



Tres Rios #8, Mexico City

# FIBRA PROLOGIS

NDRS Evercore

February 2019

# Forward-Looking Statements / Non Solicitation

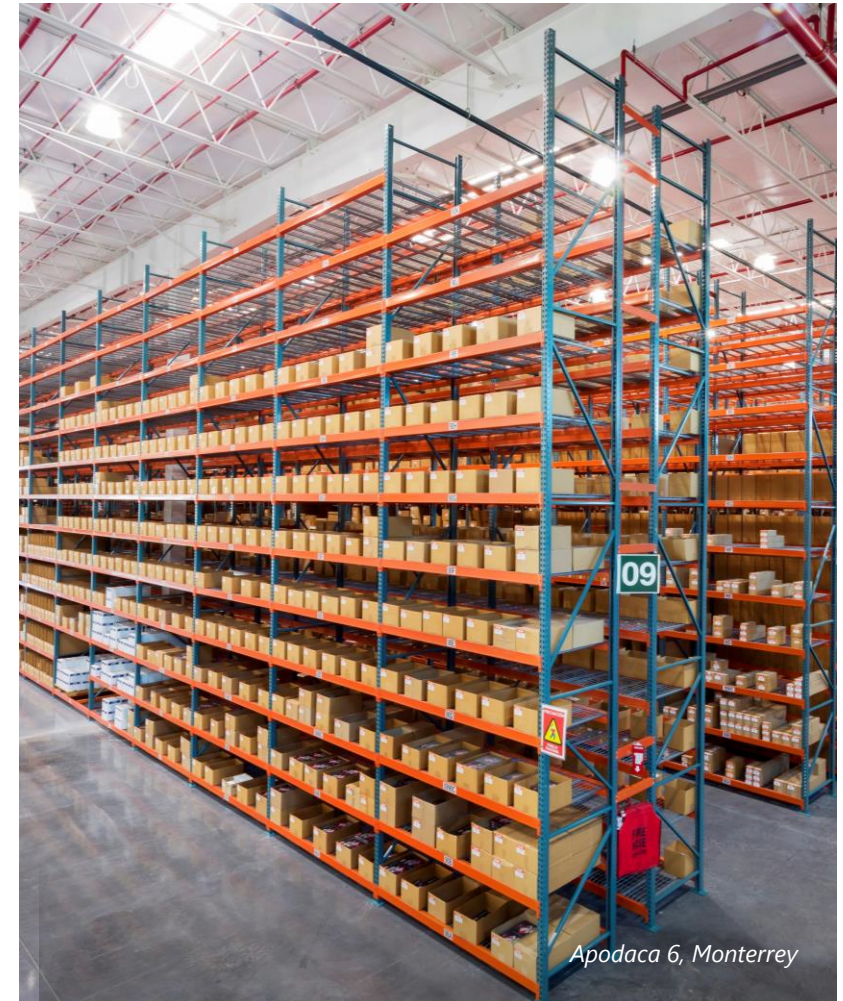
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*Apodaca 6, Monterrey*





Tres Rios #1, Mexico City

# 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 15 years
- 93% Class-A/A+ buildings
- 82% of buildings located in master-planned parks

## Solid Track Record

- Leadership team with over 27-years of experience
- ~63% total stock return since IPO<sup>(2)</sup> or 10% CAGR<sup>(2)</sup>
- ~41% growth in FMV of total operating portfolio (including acquisitions) and over 15% growth in FMV of just the IPO portfolio<sup>(3)</sup>

