~3X the Distribution Space of Traditional Retail

	Sales US\$, B	Facilities SF, M	Productivity US\$ / SF	Efficiency SF / \$1B
 <p><b>Online</b></p>	\$228B	286	\$799	1,251 KSF
 <p><b>Brick &amp; Mortar</b></p>	\$1,068B	510	\$2,091	478 KSF

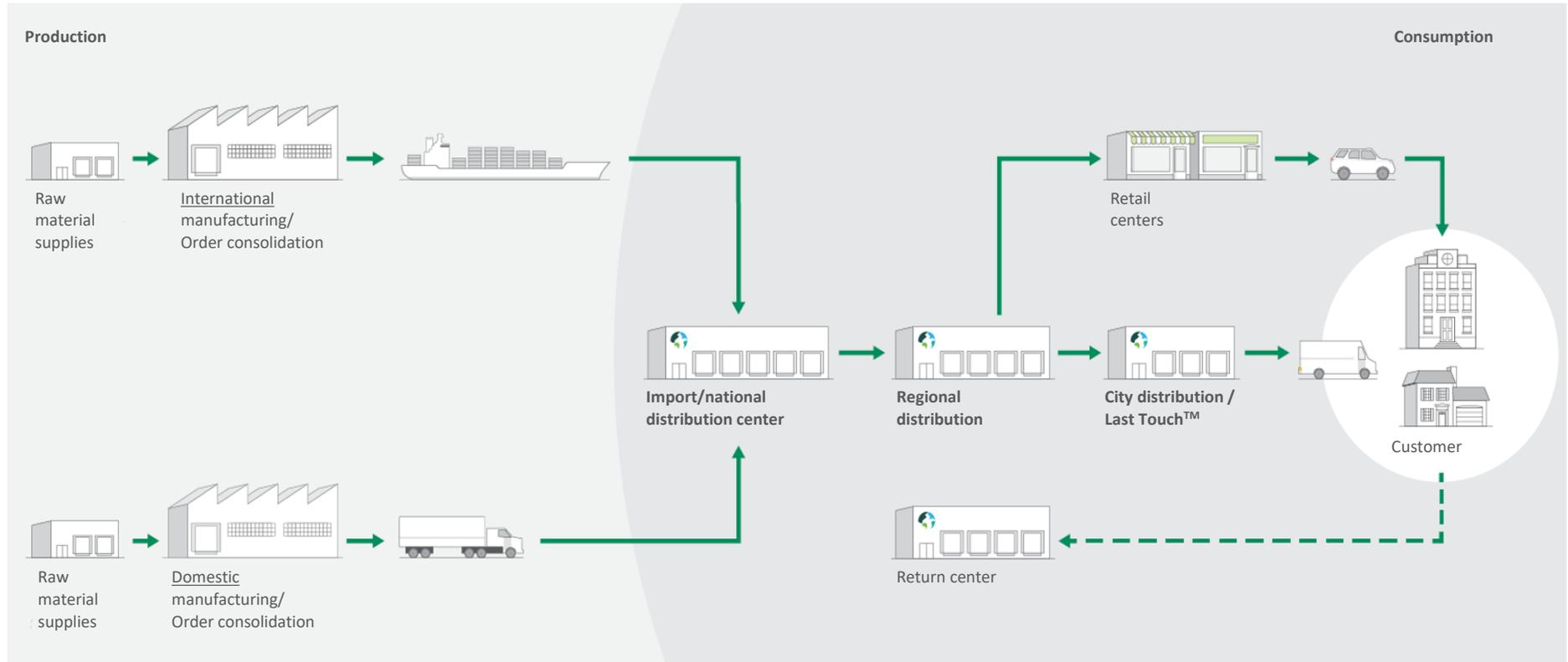
**+ 3x**

E-fulfillment requires 3X the logistics space used of brick-and-mortar retailers due to:

- Shipping parcels versus pallets
- High inventory level
- Broader product variety (ie increased SKUs)
- Reverse logistics

# Location Matters

## CONTINUUM OF LOGISTICS REAL ESTATE LOCATION REQUIREMENTS



- Creating more flexible and reactive supply chains has led to a decentralized distribution model, as opposed to centralized pooling of inventory as done in the past
- Emergent location requirements concentrate on the nodes nearest to consumers:
  - Regional distribution facilities
  - Last Touch® centers

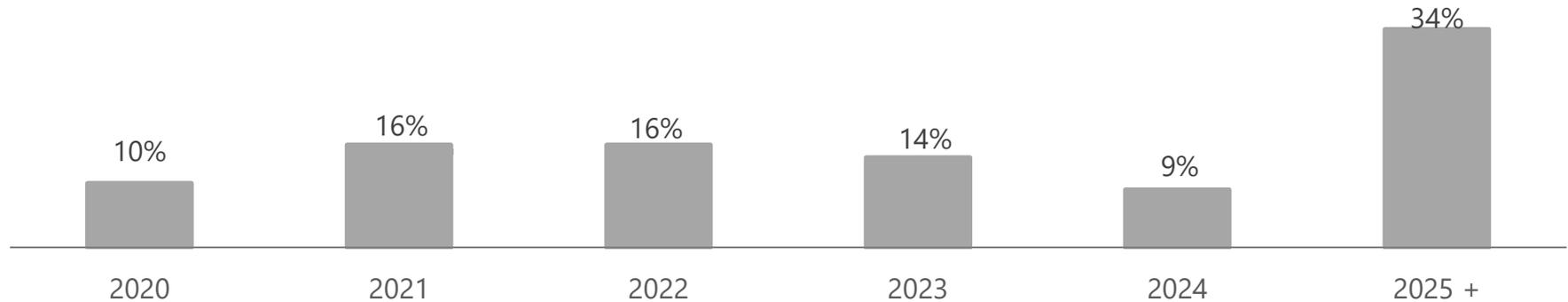


Prologis Park Grande 2, Mexico City

# Opportunities for Growth

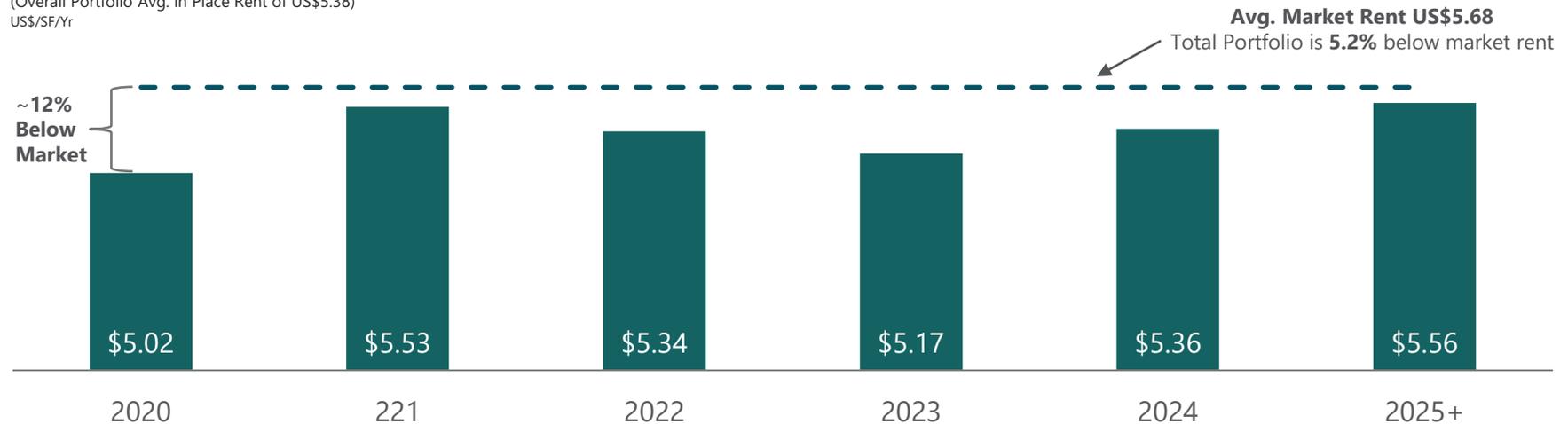
# Embedded Earnings Potential from Harvesting the Gap between In-place Rents and Market Rents

