



Prologis Park Grande 1, Mexico City

# FIBRA PROLOGIS

Scotiabank Non-Deal Roadshow

July 2020



# Forward-Looking Statements / Non Solicitation

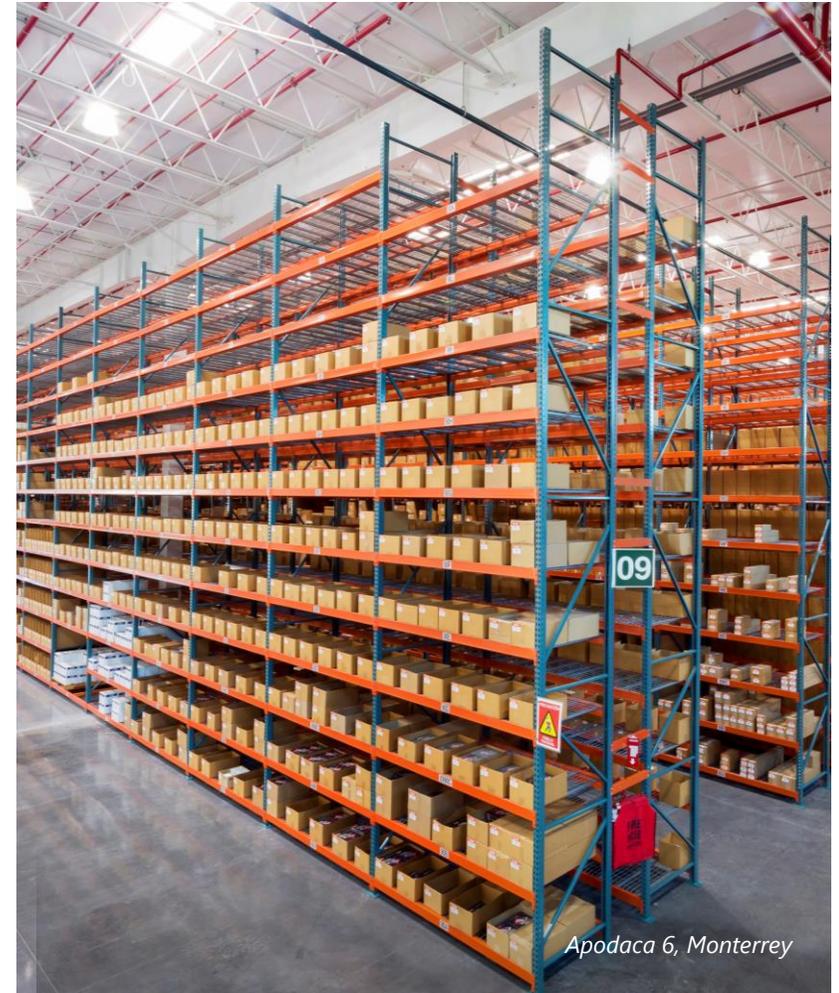
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The statements in this release that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which FIBRA Prologis operates, 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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*Apodaca 6, Monterrey*

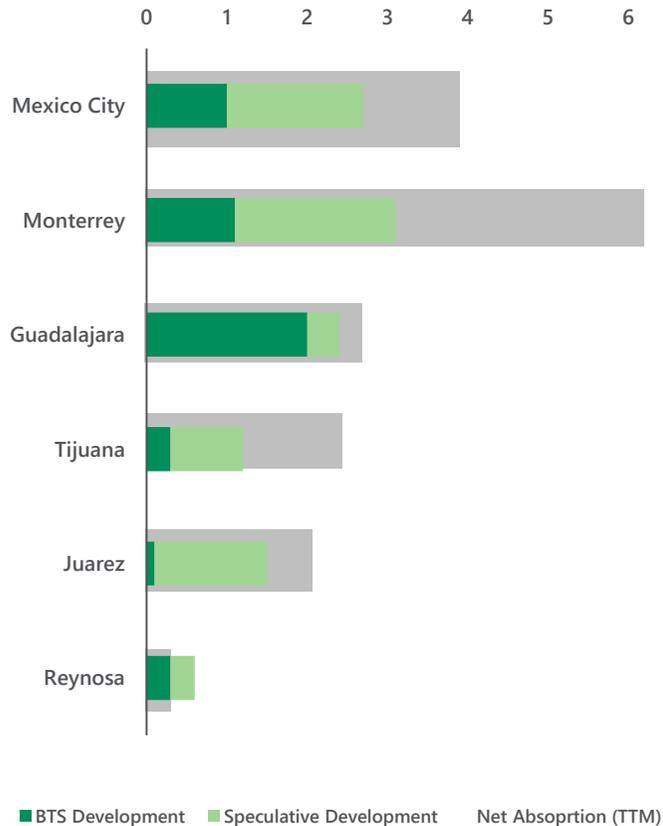


# Industrial Real Estate Fundamentals & Structural Drivers

# Real Estate Fundamentals

## DEMAND (TTM) VS SUPPLY (PIPELINE)

(MSF)



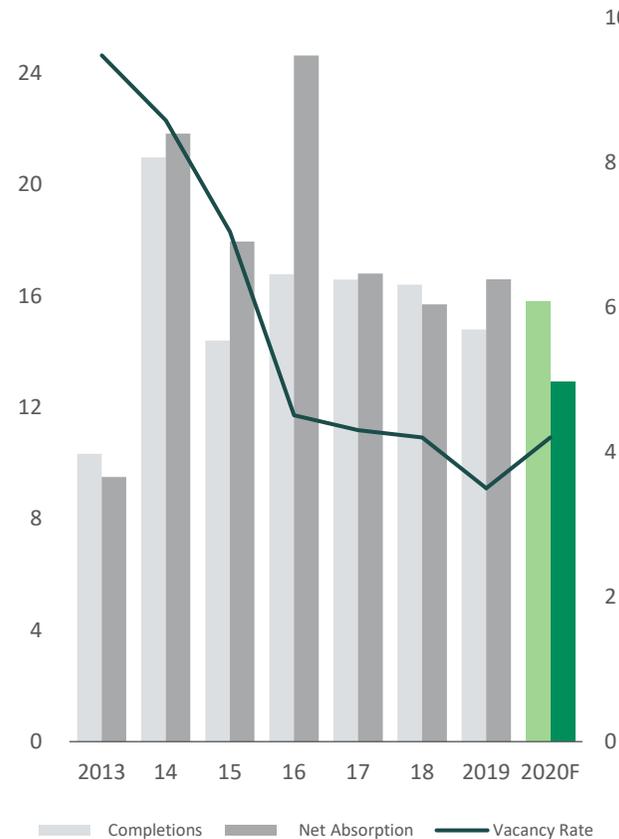
Sources: CBRE, NAI, Prologis Research

## DEMAND VS SUPPLY

(MSF)

## VACANCY

(%)

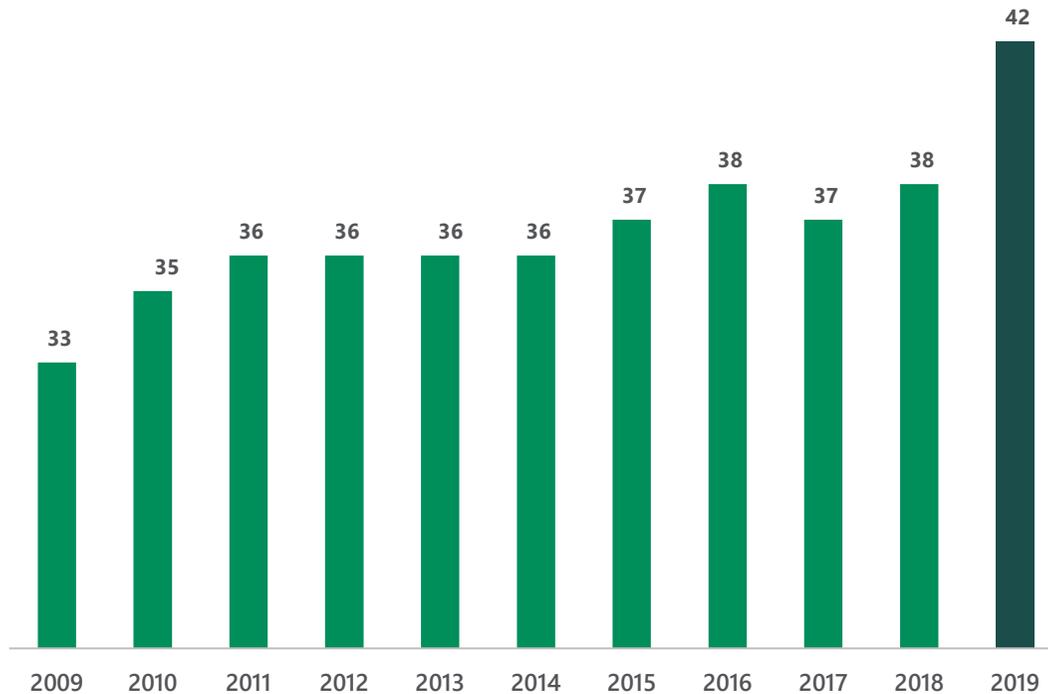


Sources: CBRE, Prologis Research

- Logistics real estate demand intensified throughout the second quarter
- Border markets remain severely constrained with market vacancy near 2.0
- Mexico City's market vacancy for Class-A product is ~2.0%
- 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**



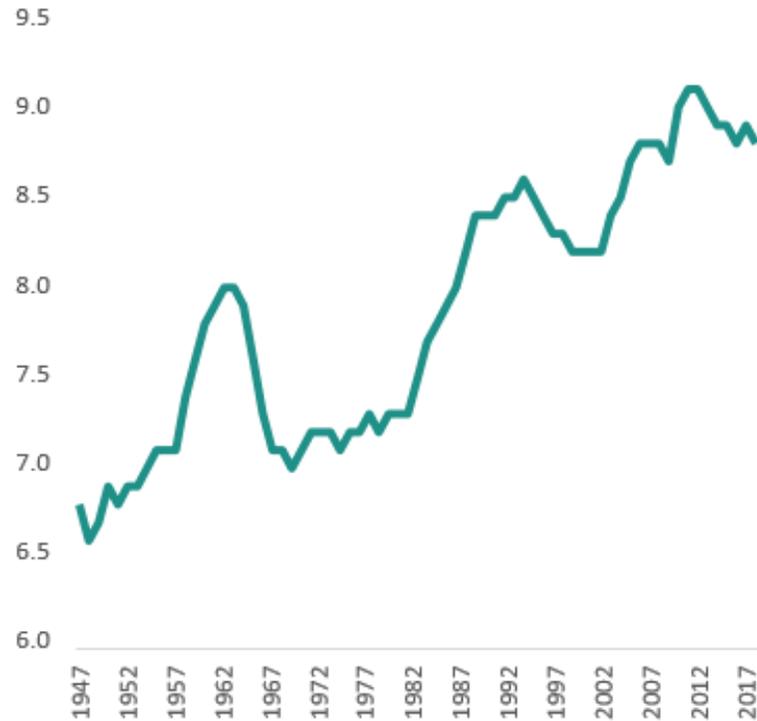
- In 2019, the U.S. imported 42 cents worth of manufacturing imports from Mexico for every dollar of manufacturing imports from Asia
- 75% less time to transport goods to the end customer in the U.S. from Mexico vs Asia
- 20-30% savings in production cost by manufacturing in Mexico vs U.S.