## Strong Balance Sheet

- Conservative leverage
- Liquidity emphasis provides increased flexibility



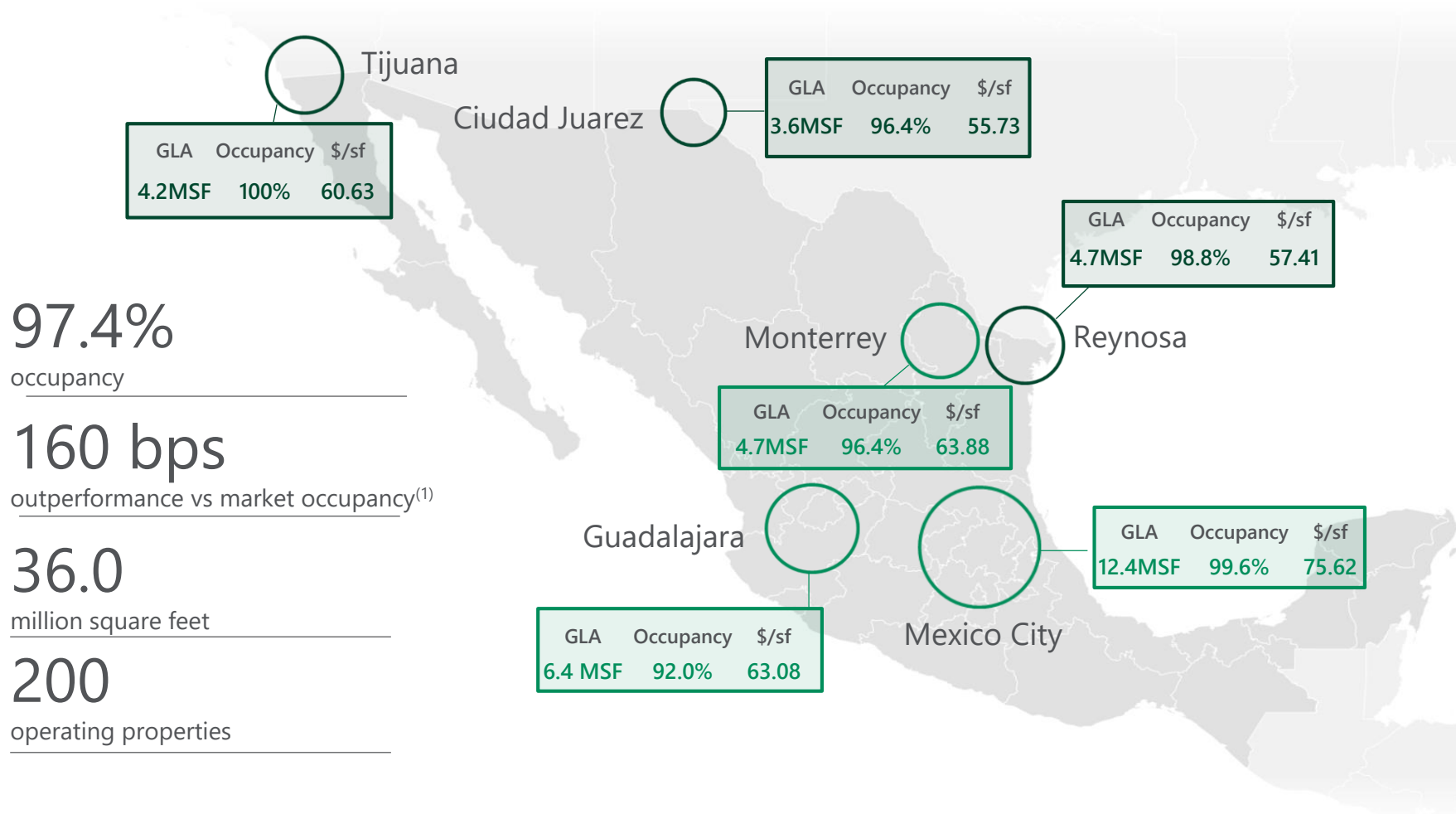
Source: FIBRA Prologis, CBRE, Bloomberg

1. Data as of December 31, 2018

2. IPO was June 4, 2014; total return and CAGR calculated in Mexican Pesos on January 24, 2019

3. Comparison of fair market value of the portfolio between June 4, 2014 and December 31, 2018

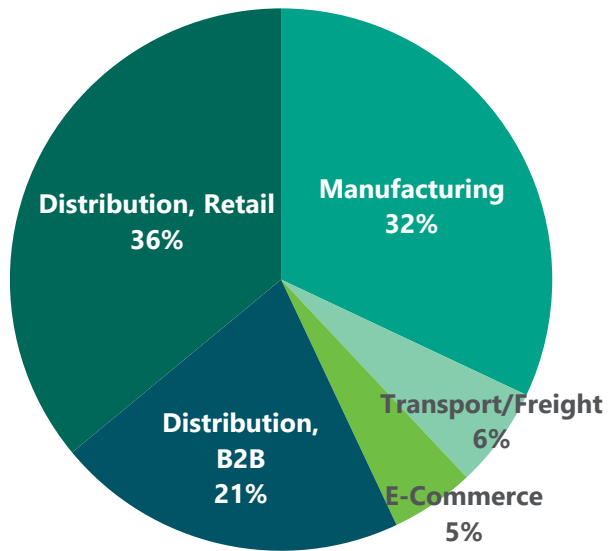
# Unmatched Portfolio Focused in the Top Consumption and Manufacturing Markets



# Diversified Customer Base

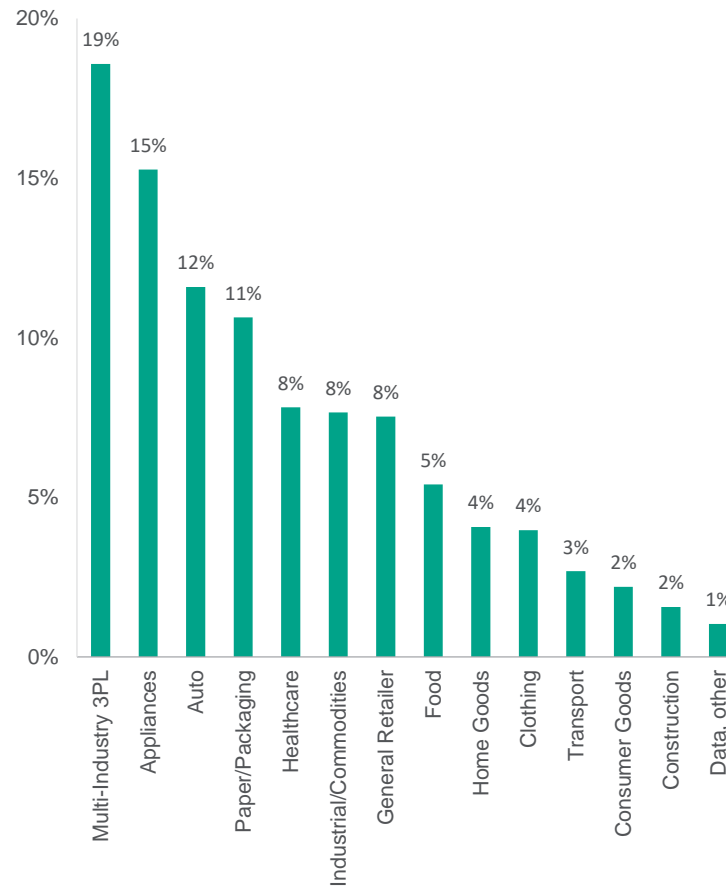
**Customer Activity**

(%, NRA basis)