## LEASE EXPIRY PROFILE BY ANNUALIZED NER



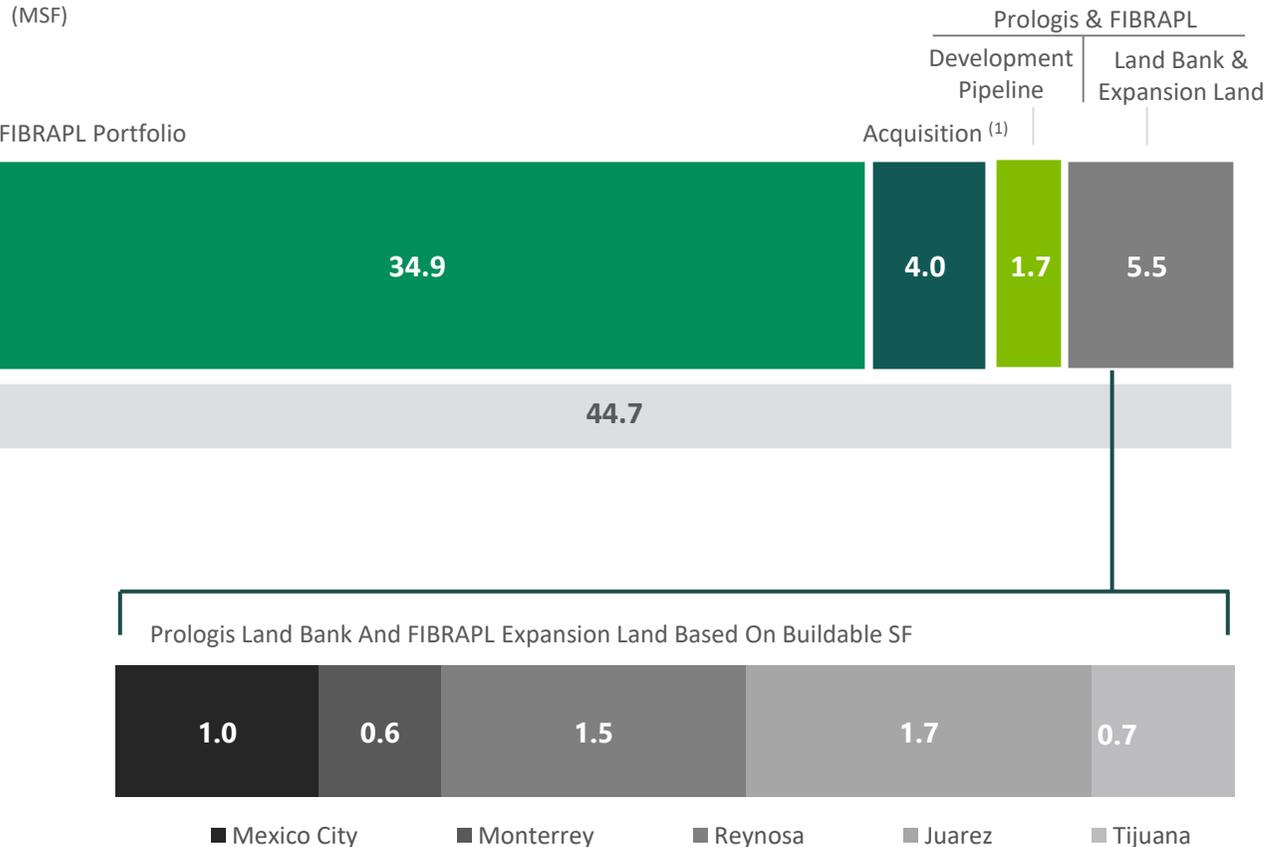
## AVERAGE IN-PLACE NER RATE OF LEASE EXPIRY PROFILE

(Overall Portfolio Avg. in Place Rent of US\$5.38)  
US\$/SF/Yr



# External Growth: Identified Future Growth Acquisitions

## EXTERNAL GROWTH VIA PROLOGIS DEVELOPMENT PIPELINE



## UNIQUE COMPETITIVE ADVANTAGE

- Proprietary access to Prologis development pipeline at market values
- Exclusive right to third-party acquisitions sourced by Prologis
- 32% growth potential in the next 3 to 4 years, subject to market conditions and financial availability

## PROLOGIS DEVELOPMENT PIPELINE<sup>(2)</sup>

	GLA (MSF)	% Leased
Monterrey	0.9	89%
Ciudad Juarez	0.4	58%
Tijuana	0.4	100%
<b>Total</b>	<b>1.7</b>	<b>84%</b>

Data as of March 31, 2020, except where noted

Note: All potential acquisitions, regardless of source, are evaluated by management, factoring in real estate and capital market conditions, and are subject to approval by FIBRA Prologis' Technical Committee. We can provide no assurance that these properties will be offered to FIBRA Prologis, or if offered, that FIBRA Prologis will acquire them.

1. FIBRA Prologis acquired Prologis Park Grande which consists of 4.0MSF in Mexico City on April 6, 2020
2. Excluding the 4.0MSF in Mexico City that was acquired on April 6, 2020



## FIBRA Prologis Key Differentiators

# 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<sup>(1)</sup>

- Average age of 16 years
- 95% Class-A/A+ buildings
- 83% of buildings located in master-planned parks

## SOLID TRACK RECORD

- Leadership team with over 28-years of experience
- ~124% total stock return since IPO<sup>(2)</sup> or 14.4% CAGR<sup>(2)</sup>
- ~38% growth in FMV of total operating portfolio (including acquisitions) and ~16% growth in FMV of just the IPO portfolio<sup>(3)</sup>

## STRONG BALANCE SHEET

- Conservative leverage
- Liquidity emphasis provides increased flexibility



Source: FIBRA Prologis, CBRE, Bloomberg

1. Data as of March 31, 2020

2. IPO was June 4, 2014; total return and CAGR calculated in Mexican Pesos on May 29, 2020

3. Comparison of fair market value of the portfolio between June 4, 2014 and March 31, 2020

# Unmatched Portfolio Focused in the Top Consumption and Manufacturing Markets

96.8%

Occupancy<sup>(1)</sup>

+20 bps

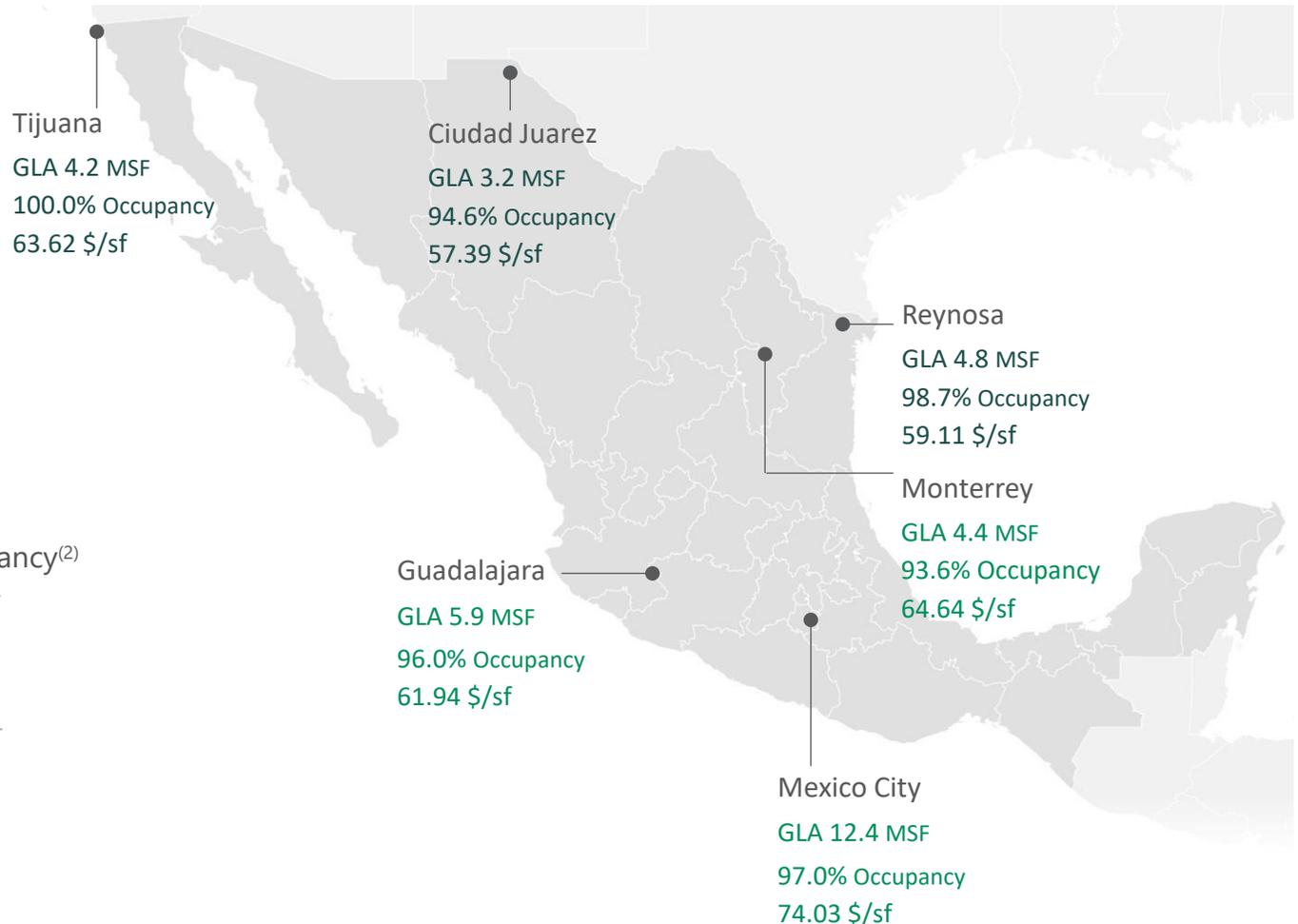
Outperformance vs Market Occupancy<sup>(2)</sup>

34.9

Million Square Feet

191

Operating Properties<sup>(3)</sup>



Data as of March 31, 2020

1. Operating properties only

2. Overall market vacancy for Class-A product as of March 31, 2020 was 3.4% according to estimates from CBRE, NAI and Prologis Research