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

# Automation: Adoption of Manufacturing Technology Evolves Gradually

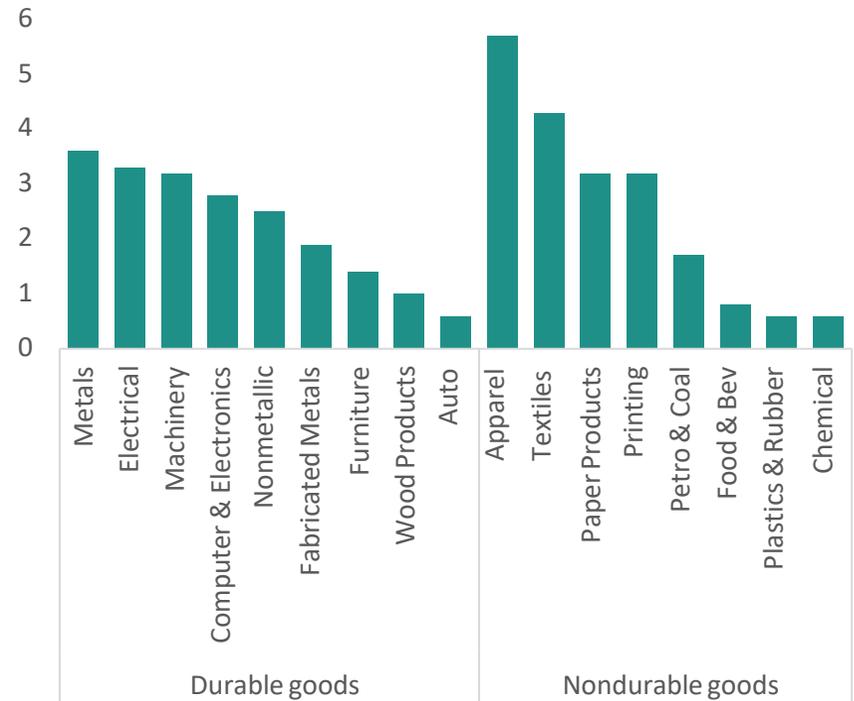
**AVERAGE AGE OF MFG EQUIPMENT, U.S.**

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

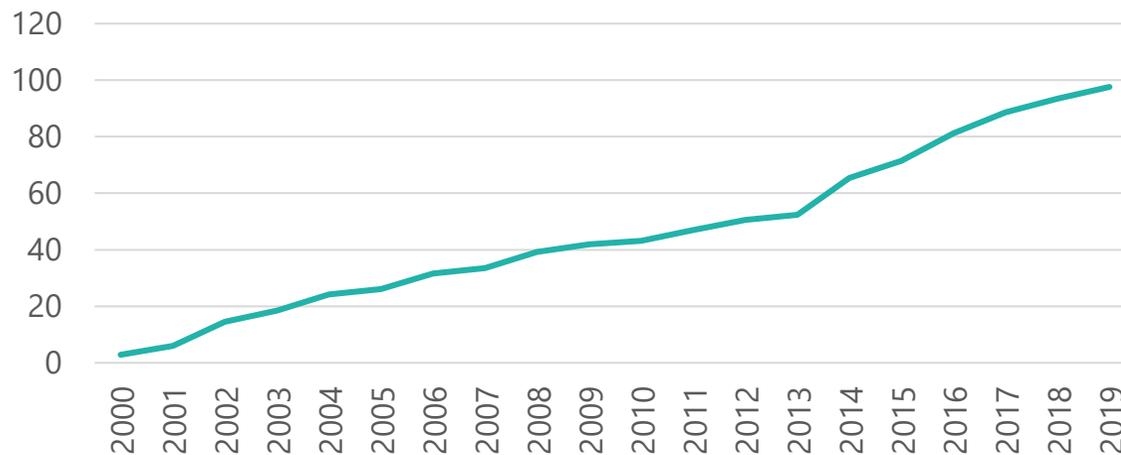


Source: CBRE, C&W, JLL, Colliers, NAI, Oxford Economics, Prologis Research

- 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

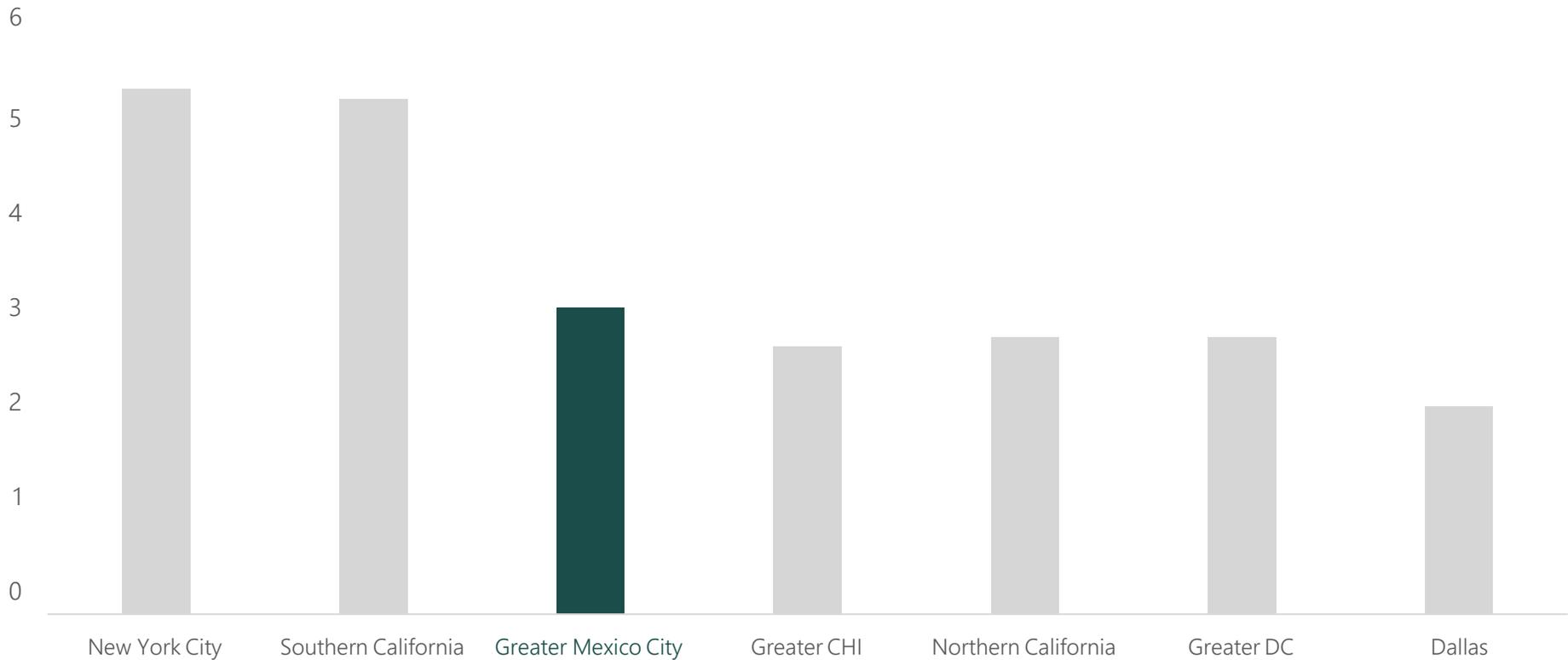
- Mexico City occupied stock has increased 35x since 2000
- Adoption of modern logistics facilities, as well as emerging consumer class, the primary drivers