**Customer Industry**

(%, NRA basis)



Our top 10 customers represent just

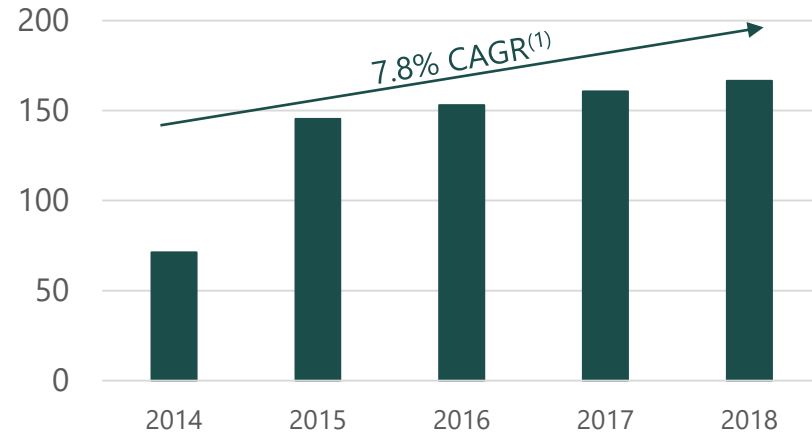
**19%**

of net effective rent

# Consistent Growth

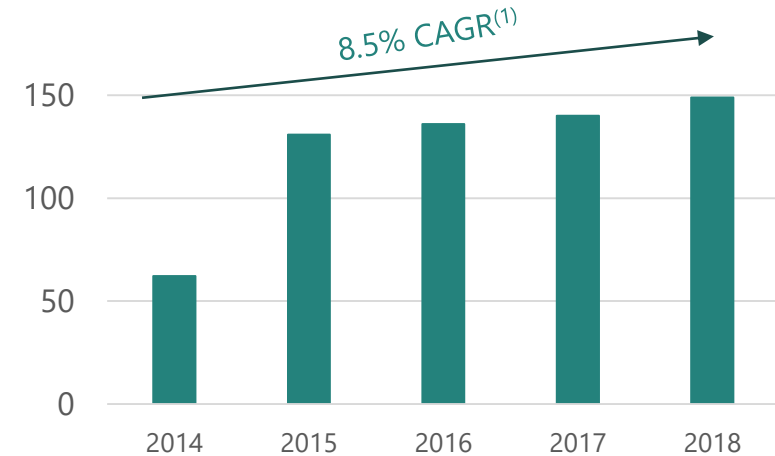
## NOI Growth

Millions of USD



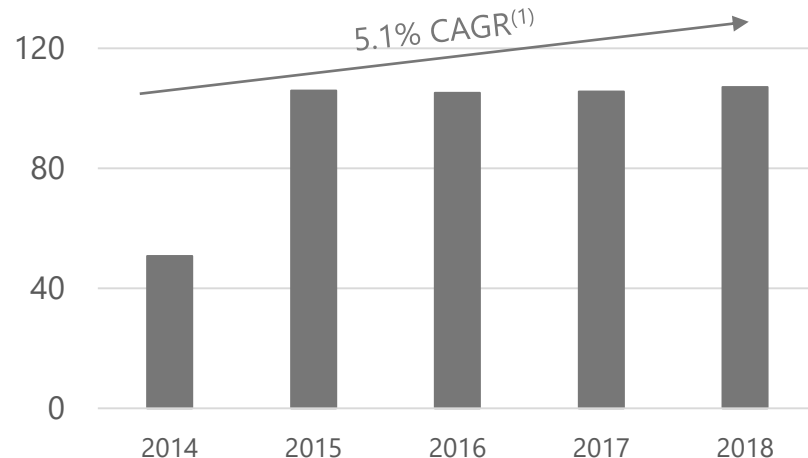
## Adjusted EBITDA Growth

Millions of USD



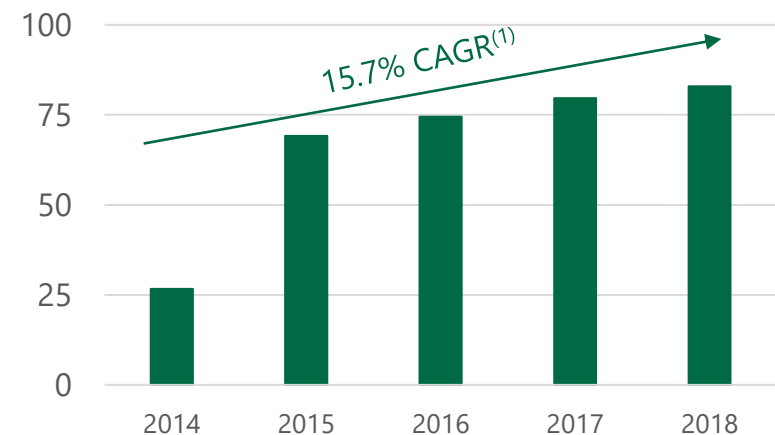
## FFO Growth

Millions of USD



## AFFO Growth

Millions of USD



Data as of December 31, 2018

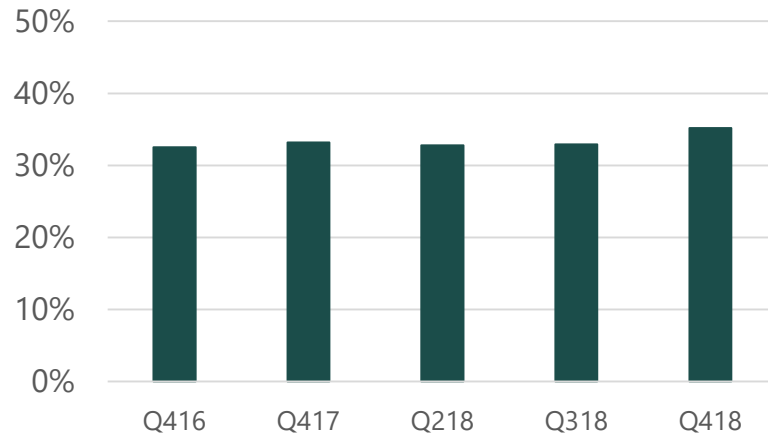
Note: For comparative purposes, incentive fees paid to FIBRAPL's sponsor in 2017 and 2018 have been excluded, as has the impact on realized exchange losses from VAT in 2015. Additionally, FIBRAPL's initial public offering was June 4, 2014, therefore 2014 data is only for the period between June 4 through December 31, 2014.

1. 2014 actuals are annualized for the purposes of calculating the four-year compound annual growth rate (CAGR).