3. Includes one value-added acquisition property that is not in the operating pool

# Diversified Customer Base

**230**  
customers in Mexico  
have

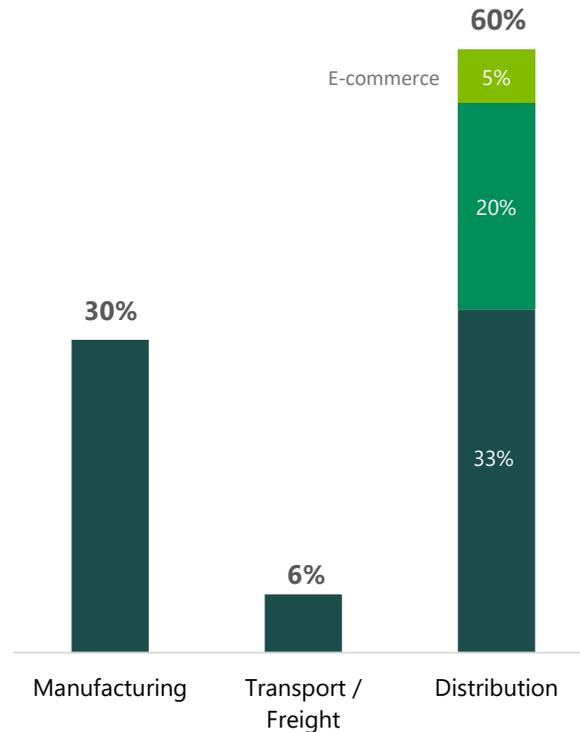
**327** leases with FIBRA  
Prologis

**86%** of FIBRA Prologis'  
customers are multinational  
companies<sup>(1)</sup>

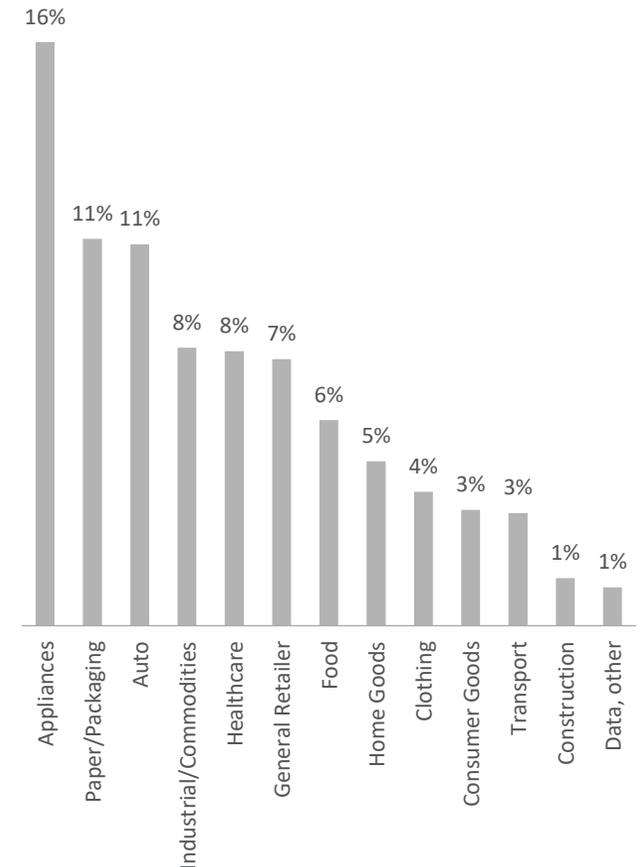
Our top 10 customers  
represent just

**20.0%**  
of net effective rent

**CUSTOMER ACTIVITY**  
%, NRA basis



**CUSTOMER INDUSTRY**  
%, NRA basis



Source: Prologis Research. Data as of March 31, 2020

Note: Industry classifications do not sum to 100%; the balance (16%) is ascribable to units where 3PL customers have more than one industry type present. On April 6, 2020, FIBRA Prologis acquired Prologis Park Grande for \$353M, including closing costs but excluding VAT. The information displayed on this page does not reflect that acquisition.

1. As a percentage of net effective rent

# Disciplined Balance Sheet Management

**\$772M**

Total Debt

**4.5%**

Wtd Avg Rate<sup>(1)</sup>

**4.7X**

Fixed Charge Coverage

**18.6%**

Loan-to-Value

**100%** USD

denominated

**3.6 years**

Wtd Avg Term

**2.5X**

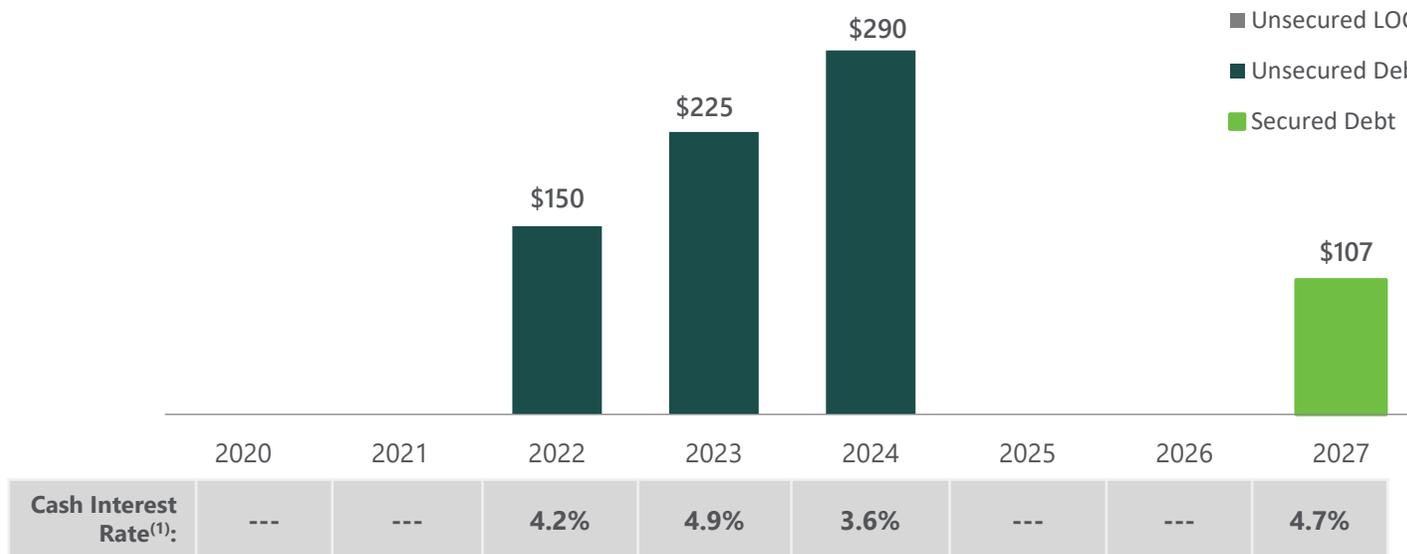
Debt-to-Adjusted EBITDA

**\$663M**

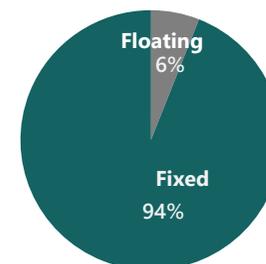
Available Liquidity in USD <sup>(2)</sup>

## DEBT MATURITY SCHEDULE

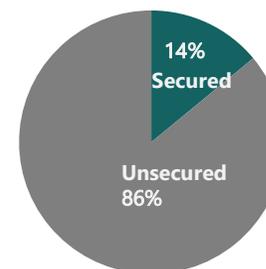
(US\$ in millions)



## FIXED VS. FLOATING DEBT



## SECURED VS. UNSECURED DEBT



Data as of March 31, 2020

Note: On April 6, 2020, FIBRA Prologis acquired Prologis Park Grande for \$353M, including closing costs but excluding VAT. The information displayed on this page does not reflect that acquisition.

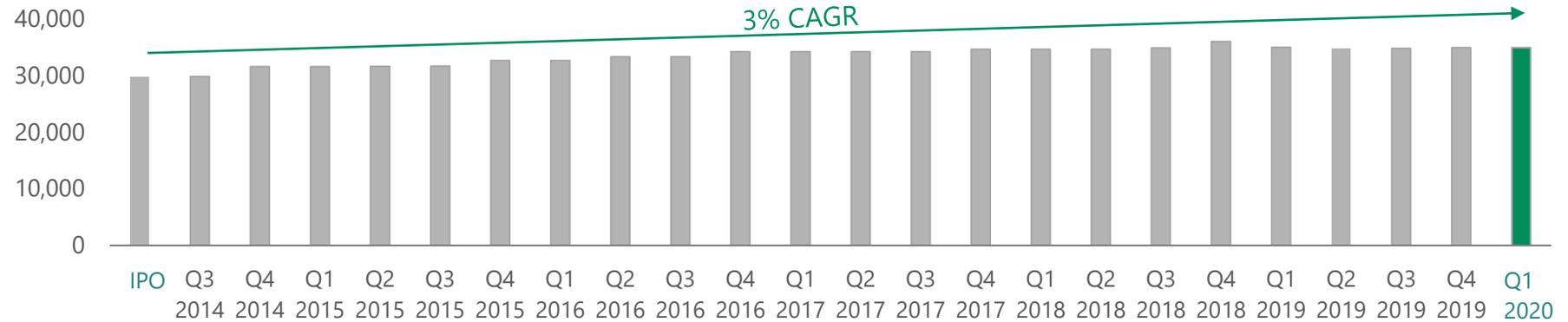
1. Weighted average rate and cash interest rate includes the three separate interest swaps with maturity dates on October 18, 2020, March 15, 2021 and August 6, 2021 contracted for notional amounts of US\$150M, US\$225M and US\$240M, respectively.

2. Liquidity is comprised of US\$10M of cash, US\$325M undrawn from unsecured credit facility and US\$150M from the accordion feature

# Portfolio Expansion Since IPO

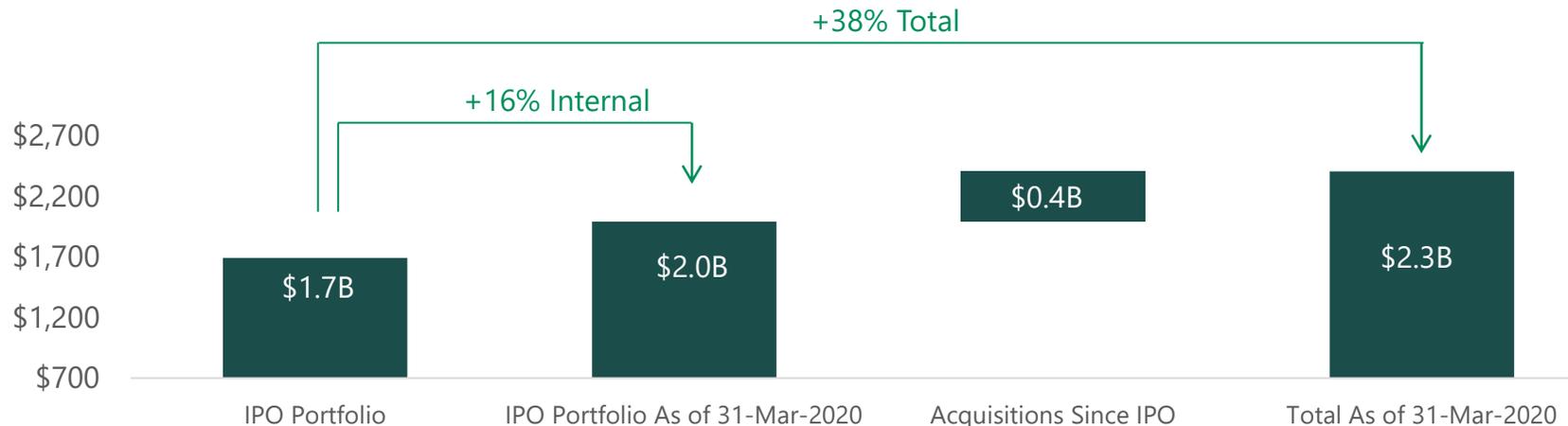
## GROSS LEASABLE AREA

Thousands of SF, June 4, 2014 through March 31, 2020



## REAL ESTATE PORTFOLIO<sup>(1)(2)(3)</sup>

Thousands of USD



Note: On April 6, 2020, FIBRA Prologis acquired Prologis Park Grande for \$353M, including closing costs but excluding VAT. The acquisition consists of eight properties totaling 4.0 million square feet in Mexico City. The information displayed on this page does not reflect that acquisition.