# 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

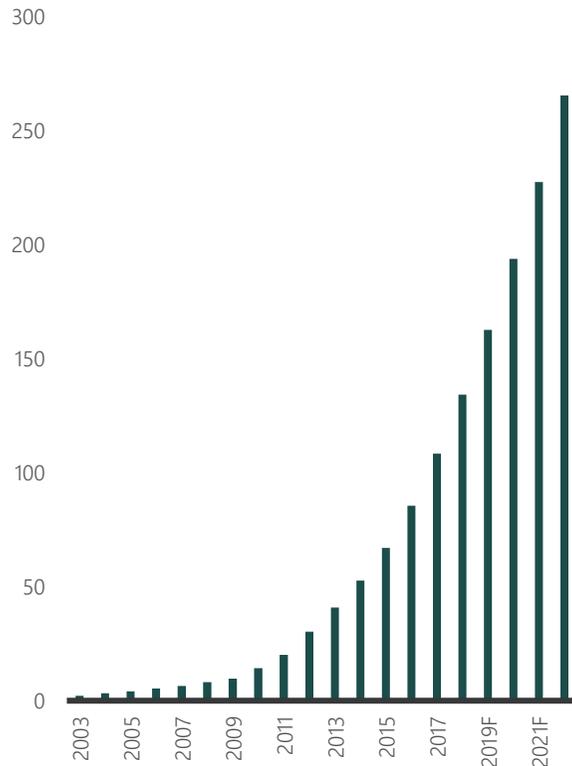


Source: Oxford Economics, Prologis Research

# E-Commerce Becoming an Added Demand Driver

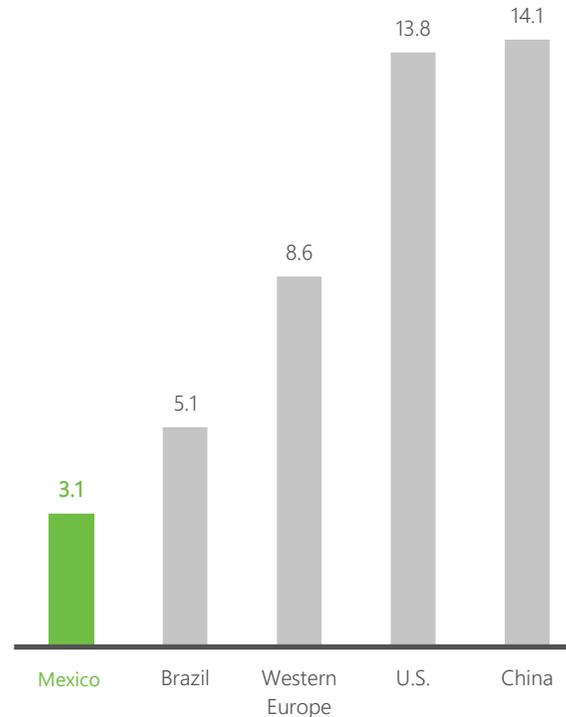
## SIGNIFICANT E-COMMERCE SALES, MEXICO

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

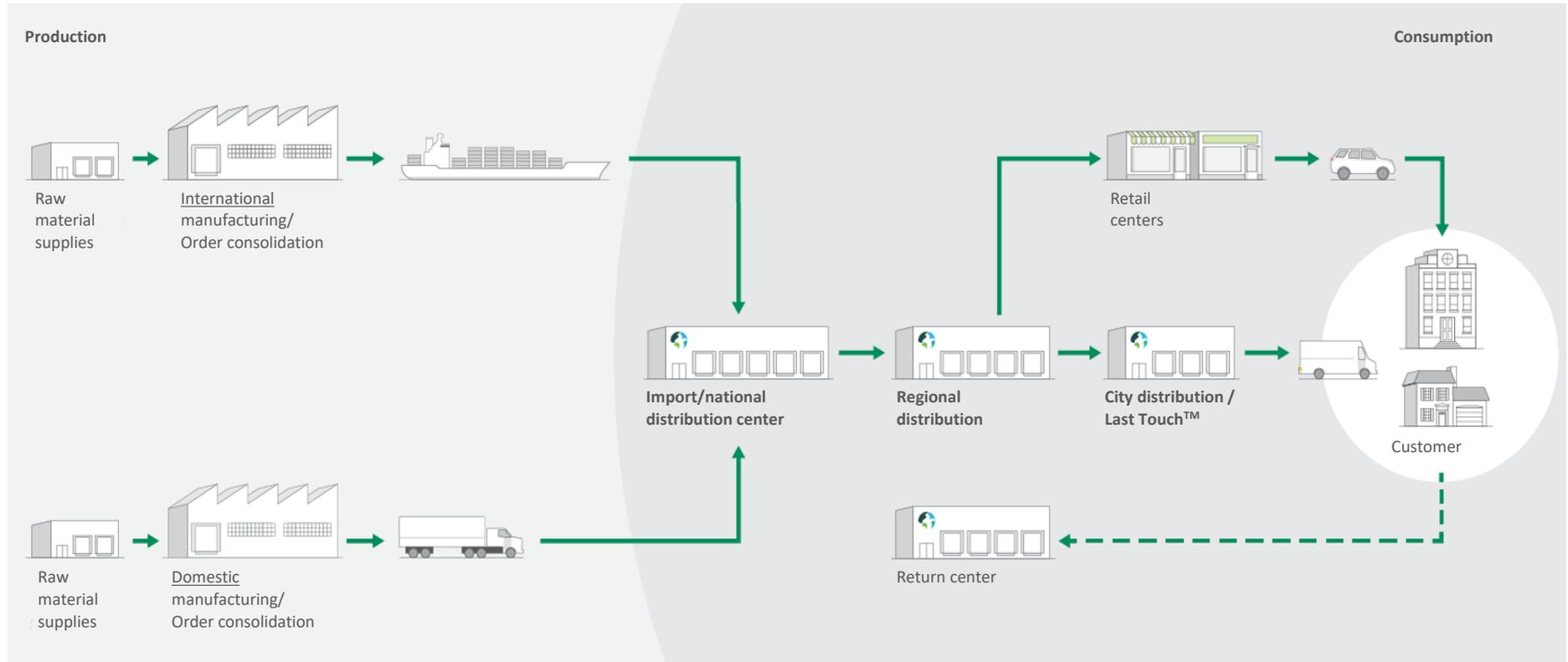
**+ 3x**

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

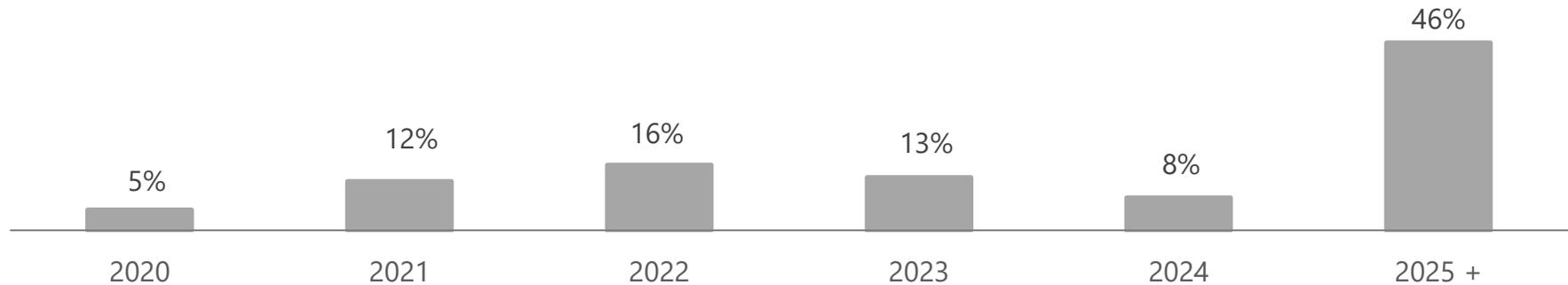


Prologis Park Grande 2, Mexico City

# Opportunities for Growth

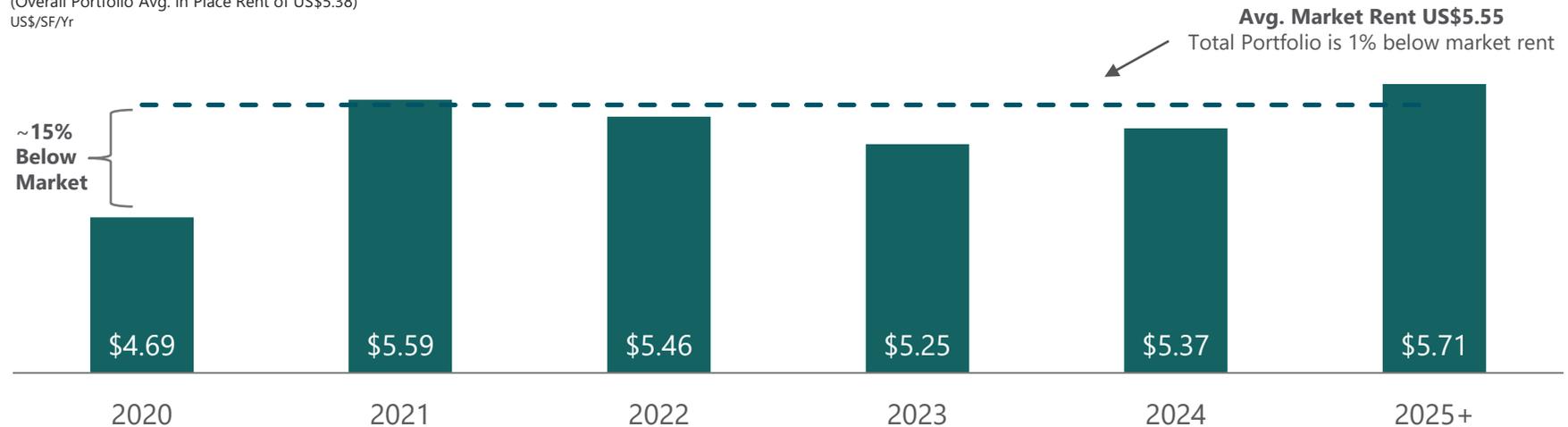
# Lease Expiration Schedule & Embedded Earnings Potential

## LEASE EXPIRY PROFILE BY ANNUALIZED NER



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

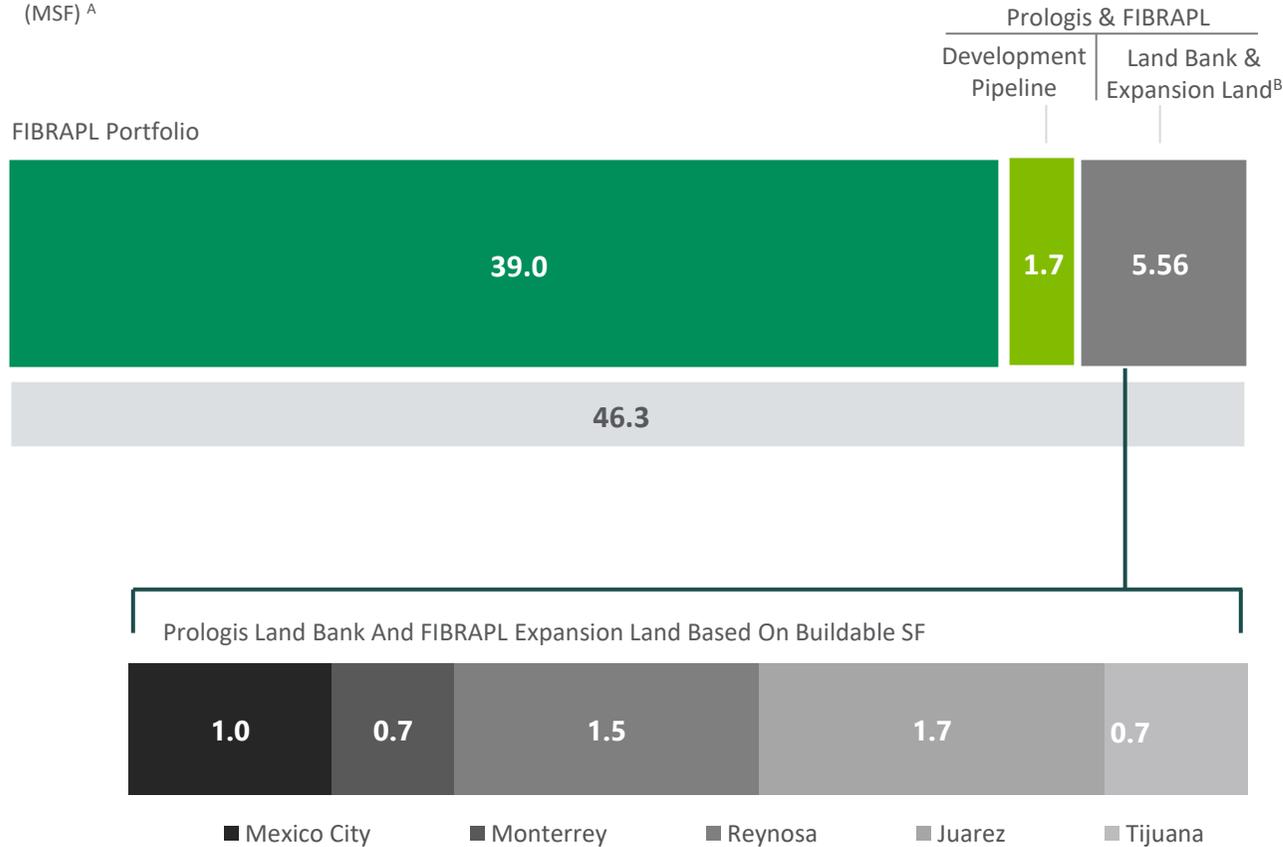
(Overall Portfolio Avg. in Place Rent of US\$5.38)  
US\$/SF/Yr



# External Growth: Identified Future Growth Acquisitions

## EXTERNAL GROWTH VIA PROLOGIS DEVELOPMENT PIPELINE

(MSF) <sup>A</sup>



## UNIQUE COMPETITIVE ADVANTAGE

- Proprietary access to Prologis development pipeline at market values
- Exclusive right to third-party acquisitions sourced by Prologis
- 19% growth potential in the next 3 to 4 years, subject to market conditions and financial availability

## PROLOGIS DEVELOPMENT PIPELINE

	GLA (MSF)	% Leased
Monterrey	0.9	89%
Ciudad Juarez	0.4	58%
Tijuana	0.4	100%
<b>Total</b>	<b>1.7</b>	<b>94%</b>

A. Data as of June 30, 2020, except where noted  
 B. Based on buildable square feet



*Prologis Park Los Altos, Guadalajara*

## 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
- ~128% total stock return since IPO<sup>(2)</sup> or 14.4% CAGR<sup>(2)</sup>
- ~56% growth in FMV of total operating portfolio (including acquisitions) and ~14% growth in FMV of just the IPO portfolio<sup>(3)</sup>