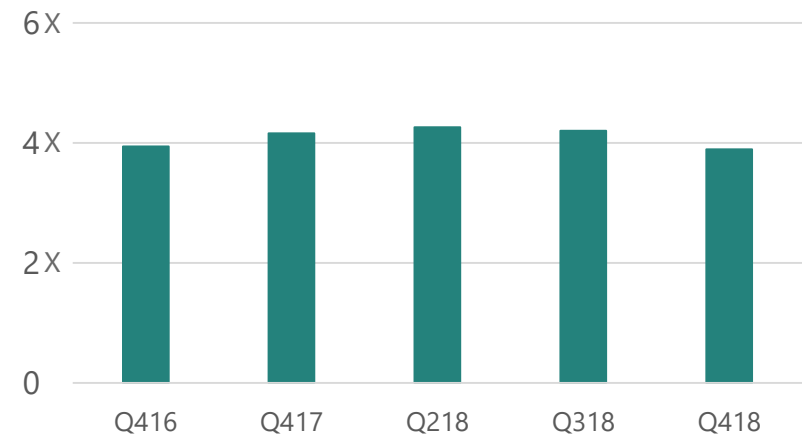


# Strong Credit Metrics

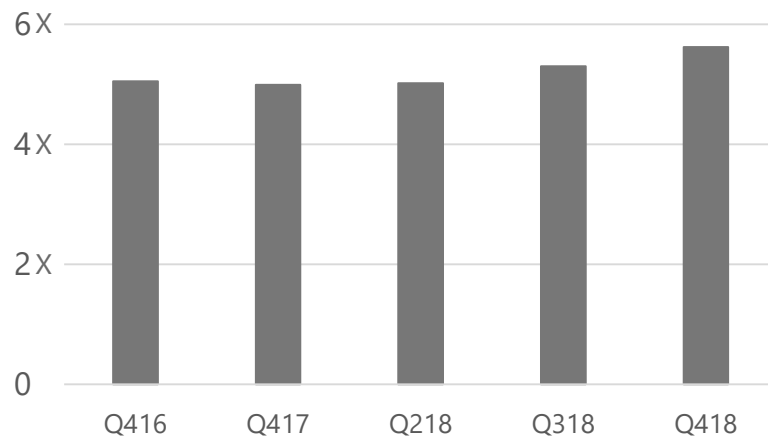
## Debt % of Investment Properties



## Fixed Charge Coverage Ratio

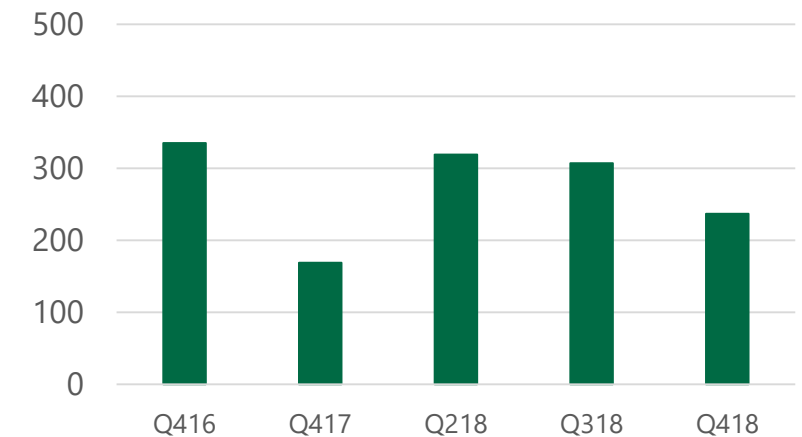


## Debt to Adjusted EBITDA



## Liquidity

Millions of USD



# Corporate Governance

## Alignment with Certificate Holders

### Philosophy

Our governance structure reflects a market-leading approach to corporate governance which takes into account the interests of our CBFH holders while leveraging our relationship with Prologis, which maintains a strong record of 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 Gutiérrez |
| • Luis F. Cervantes        | • Gene F. Reilly |
| • Alberto Saavedra         | • Ed S. Nekritz  |
| • Armando Garza Sada       |                  |
| • Xavier de Uriarte Berron |                  |