1. Based on 3<sup>rd</sup> party appraisals.

2. IPO was June 4, 2014.

3. Post-IPO acquisitions were completed between 2014 and 2019.

# Strategic Acquisition Completed April 2020

## Prologis Park Grande

- Location: **Mexico City**
- Land Size: **212.3 acres, 9.3 MSF**
- Potential Build Out: **3.9 MSF**
- Fully leased: Buildings 1, 2, 3, 4, 5, 7 and 8 (**3.6 MSF**)
- Partially leased: Building 6 (**0.3 MSF**)
- Under construction: Building 2 (**1.0 MSF**).

## 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



# Our Foundation Begins with ESG



## Environmental

- 21 sustainable building certifications (5.7 million square feet / 16.3% of GLA)
- 17 BOMA BEST certifications (4.2 million square feet / 12.2% of GLA)
- Smart LED systems are being installed to better understand energy use
- First logistics real estate company to set a Science Based Target (SBT) through Sponsor
- A- rating from CDP acknowledging FIBRA Prologis is in the top 5% globally and classified at the "Leadership" level



## Social

- Community Workforce Initiative
- Building relationships with communities
- Space for Good program: donating vacant space for volunteer work, non-profit organizations and emergencies
- Champion inclusion and diversity



## Governance

- Technical Committee members are ratified annually by certificate holders
- 63% of Technical Committee members are independent
- Foreign Corrupt Practices Act (FCPA) rules apply to all Prologis employees globally



# Corporate Governance

## Alignment with Certificate Holders

### Philosophy

Our governance structure reflects a market-leading approach to corporate governance prioritizing the interests of our CBFH holders while leveraging our relationship with Prologis, consistently recognized for its best-in-class governance

### Committees

- The following committees consist of at least three independent members
  - Audit Committee
  - Practices Committee
  - Indebtedness Committee

### Shared Ownership

- Prologis' **47%** ownership of FIBRA Prologis, demonstrates alignment with certificate holders

### Technical Committee Members

- Technical Committee members are ratified annually by certificate holders

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

- Pablo Escandón Cusi
- Luis F. Cervantes
- Alberto Saavedra
- Armando Garza Sada
- Xavier de Uriarte Berron
- Luis Gutiérrez
- Eugene F. Reilly
- Edward S. Nekritz

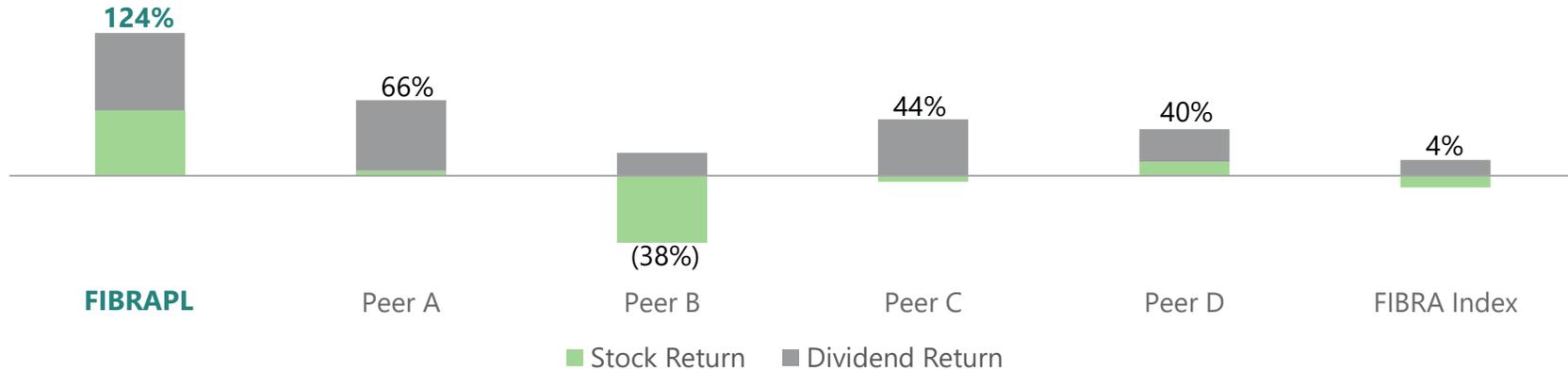
### Related-Party Transactions

- **Only independent members** of the Technical Committee may vote for related-party transactions, such as purchasing stabilized assets from our sponsor, Prologis

# Creating Value for Certificate Holders

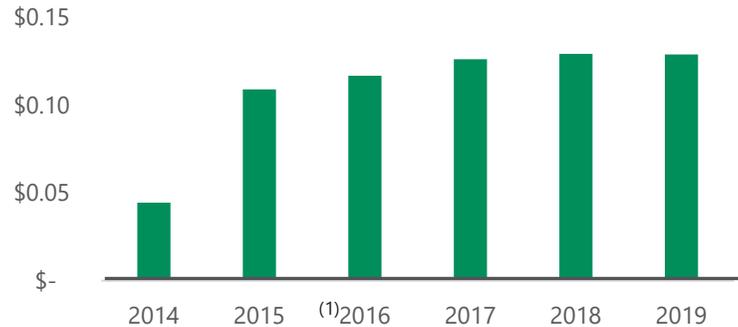
## TOTAL RETURN OF CBFIS IN MEXICAN PESOS

June 4, 2014 – May 29, 2020



## FIBRAPL AFFO PER CBFI

USD, millions

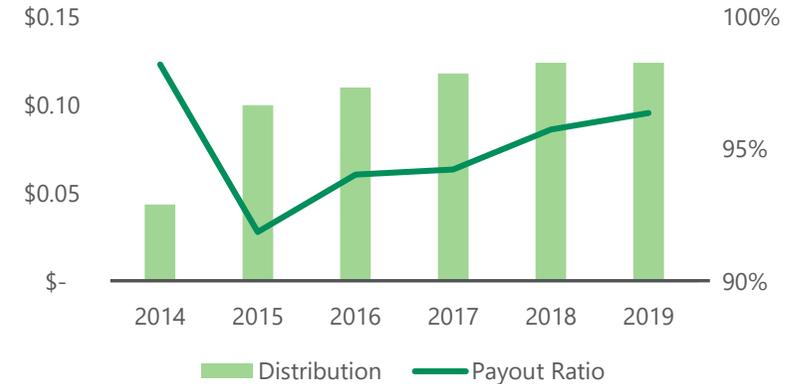


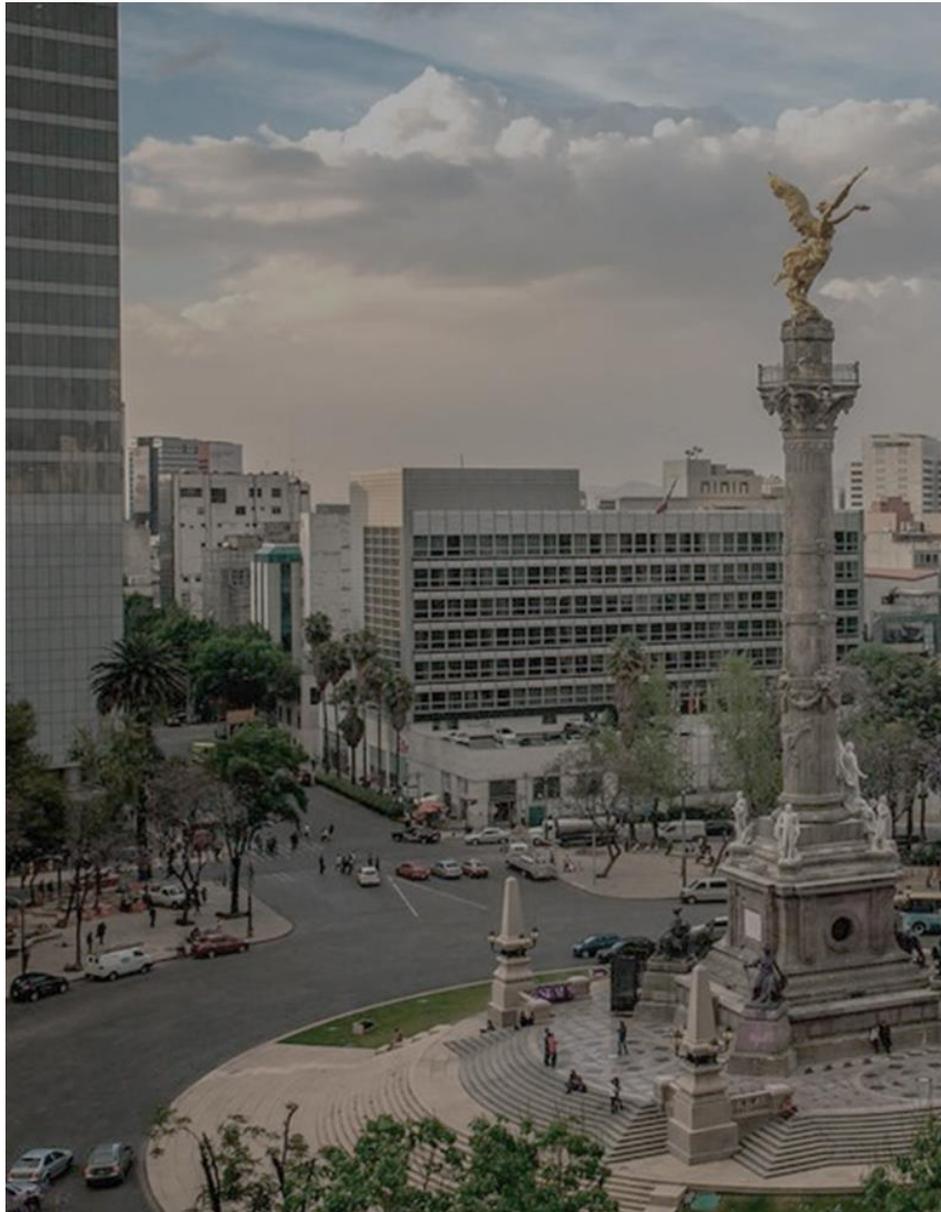
## FIBRAPL DISTRIBUTIONS PER CBFI

USD, millions

## PAYOUT RATIO

% of AFFO





## Location and Quality Matter

- 124% Total Return Since IPO<sup>(1)</sup>
- Superior organic growth
- Reliable and sustainable cash flow
- Access to Prologis development pipeline
- Disciplined balance sheet management
- Strong corporate governance
- Attractive entry point with certificates trading below NAV