## STRONG BALANCE SHEET

- Conservative leverage
- Liquidity emphasis provides increased flexibility



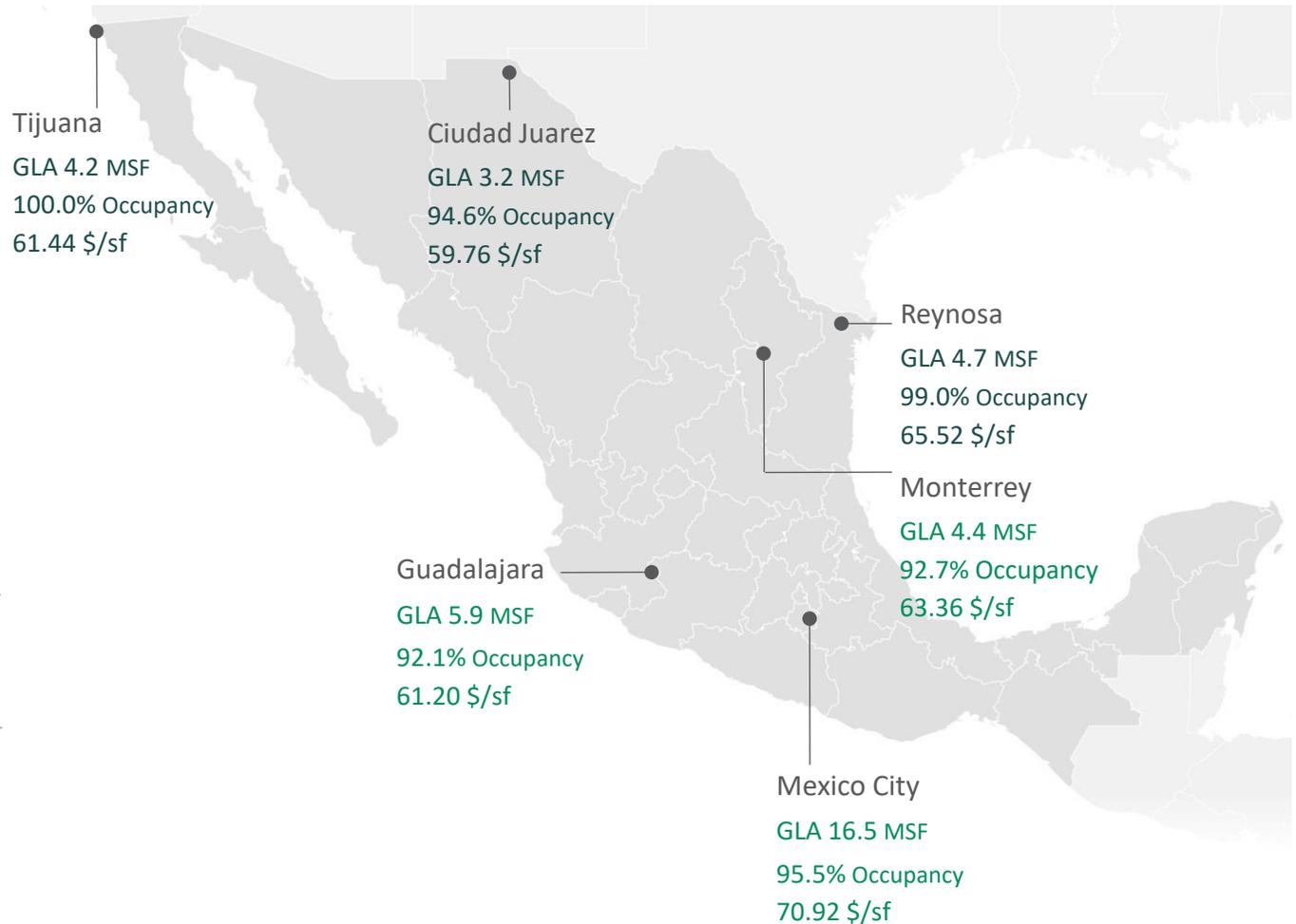
Source: FIBRA Prologis, CBRE, Bloomberg

1. Data as of June 30, 2020

2. IPO was June 4, 2014; total return and CAGR calculated in Mexican Pesos on July 22, 2020

3. Comparison of fair market value of the portfolio between June 4, 2014 and June 30, 2020

# Unmatched Portfolio Focused in the Top Consumption and Manufacturing Markets



**95.5%**  
Occupancy<sup>(1)</sup>

**39.0**  
Million Square Feet

**201**  
Operating Properties<sup>(3)</sup>

Data as of June 30, 2020

1. Operating properties only

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

# Superior High-Barrier Market Concentration Versus Peers

	Supply Chain Center		Growth Economy		Global Metropolis	
High-Barrier	<u>FIBRAPL</u> 31%	<u>Others</u> 17%			<u>FIBRAPL</u> 42%	<u>Others</u> 24%
Lower-Barrier	<u>FIBRAPL</u> 0%	<u>Others</u> 47%	<u>FIBRAPL</u> 26%	<u>Others</u> 11%		
Subtotal	<u>FIBRAPL</u> 31%	<u>Others</u> 64%	<u>FIBRAPL</u> 26%	<u>Others</u> 11%	<u>FIBRAPL</u> 42%	<u>Others</u> 24%

Sources: company filings, Prologis Research

Note: Distributed by NRA. Other FIBRAs includes FUNO, Terrafina, Fibra Macquarie and Vesta as of March 31, 2020. Global Metropolis defined as large and high-income population center with high barriers to new development. A Growth Economy is a fast-growing population and evolving economy with rising incomes and increasing barriers to new development. A supply chain center is a lower barrier market with access to major transportation routes. Mexico City defined as a high barrier global metropolis. Monterrey and Guadalajara defined as lower barrier growth economies. The main border markets (Tijuana, Juarez and Reynosa) are high barrier supply chain centers and the Bajio is a lower barrier supply chain center.

# Diversified Customer Base

227 customers in Mexico have

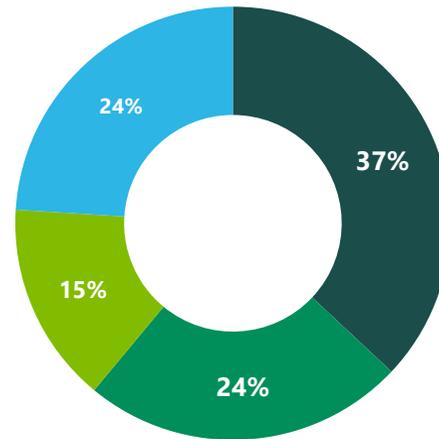
337 leases with FIBRA Prologis

87% of FIBRA Prologis' customers are multinational companies<sup>(1)</sup>

Our top 10 customers represent just

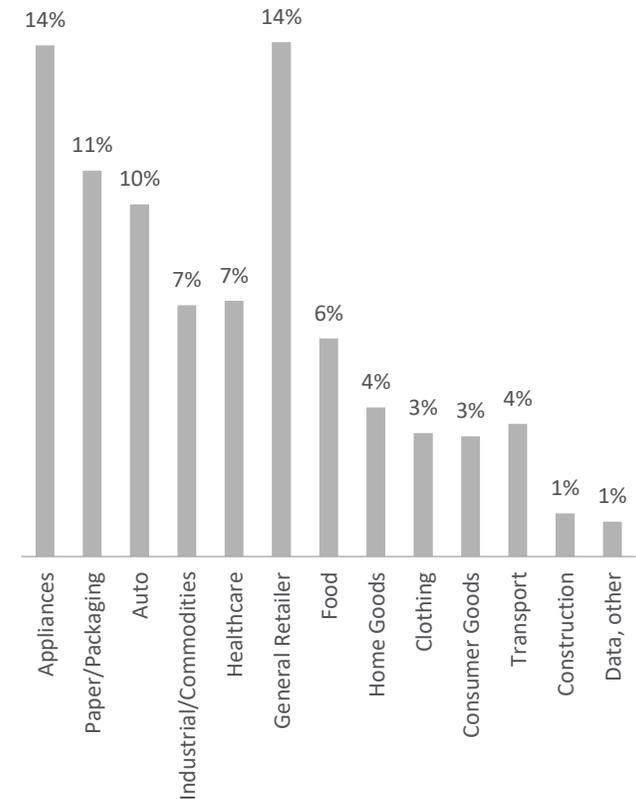
24.1% of net effective rent

**CUSTOMER TYPE**  
%, NER basis



- Manufacturing
- Logistic Services
- E-Commerce
- Retail

**CUSTOMER INDUSTRY**  
%, NRA basis



Source: Prologis Research. Data as of June 30, 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

**\$842M**

Total Debt

**4.3%**

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

**4.4X**

Fixed Charge Coverage

**29.0%**

Loan-to-Value

**100%** USD

denominated

**3.2 years**

Wtd Avg Term

**4.7X**

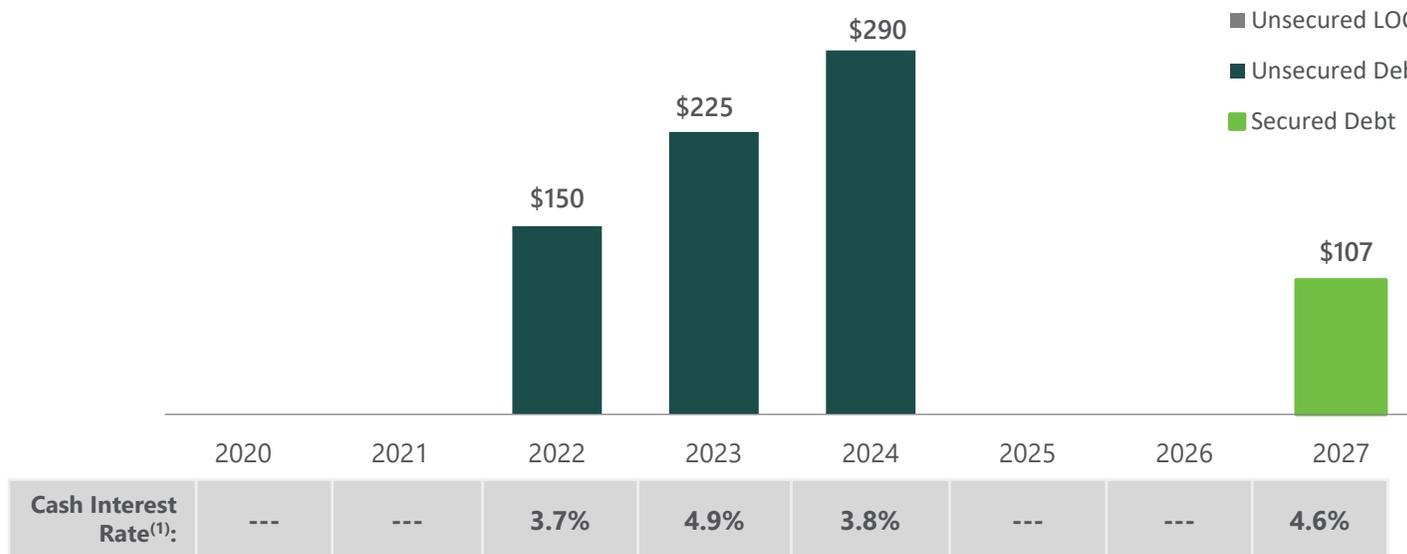
Debt-to-Adjusted EBITDA

**\$283M**

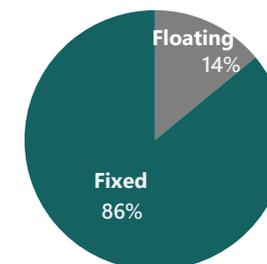
Available Liquidity in USD <sup>(2)</sup>

## DEBT MATURITY SCHEDULE

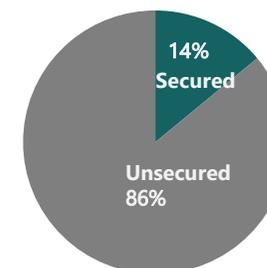
(US\$ in millions)



## FIXED VS. FLOATING DEBT



## SECURED VS. UNSECURED DEBT



Data as of June 30, 2020

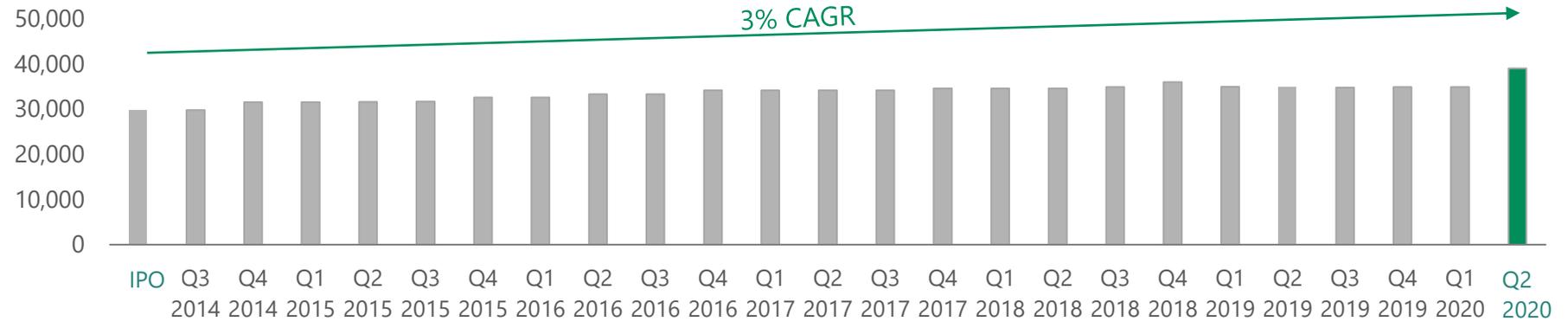
1. Weighted average rate and cash interest rate includes the three separate interest swaps with maturity dates on October 18, 2020, March 15, 2021 and August 6, 2021 contracted for notional amounts of US\$150M, US\$225M and US\$240M, respectively.