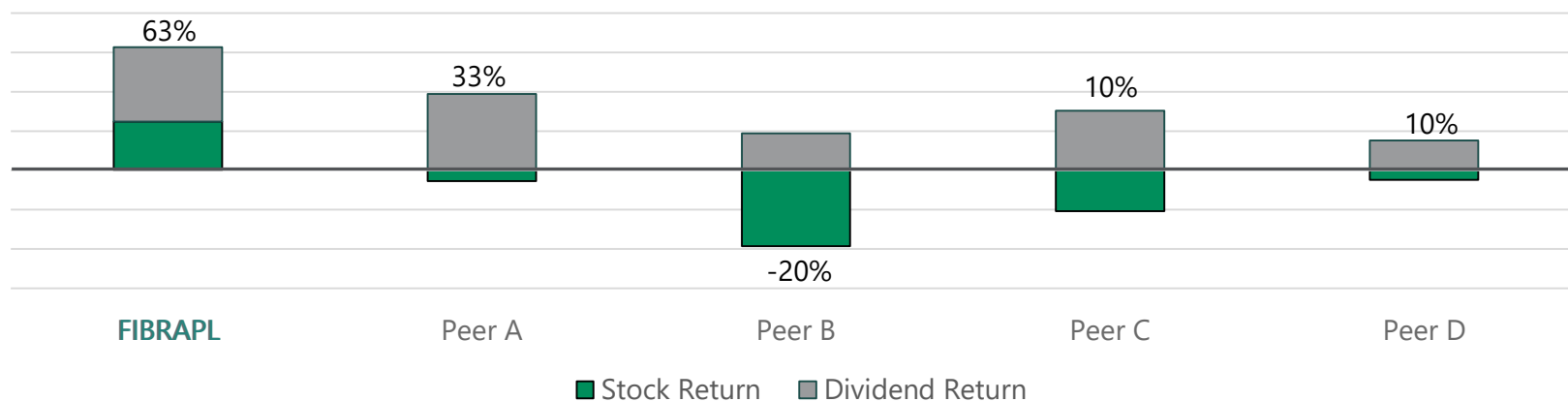
### Related-Party Transaction

- **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

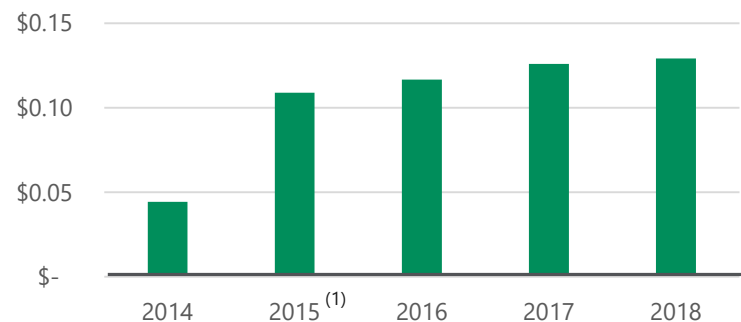
## Total Return of CBFIs in Mexican Pesos