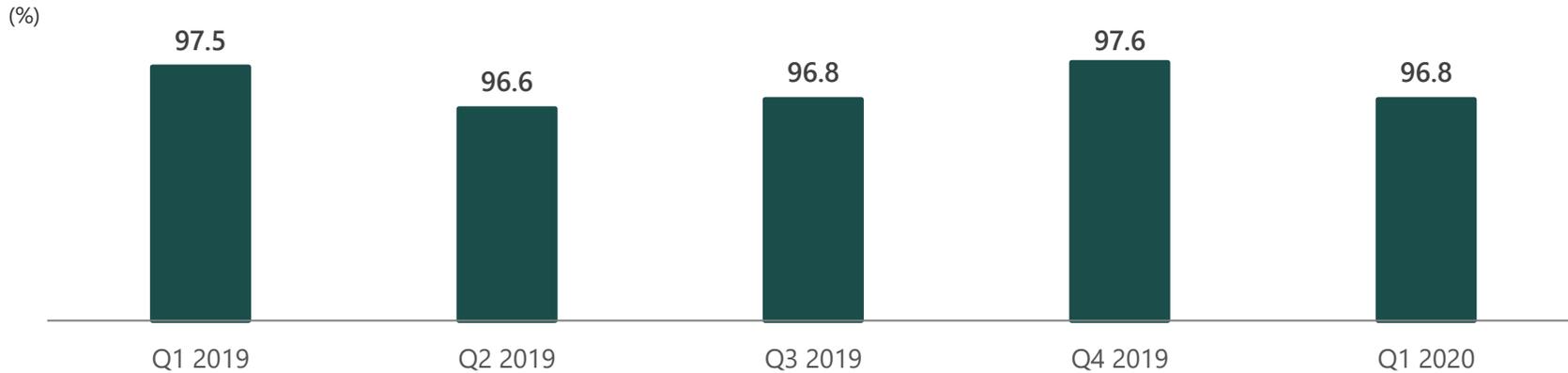


Prologis Park Grande, Mexico City

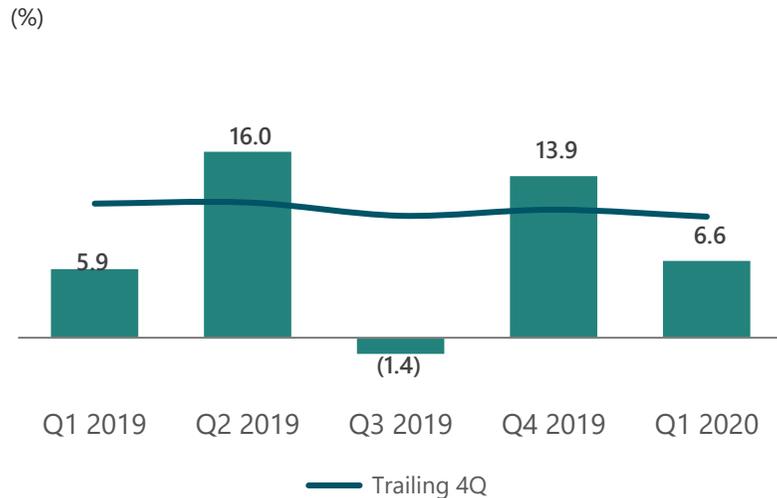
## Appendix

# Historical Operating Performance

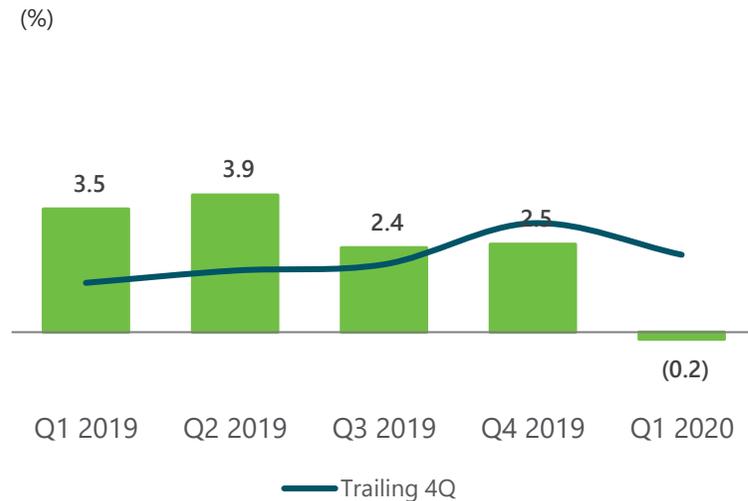
## ELEVATED PERIOD-END OCCUPANCY



## POSITIVE RENT CHANGE ON ROLLOVER EXPECTED TO CONTINUE



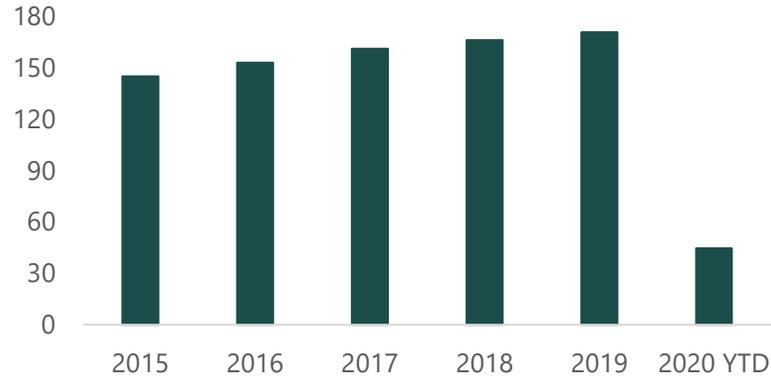
## CASH SAME STORE NOI GROWTH DRIVEN BY OCCUPANCY AND RENT GROWTH



# Historical Growth

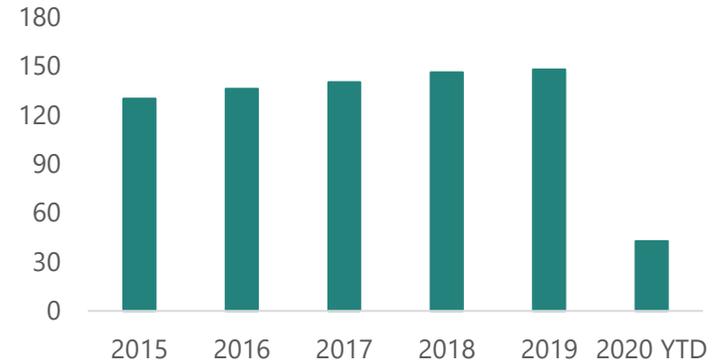
## NOI GROWTH

Millions of USD



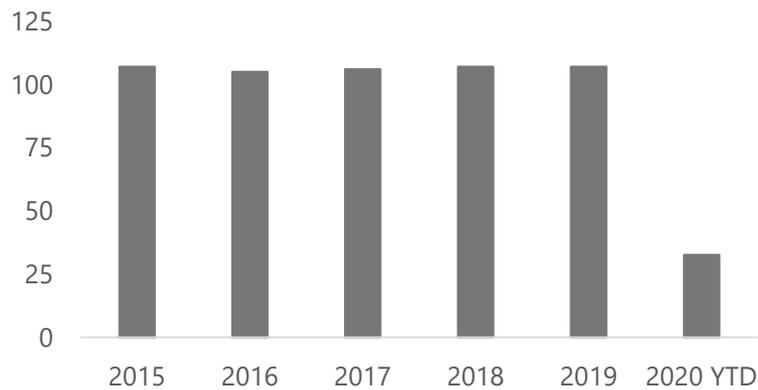
## ADJUSTED EBITDA GROWTH

Millions of USD



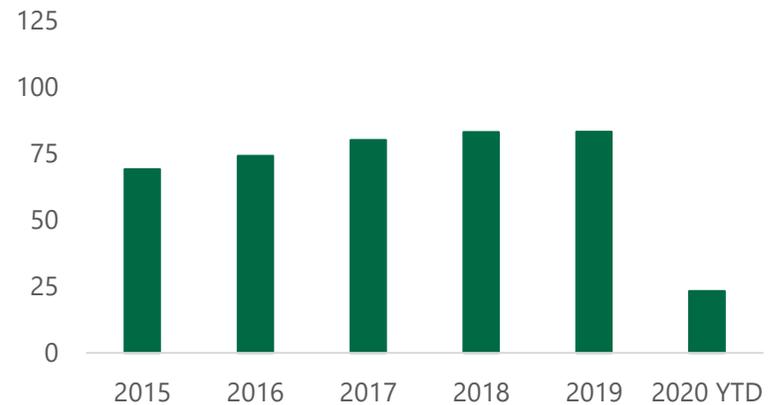
## FFO GROWTH

Millions of USD



## AFFO GROWTH

Millions of USD

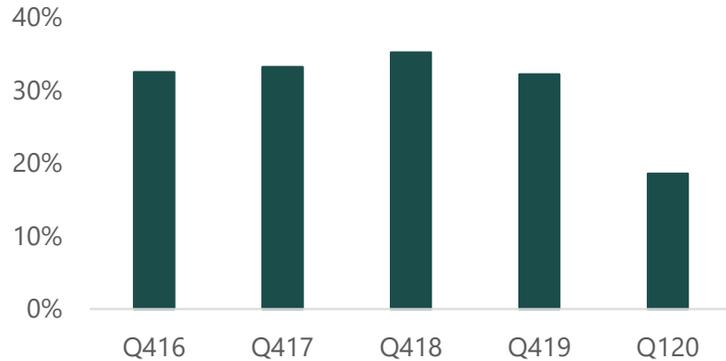


Data as of March 31, 2020

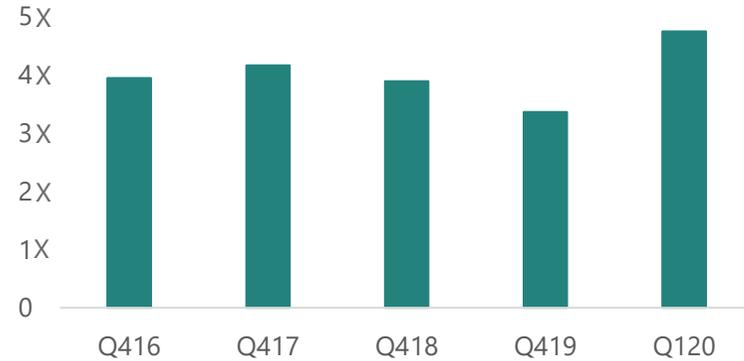