2. Liquidity is comprised of US\$28M of cash, US\$255M undrawn from unsecured credit facility and US\$150M from the accordion feature

# Portfolio Expansion Since IPO

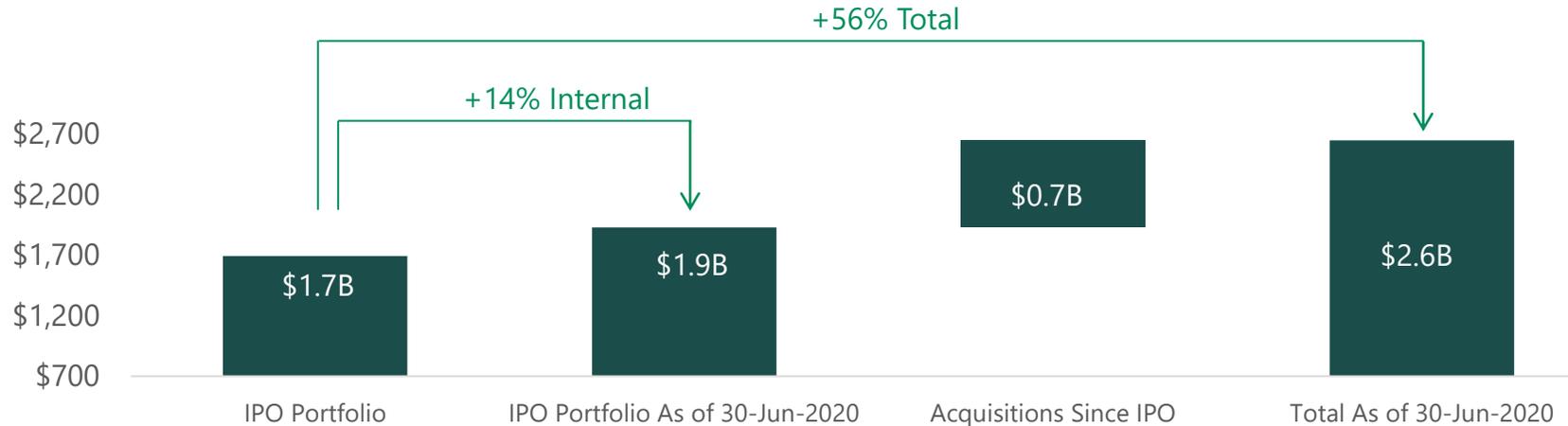
## GROSS LEASABLE AREA

Thousands of SF, June 4, 2014 through June 30, 2020



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

Thousands of USD



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**
- 100% leased

## 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
- Part of S&P/BMV Total Mexico ESG Index



## 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

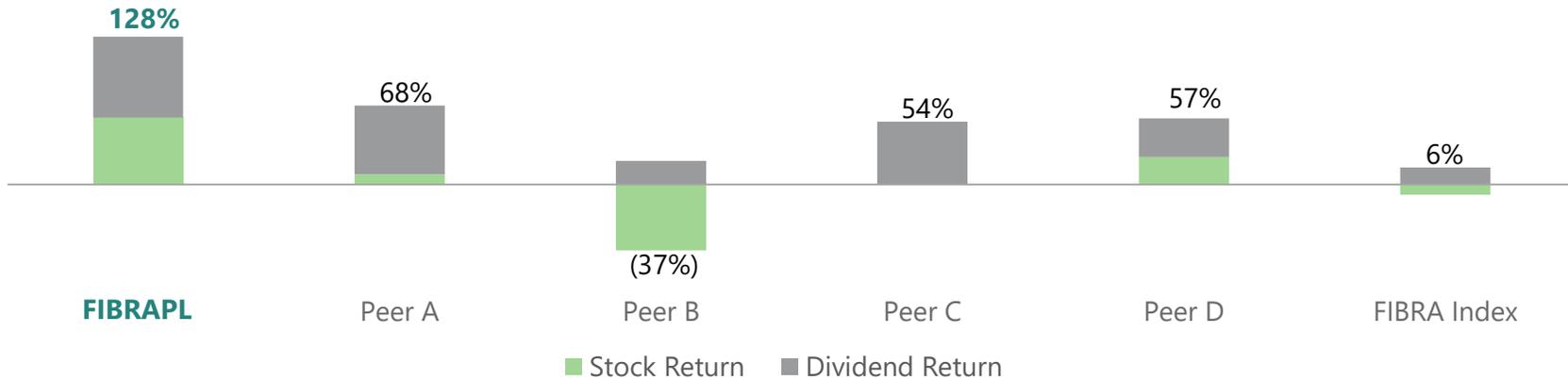
### Related-Party Transactions

- **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

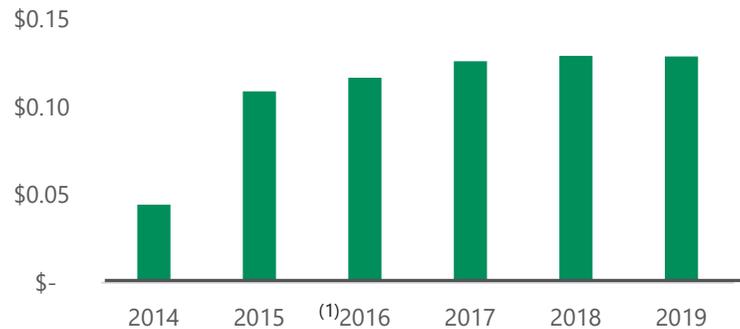
## TOTAL RETURN OF CBFIS IN MEXICAN PESOS

June 4, 2014 – July 22, 2020



## FIBRAPL AFFO PER CBFI

USD, millions

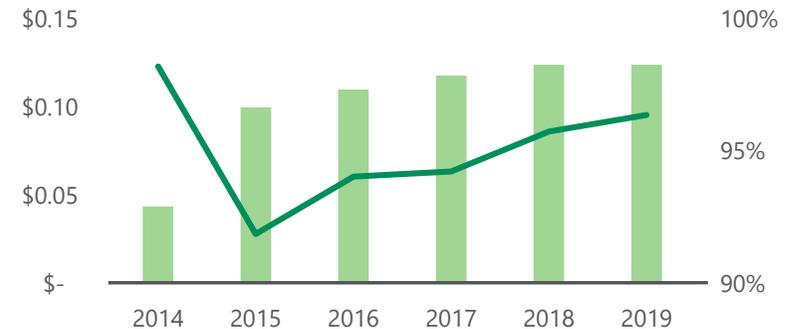


## FIBRAPL DISTRIBUTIONS PER CBFI

USD, millions

## PAYOUT RATIO

% of AFFO





## Location and Quality Matter

- 128% 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

# Performance Update Amid Covid-19

	2020	Variance to 2019
Lease Proposals	12.5 <sub>MSF</sub>	+57%
Leasing Activity	7.7 <sub>MSF</sub>	+114%
Lease gestation	35 <sub>DAYS</sub>	-7 <sub>DAYS</sub>
Retention	86.4%	+1%

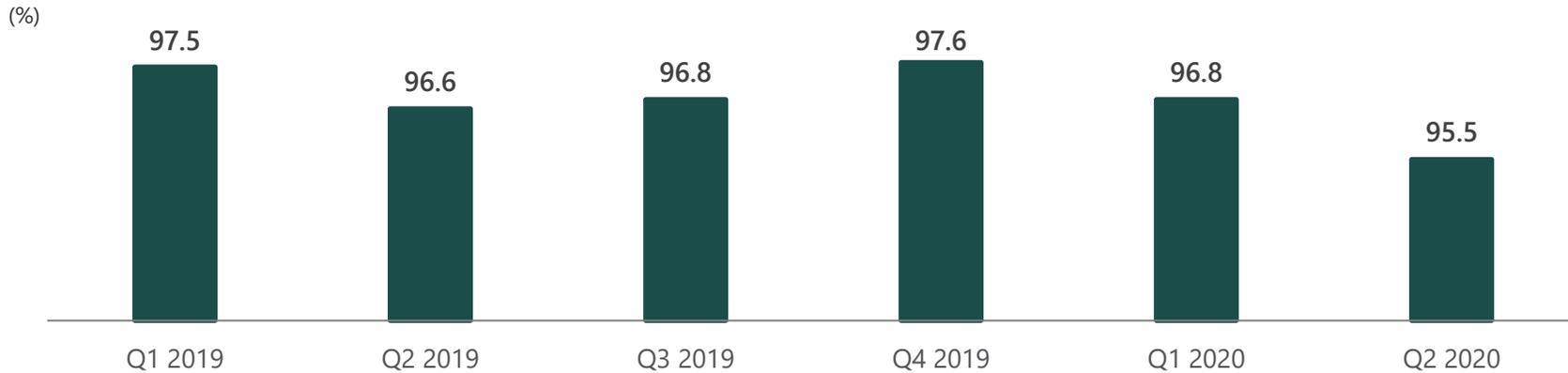
	2020	2019
Q1 Rent Collection	99.5%	99.3%
April Rent Collection	99.4%	99.7%
May Rent Collection	99.5%	99.7%
June Rent Collection	97.2%	97.7%

	Requested	Granted
2020 Rent Deferrals	5.6%	1.9%

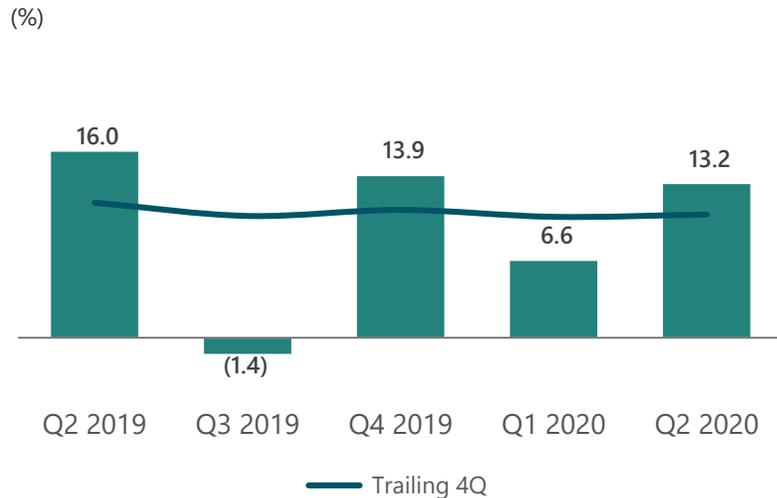
- Overall leasing activity remains strong with:
  - Higher lease proposals
  - Lower gestation period
- Rent collection tracking to 2019
- Expect to collect 85% of rent deferrals before YE 2020; the remainder in early 2021