June 4, 2014 – January 24, 2019



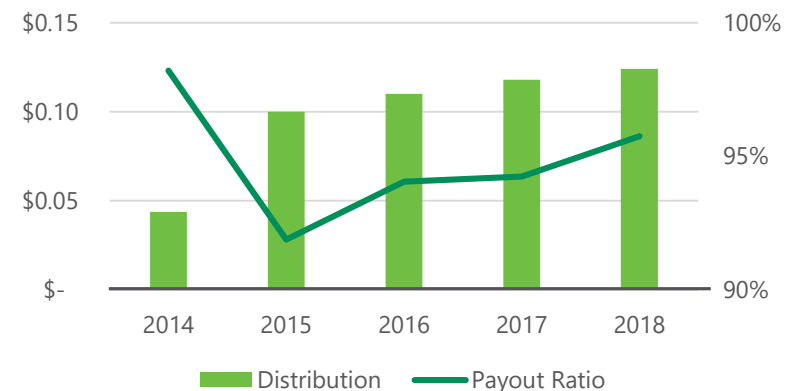
## FIBRAPL AFFO per CBFi

USD, millions



## FIBRAPL Distributions per CBFi

USD, millions





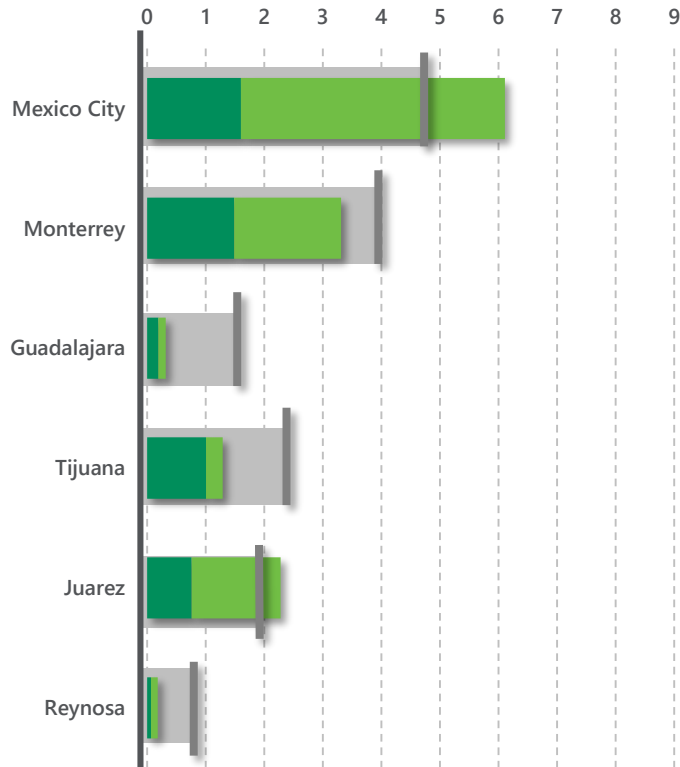
Prologis Park Izcalli, Mexico City

# Macroeconomic Indicators and Drivers of Demand



# Real Estate Fundamentals

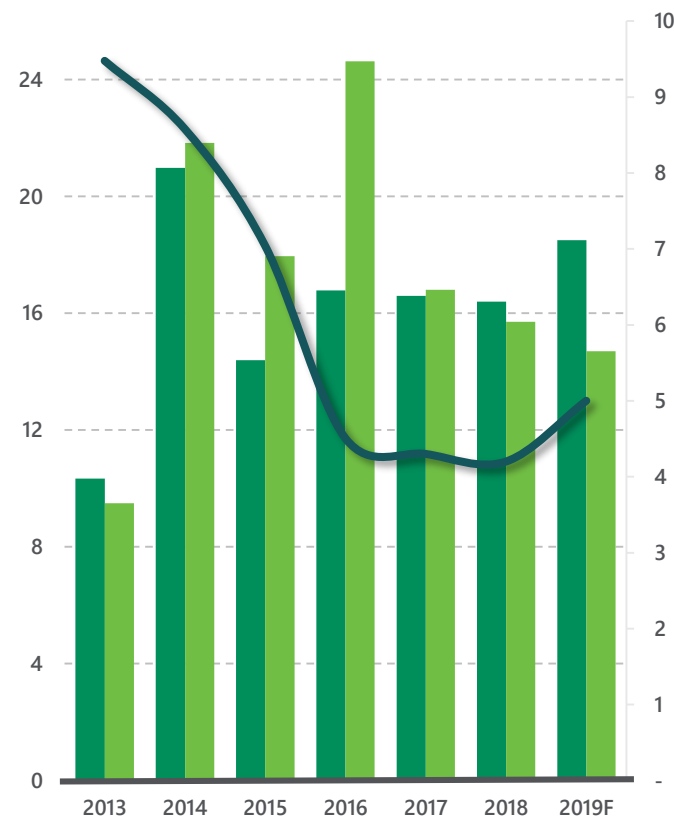
**Demand vs Supply**  
(MSF)



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

Sources: CBRE, NAI, Prologis Research

**Demand vs Supply**  
(MSF)



■ Completions ■ Net Absorption — Market Vacancy Rate

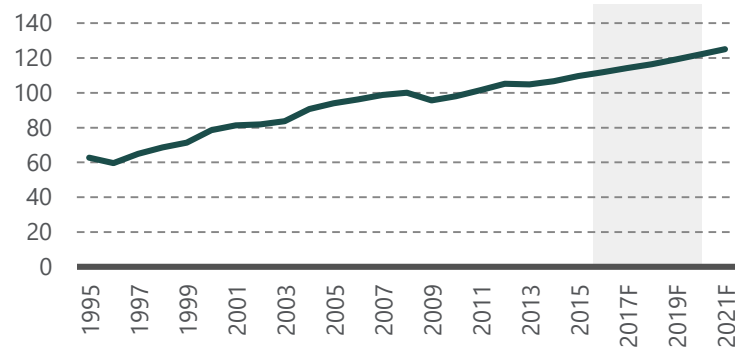
Sources: CBRE, Prologis Research

- 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 2.0%
- Scarcity of available modern product is driving customers to sign pre-leases on speculative supply currently under construction in Mexico City