Note: For comparative purposes, incentive fees paid to FIBRAPL's sponsor in 2017, 2018 and 2019 have been excluded, as has the impact on realized exchange losses from VAT in 2015.

# Historical Credit Metrics

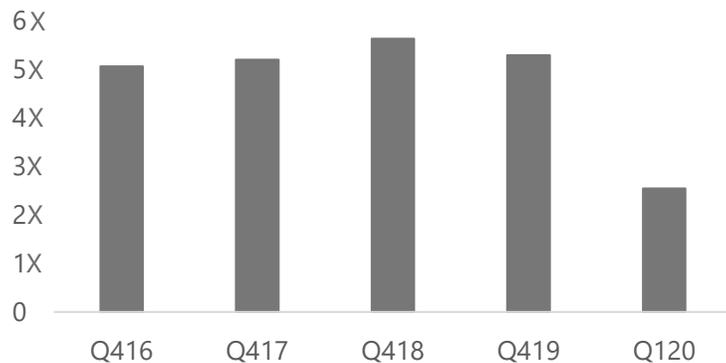
**DEBT % OF INVESTMENT PROPERTIES**



**FIXED CHARGE COVERAGE RATIO**



**DEBT TO ADJUSTED EBITDA**



**LIQUIDITY**

Millions of USD

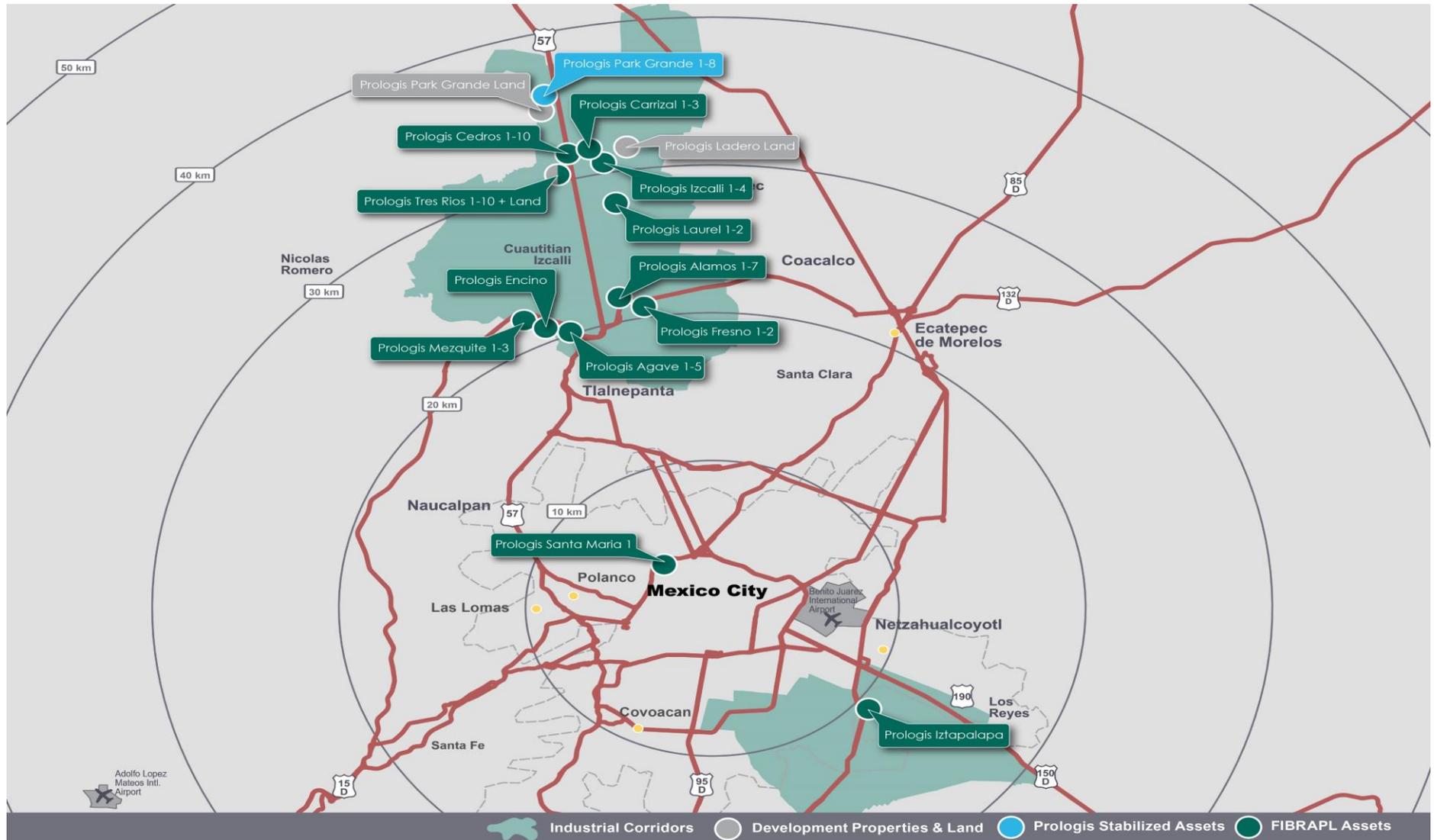


# Fee Structure

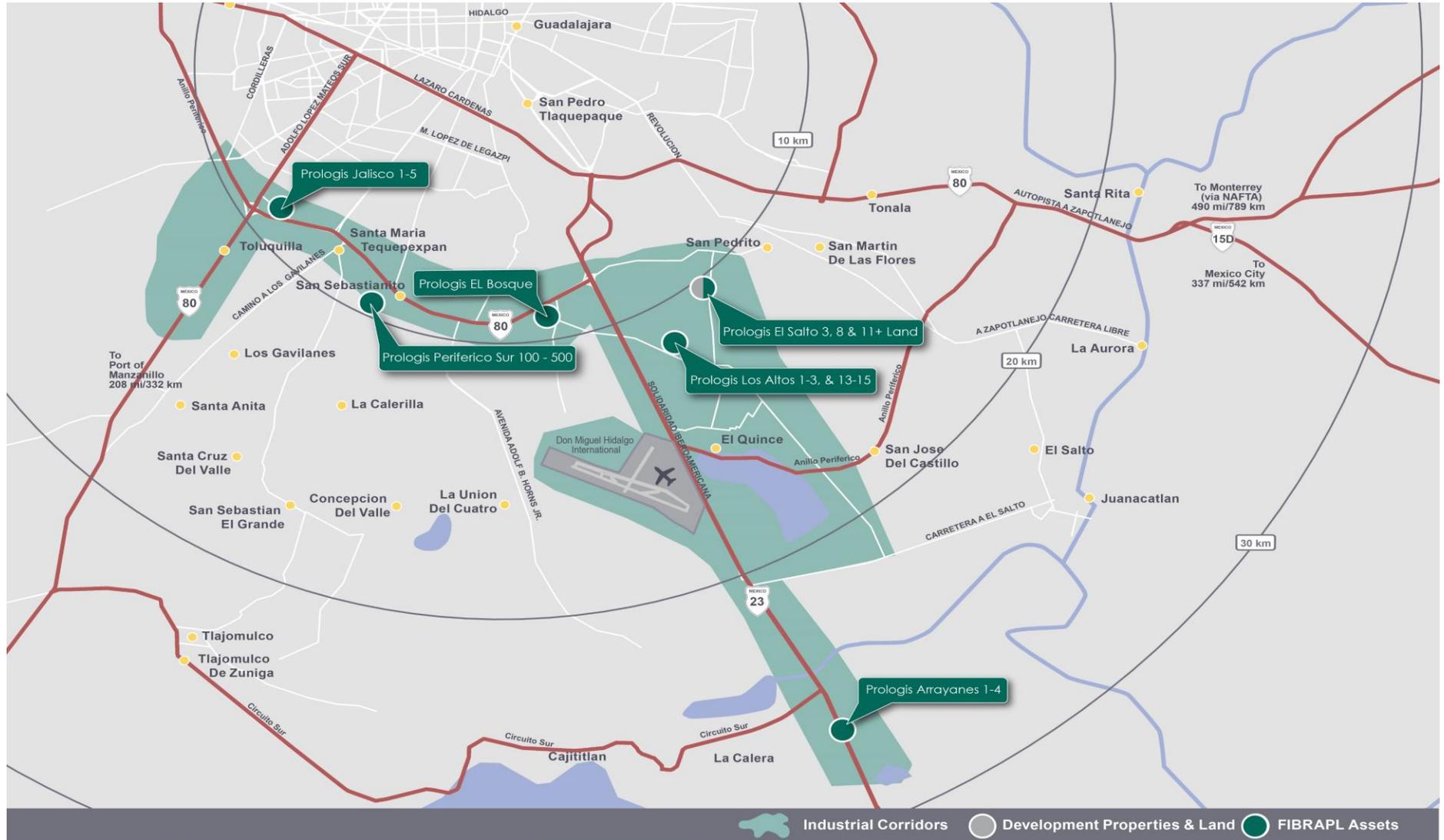
Transparent and Aligned

	Fee Type	Calculation		Payment Frequency	
Operating Fees	Property Management	3% x collected revenues		Monthly	
	Leasing Commission <i>Only when no broker is involved</i>	<i>New leases:</i> 5% x lease value for <5 yrs; 2.5% x lease value for 5-10 yrs; 1.25% x lease value for > 10 yrs  <i>Renewals:</i> 50% of new lease schedule		1/2 at closing 1/2 at occupancy	
	Construction Fee / 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		