# Historical Operating Performance

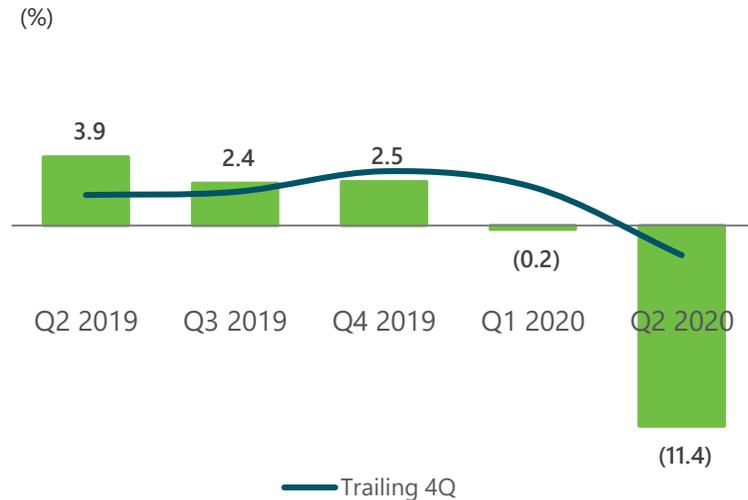
## ELEVATED PERIOD-END OCCUPANCY



## POSITIVE RENT CHANGE ON ROLLOVER EXPECTED TO CONTINUE



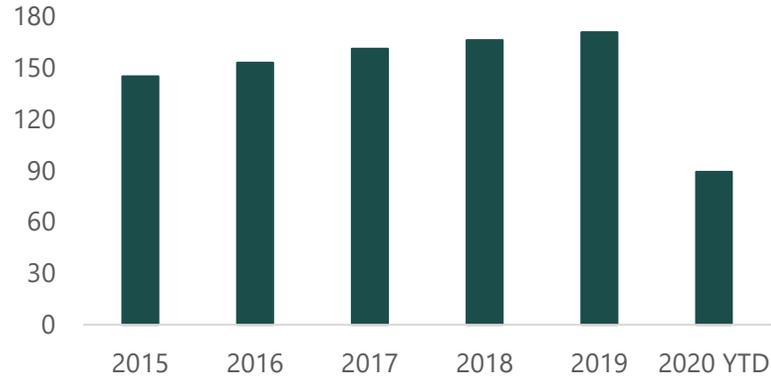
## CASH SAME STORE NOI GROWTH DRIVEN BY OCCUPANCY AND RENT GROWTH



# Historical Growth

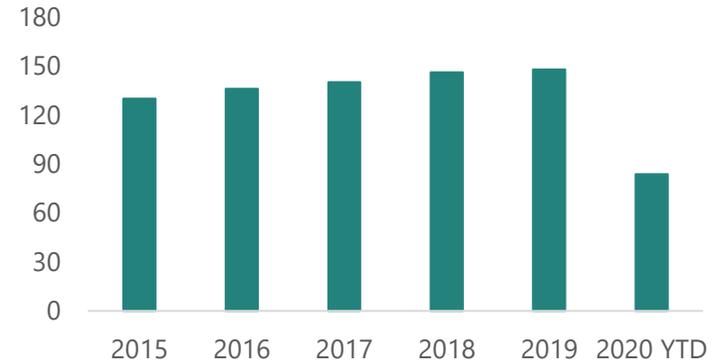
## NOI GROWTH

Millions of USD



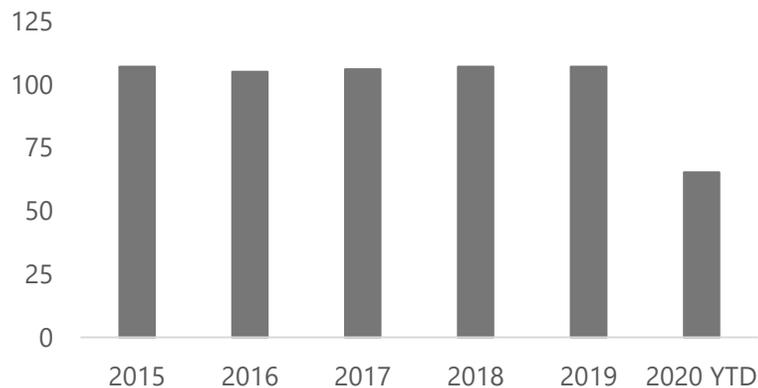
## ADJUSTED EBITDA GROWTH

Millions of USD



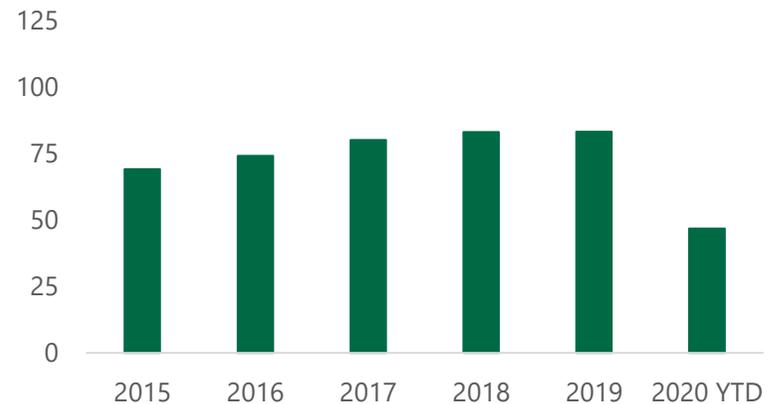