# Structural Drivers Build Logistics Real Estate Demand

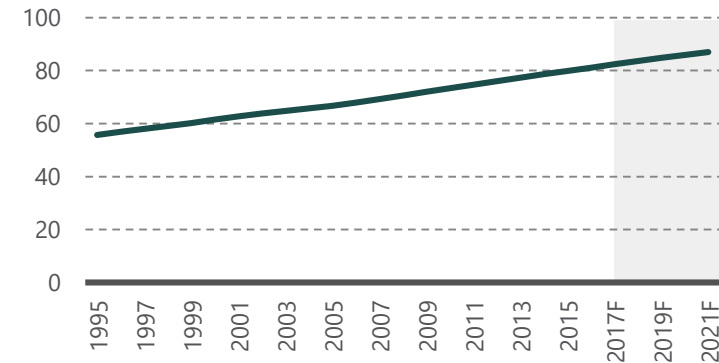
## Robust Retail Sales Growth

Index, 2008 = 100, 2008 Pesos



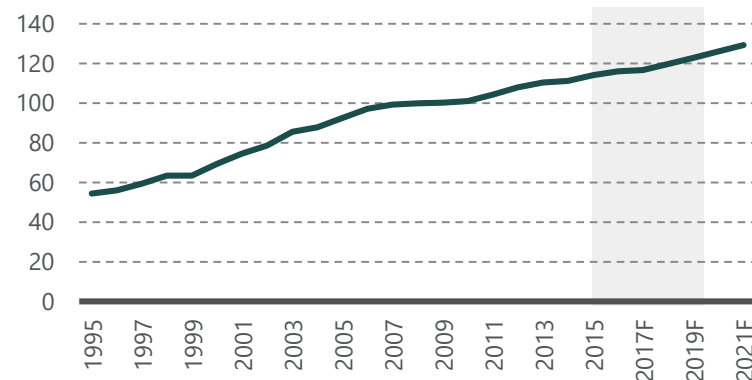
## Young & Growing Population

Working Age Population, Millions of People



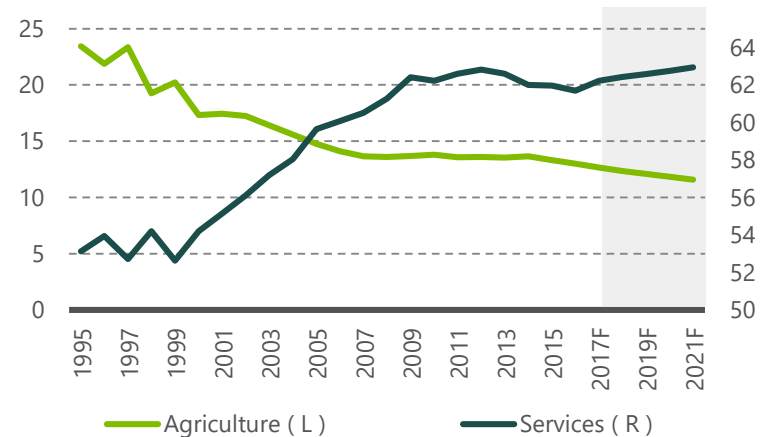
## Rising Consumer Class

Personal Disposable Income, Index, 2008 = 100, 2008 Pesos



## Growth in Higher Wage Sectors

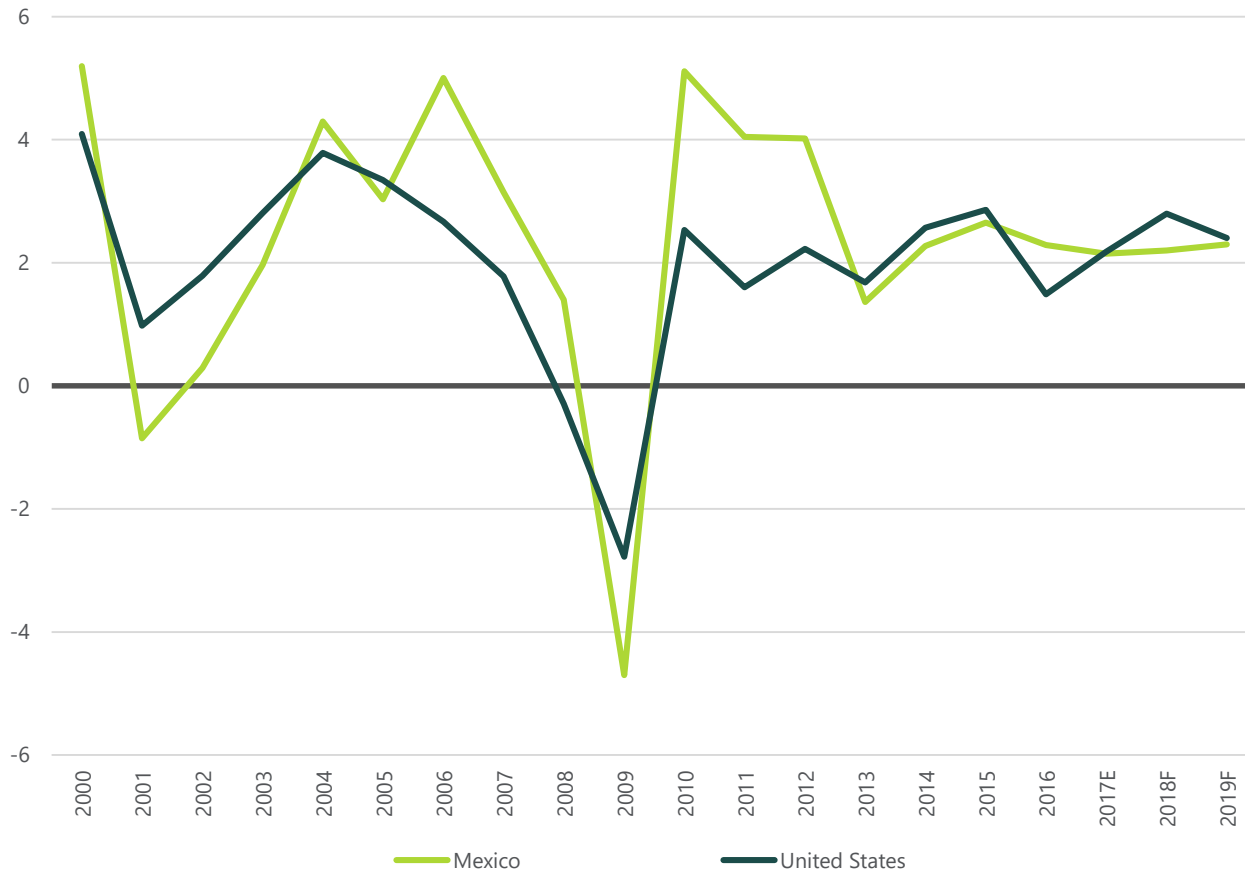
% Ag. Jobs as a % of Total    % Services Jobs as a % of Total