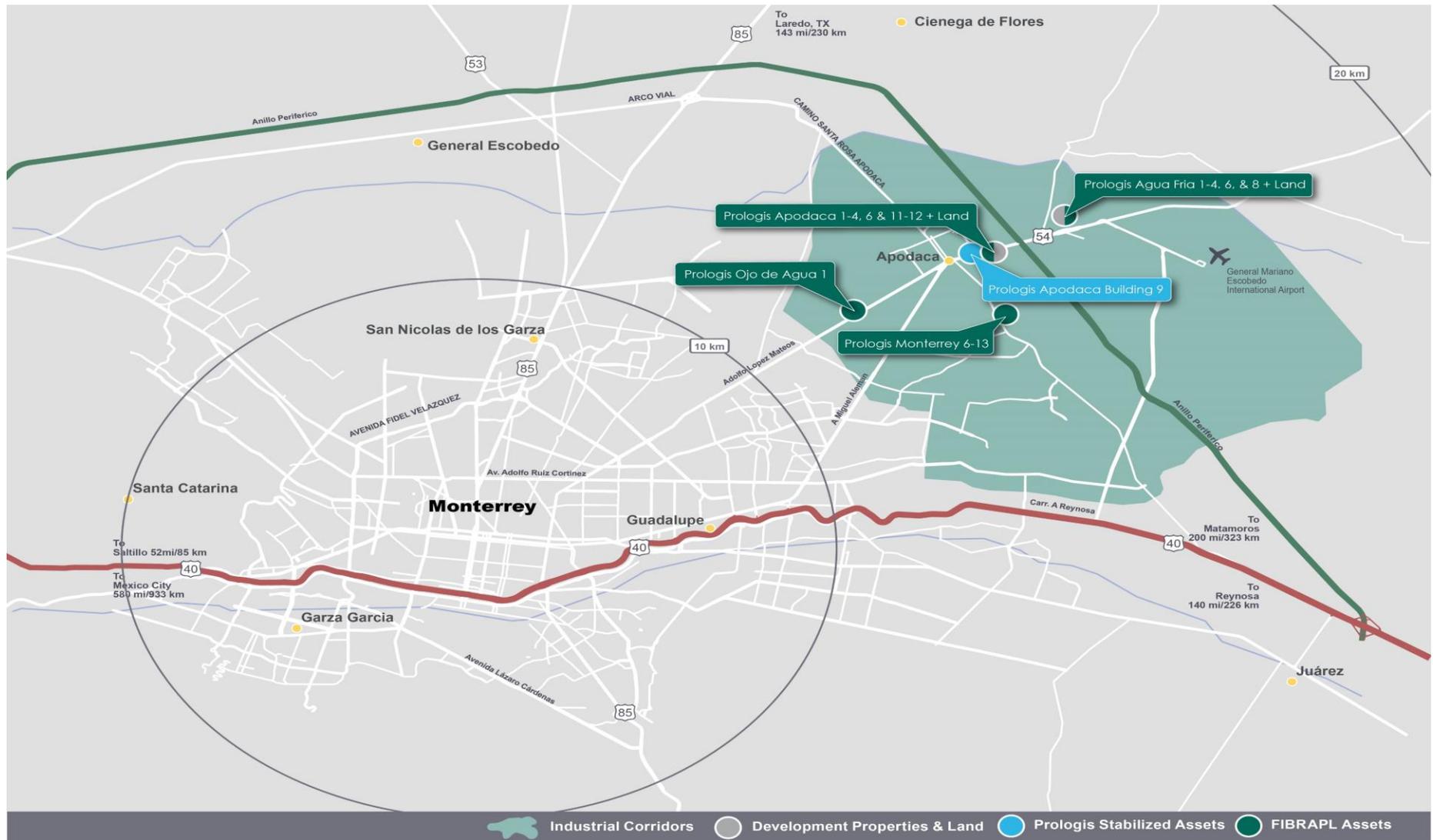
# Mexico City



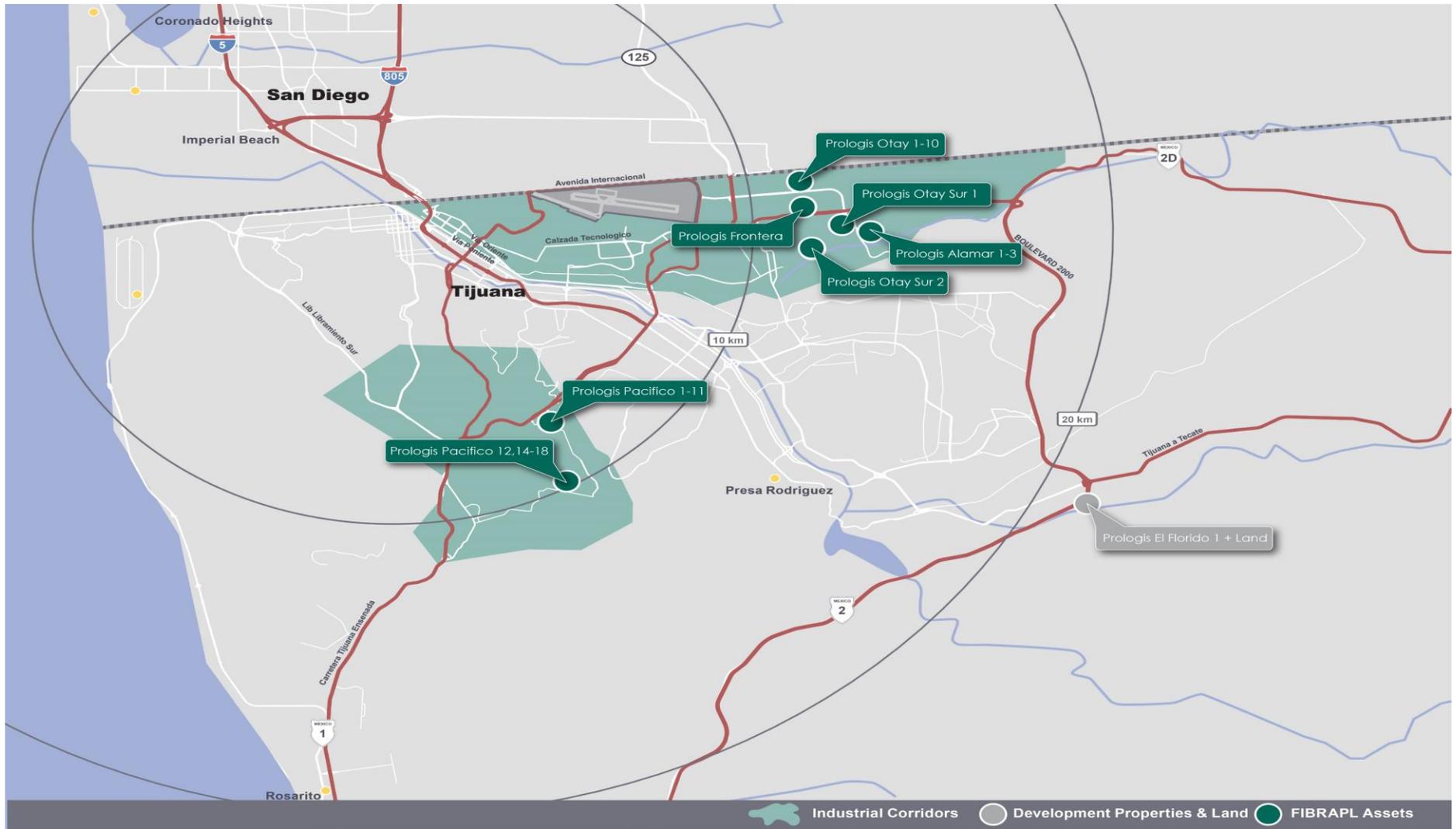
# Guadalajara



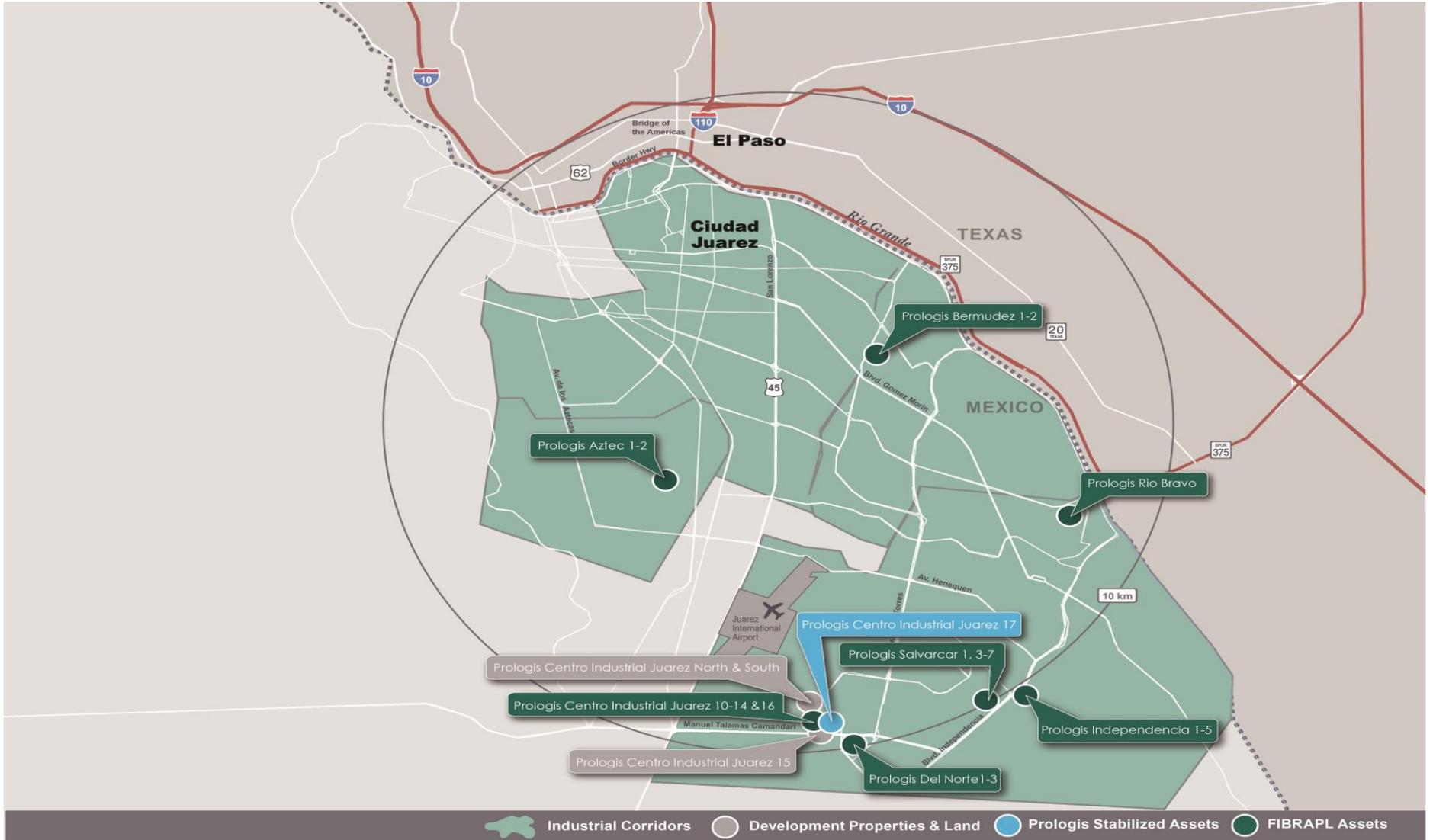