## FFO GROWTH

Millions of USD



## AFFO GROWTH

Millions of USD

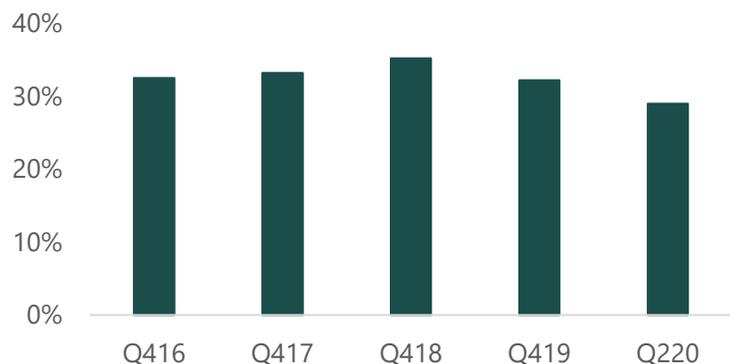


Data as of June 30, 2020

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

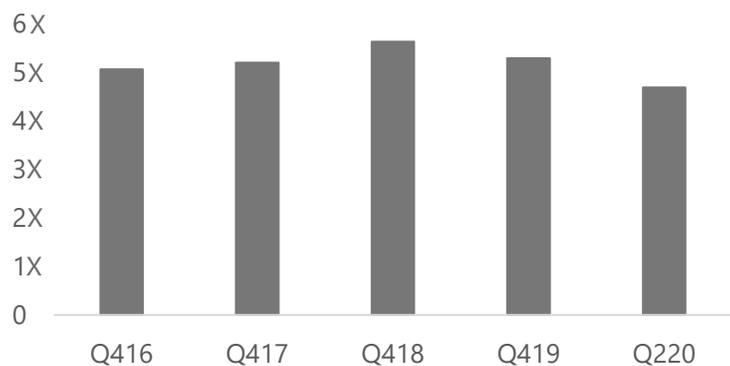
**DEBT % OF INVESTMENT PROPERTIES**



**FIXED CHARGE COVERAGE RATIO**

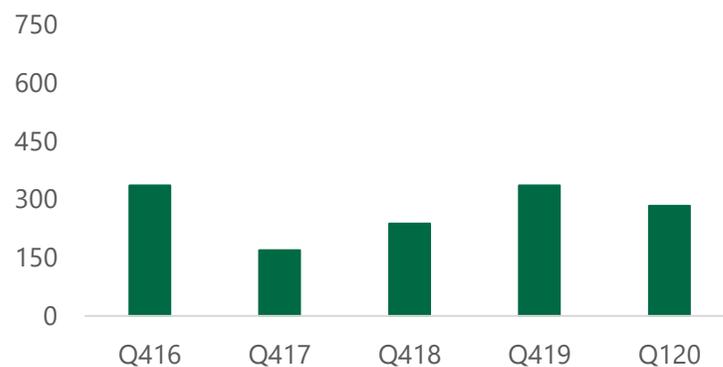


**DEBT TO ADJUSTED EBITDA**



**LIQUIDITY**

Millions of USD

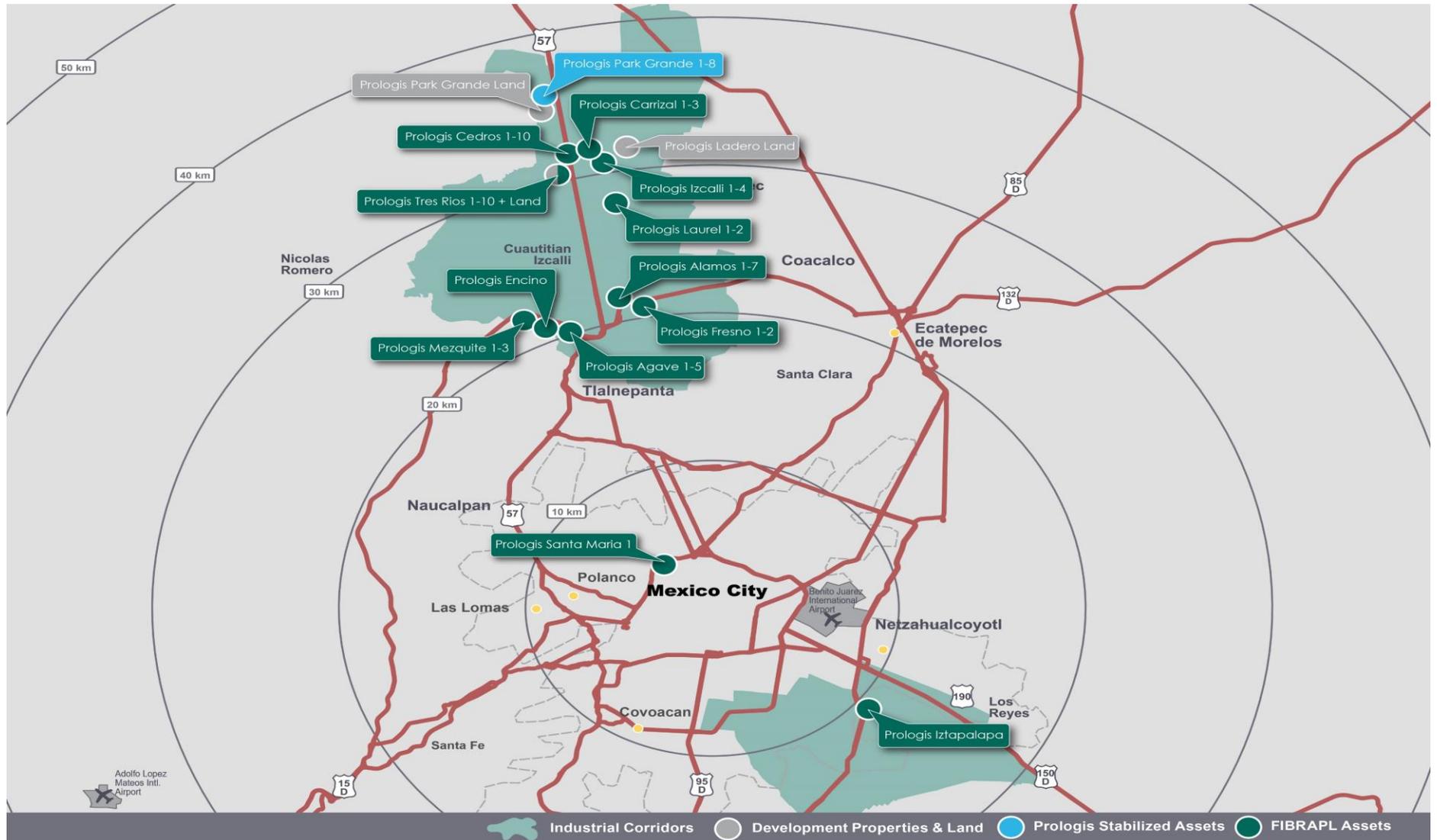


# Fee Structure

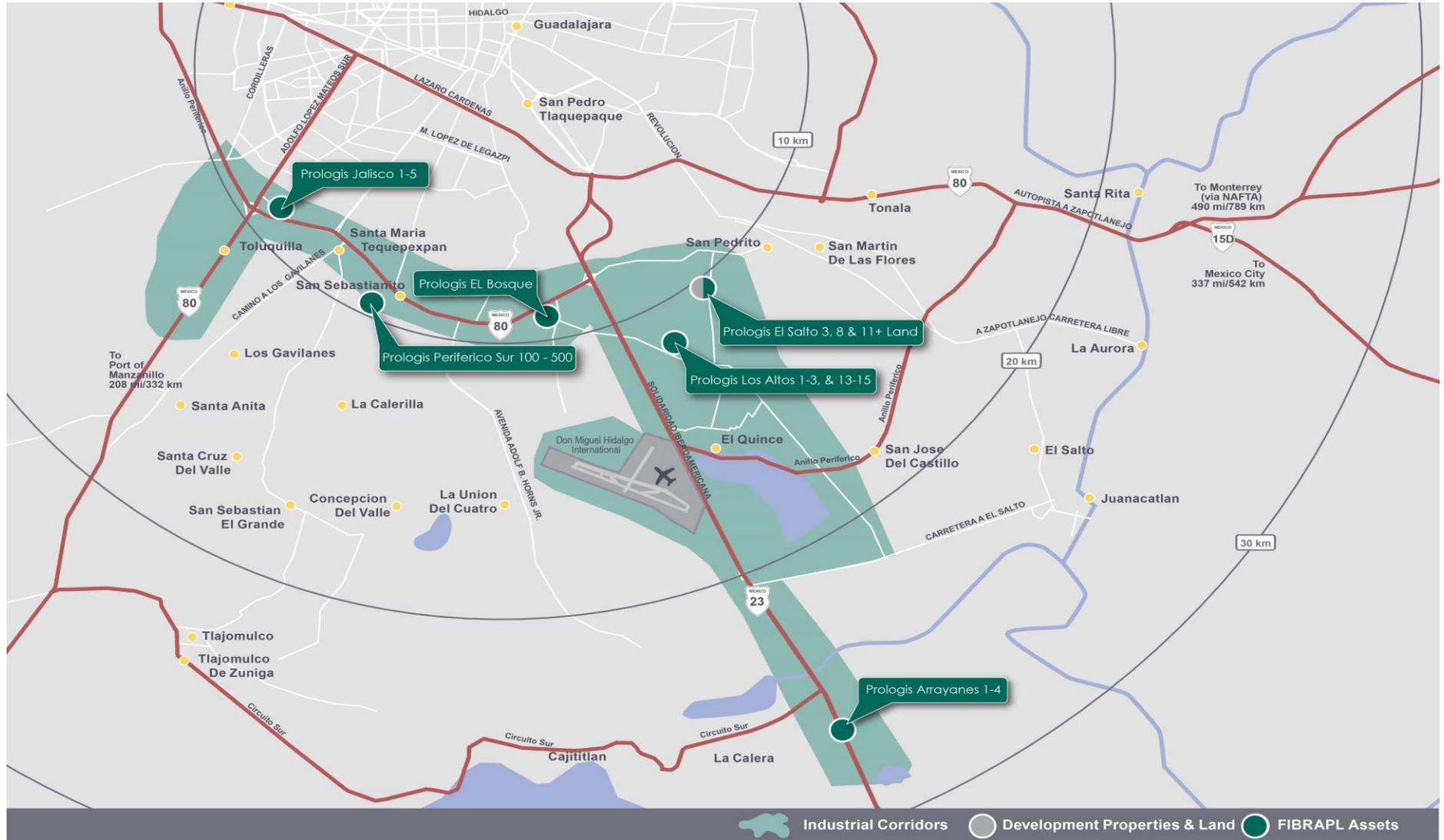
Transparent and Aligned

	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		

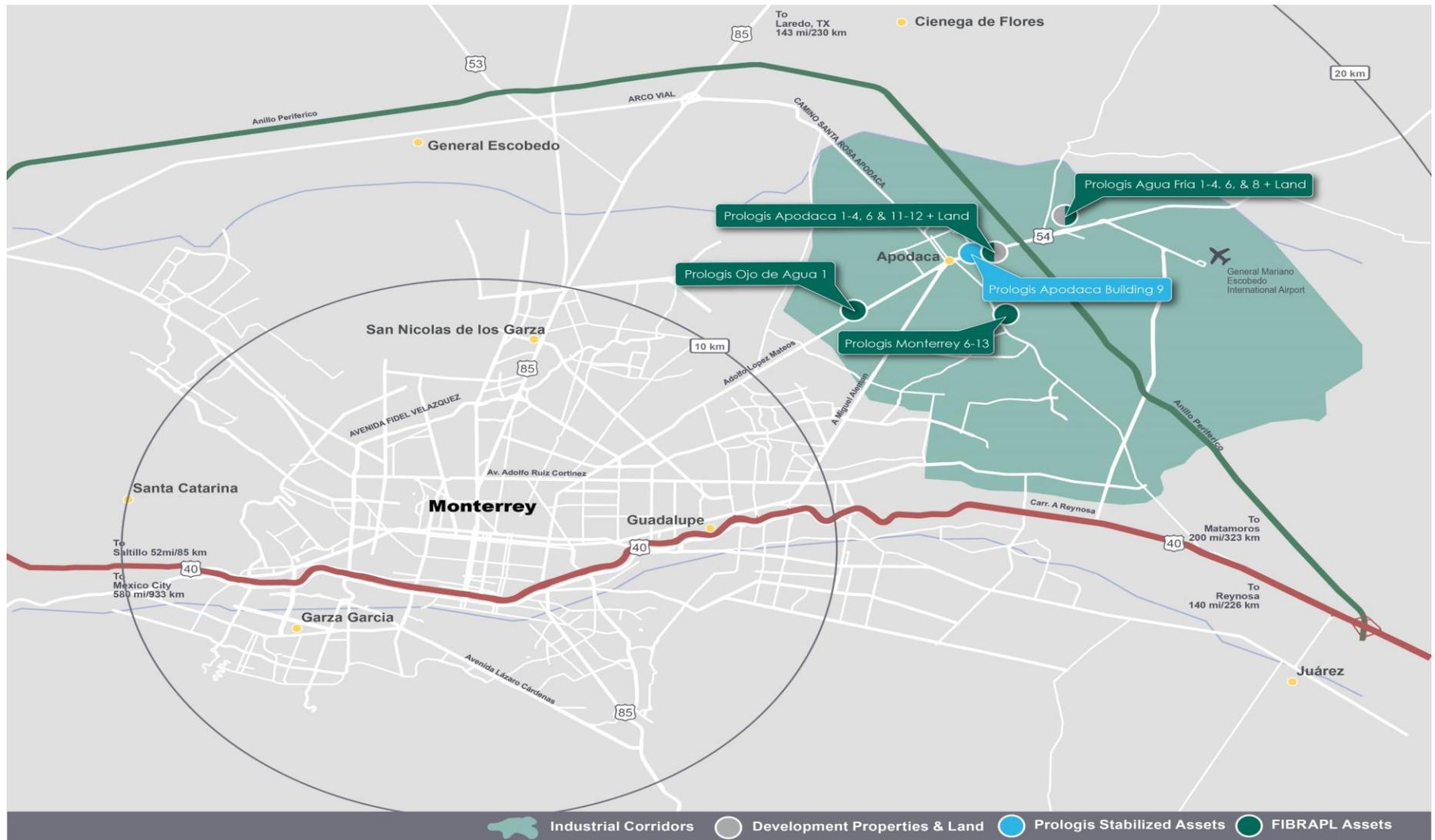
# Mexico City



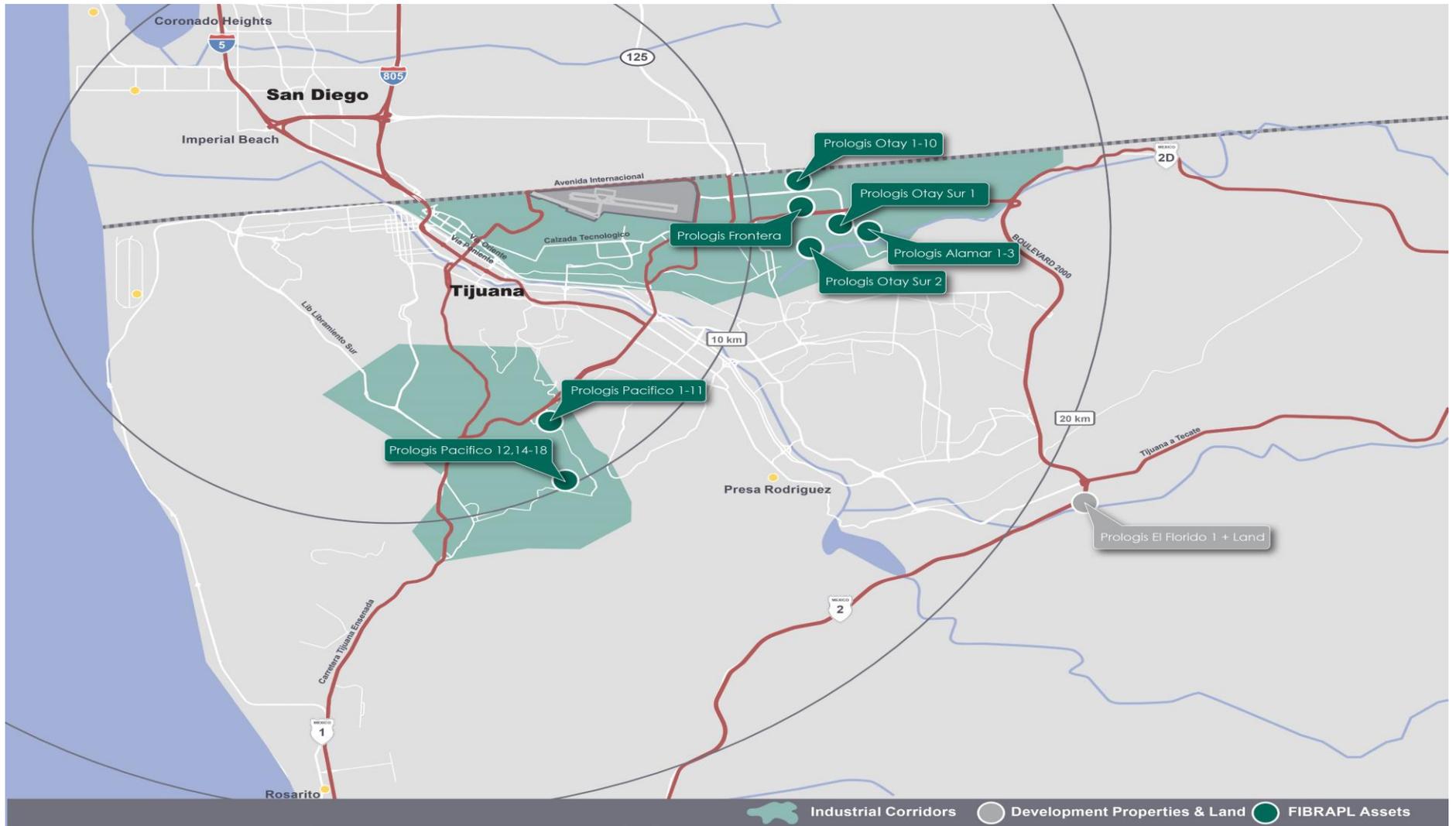
# Guadalajara



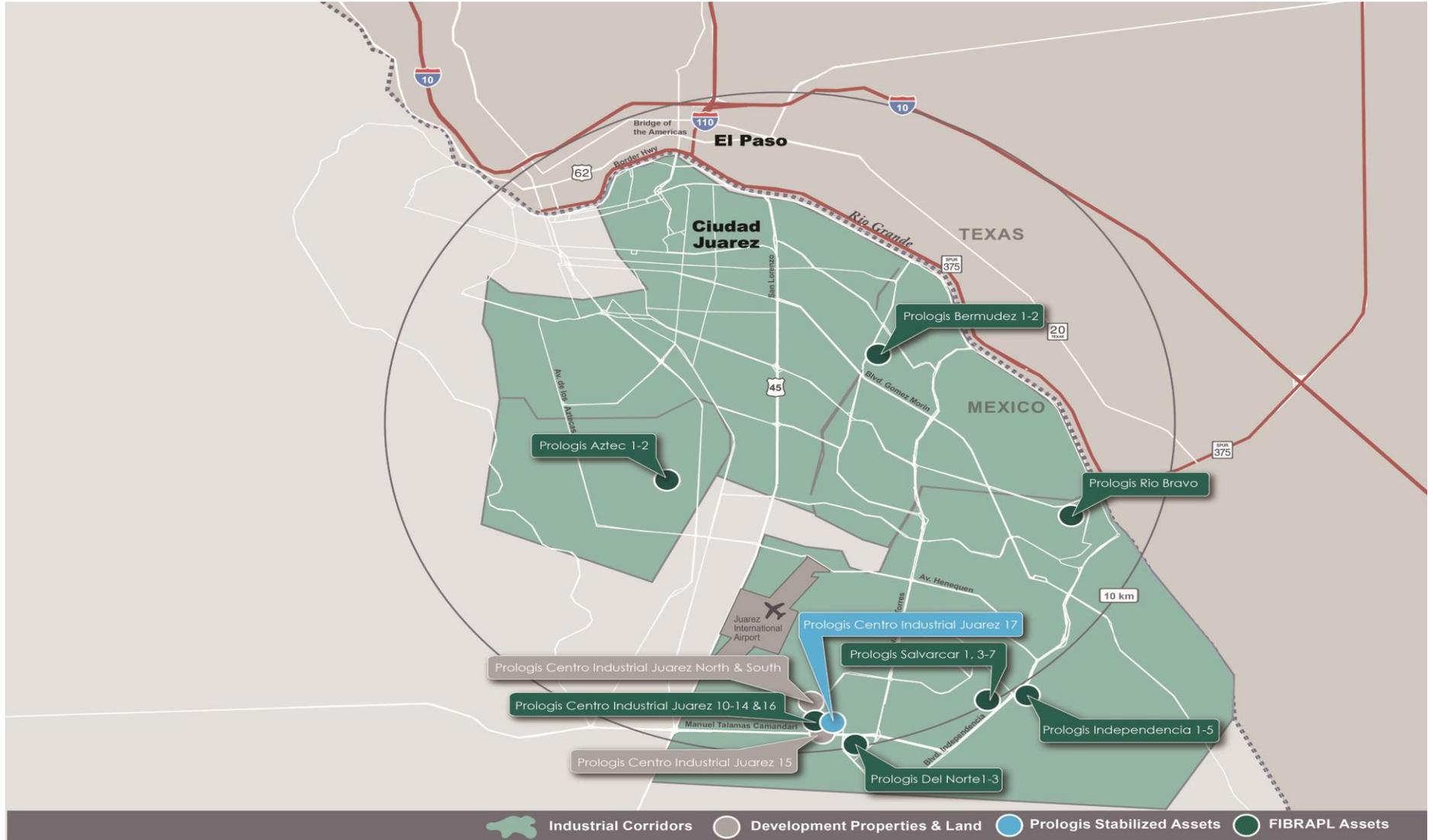
# Monterrey



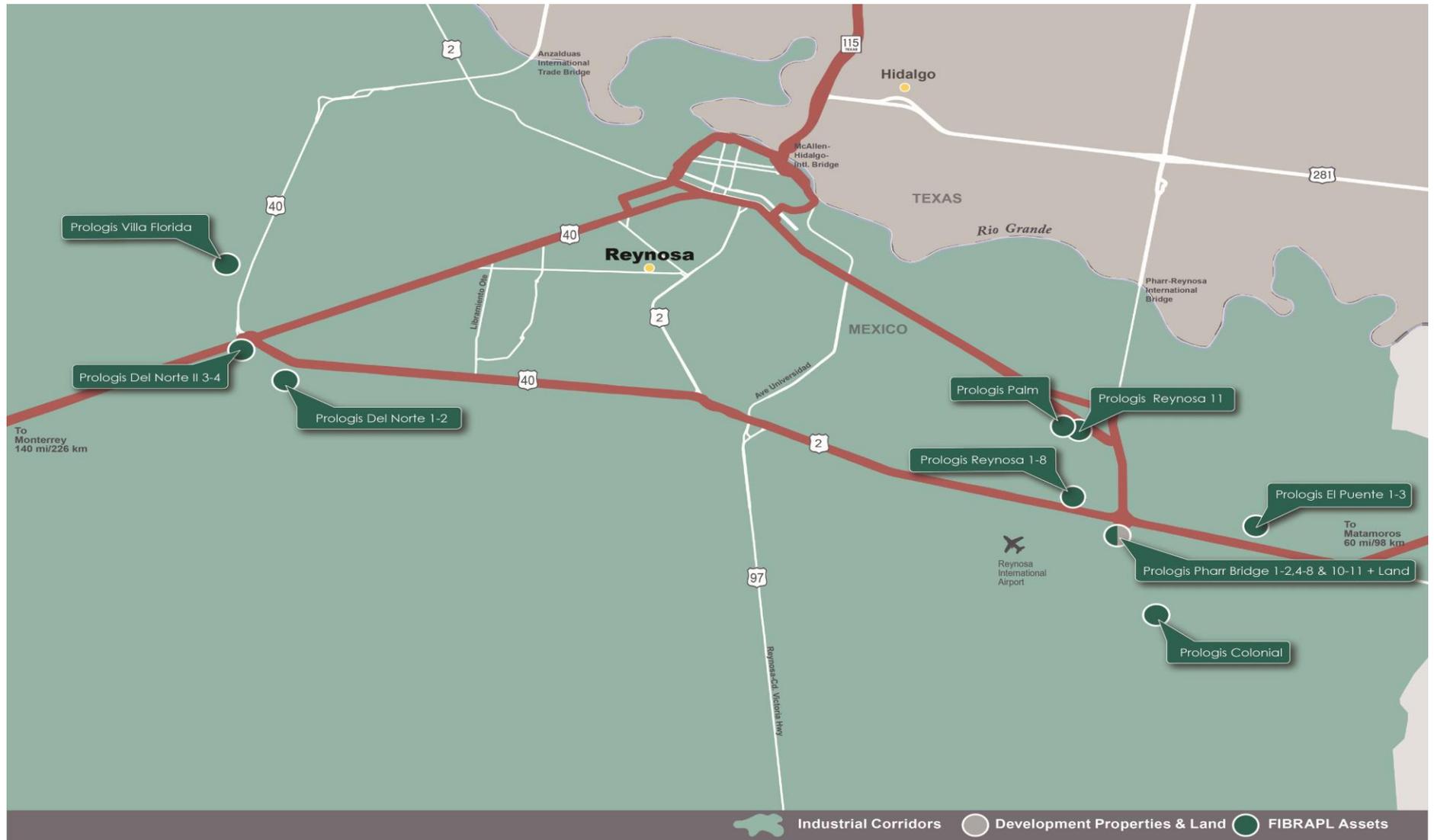
# Tijuana



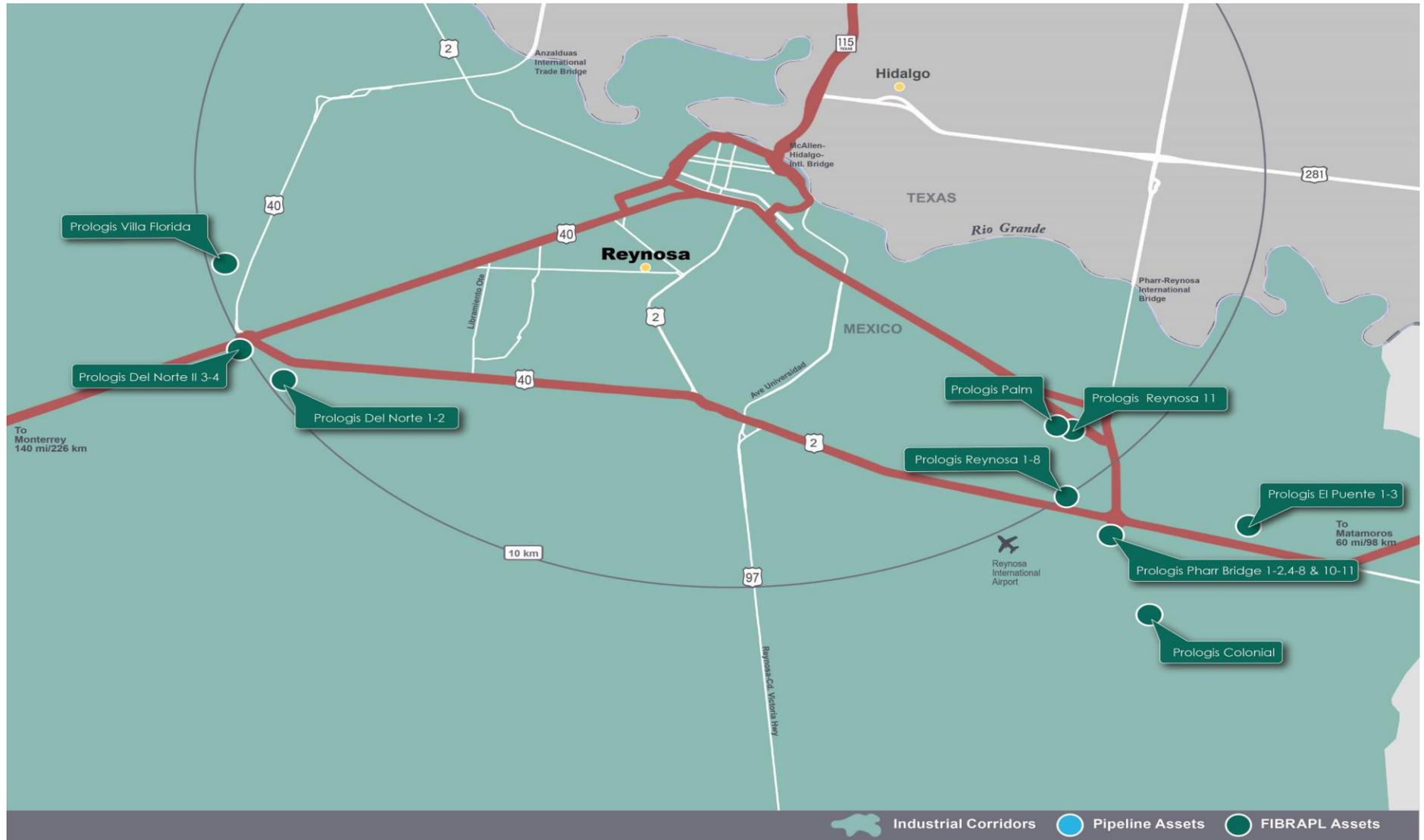
# Ciudad Juarez



# Reynosa



# Reynosa





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