# Monterrey



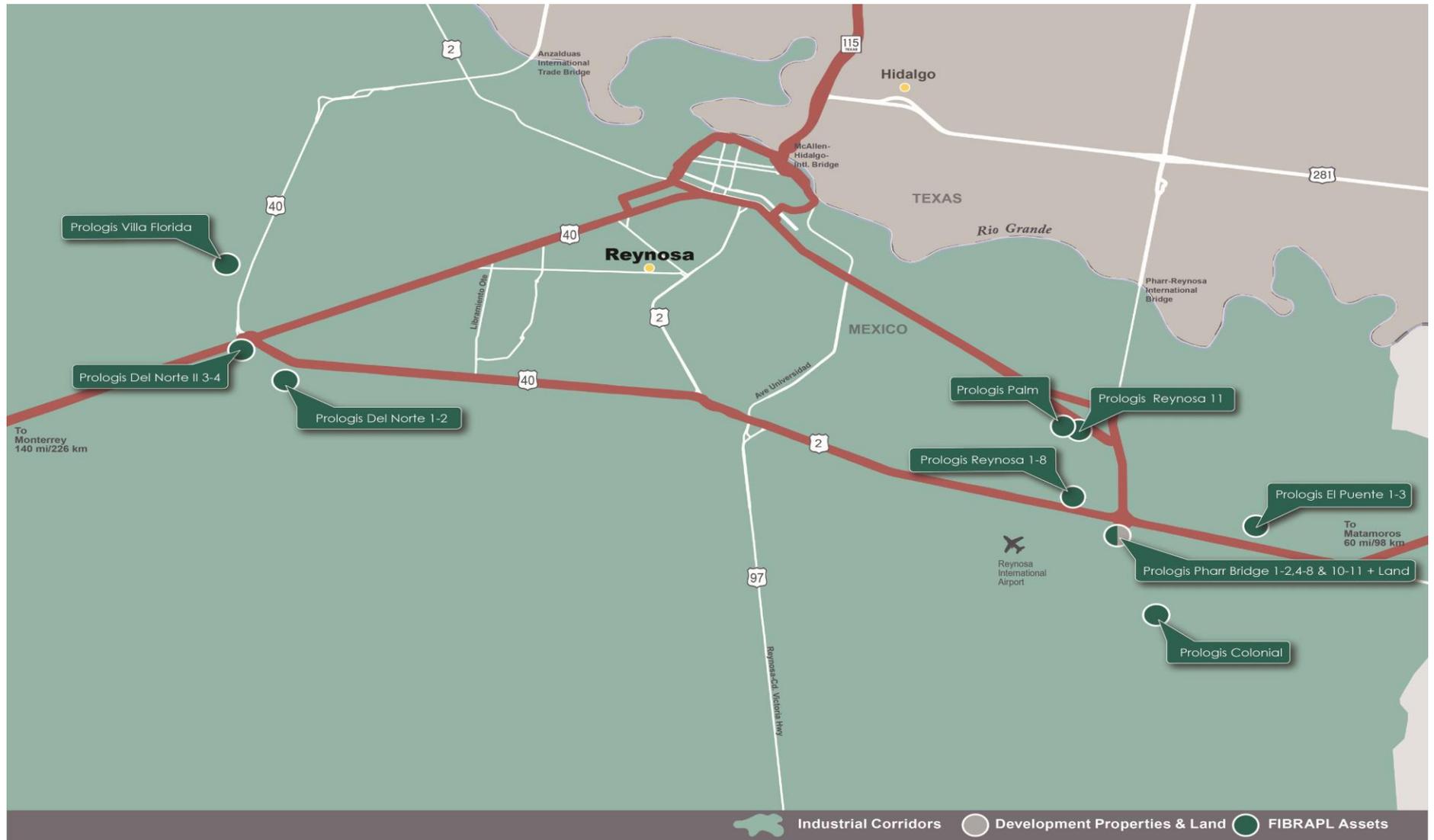
# Tijuana



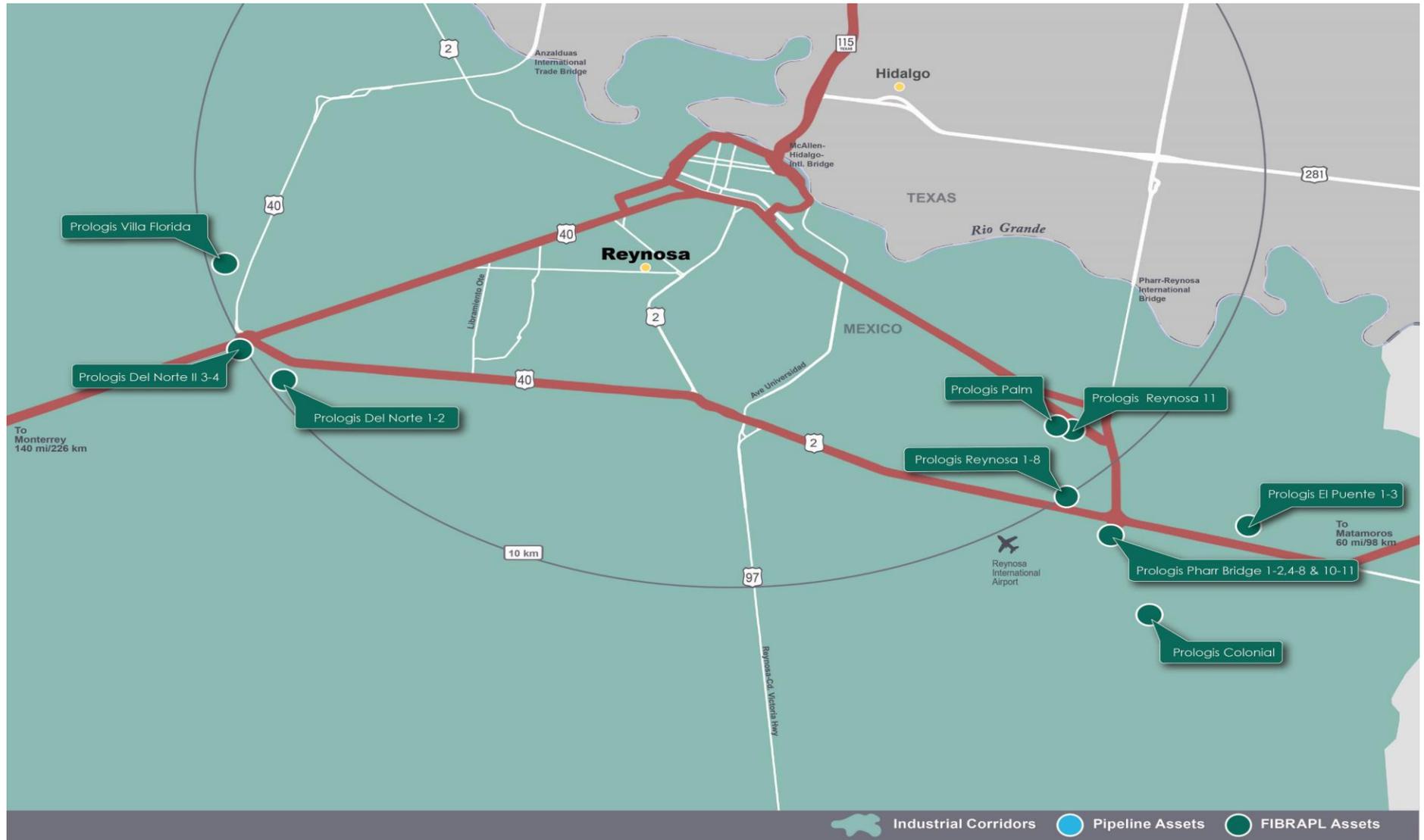
# Ciudad Juarez



# Reynosa



# Reynosa





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