# Mexico Economy Strongly Linked to U.S. Performance

## Mexico-U.S. Economies Intertwined

%, Real GDP Growth

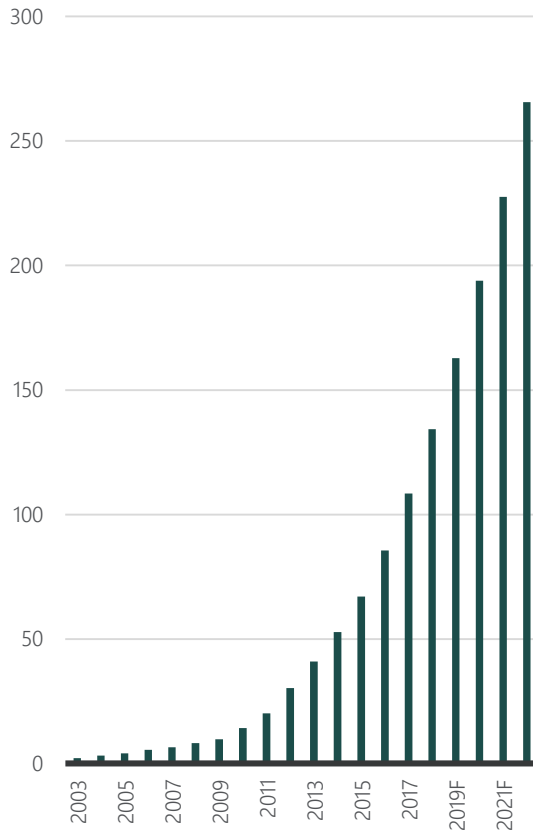


- Mexican economy buoyed by U.S. throughout the cycle
- North American value chains are deeply intertwined, with parts often crossing the border multiple times prior to product completion
- Share of U.S. value added in Mexican exports is high and more than 1/3 of gross exports
- Latest news on the NAFTA renegotiations has been positive and helping to support the peso appreciation in recent months
- Agriculture, auto, energy and apparel sectors particularly dependent on NAFTA

# E-Commerce Becoming an Added Demand Driver

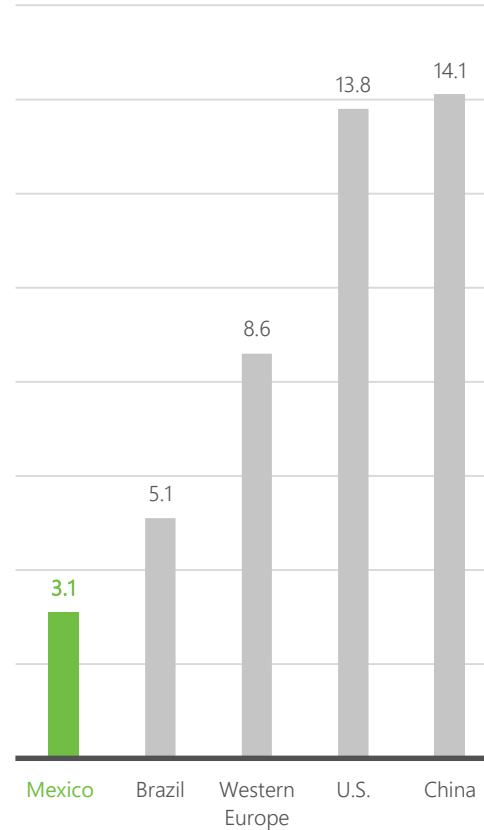
## Significant E-Commerce Sales, Mexico

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
- Intensive users of logistics space; ~3X traditional brick & mortar



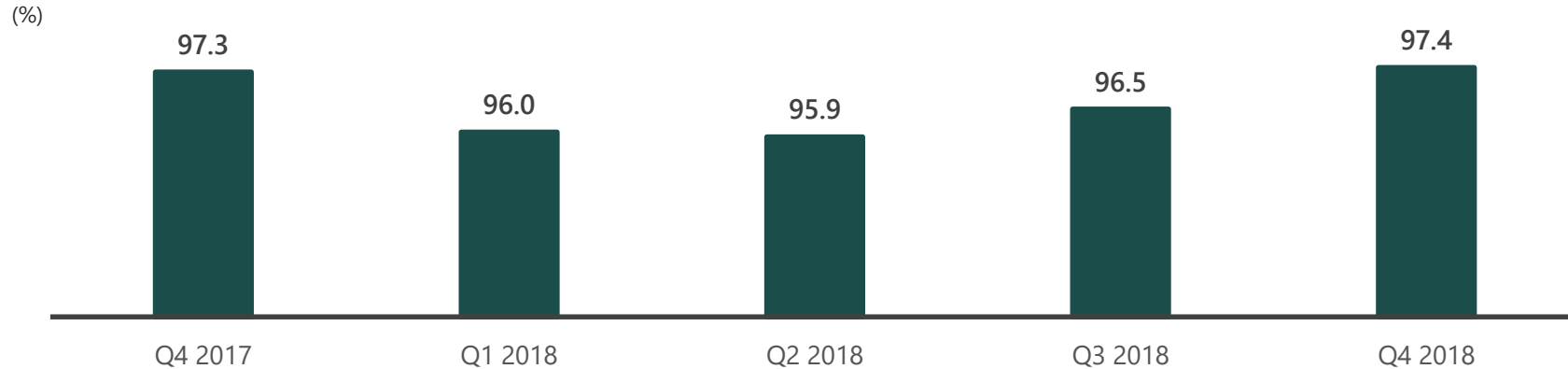


*Prologis Park Apodaca Building 3, Monterrey*

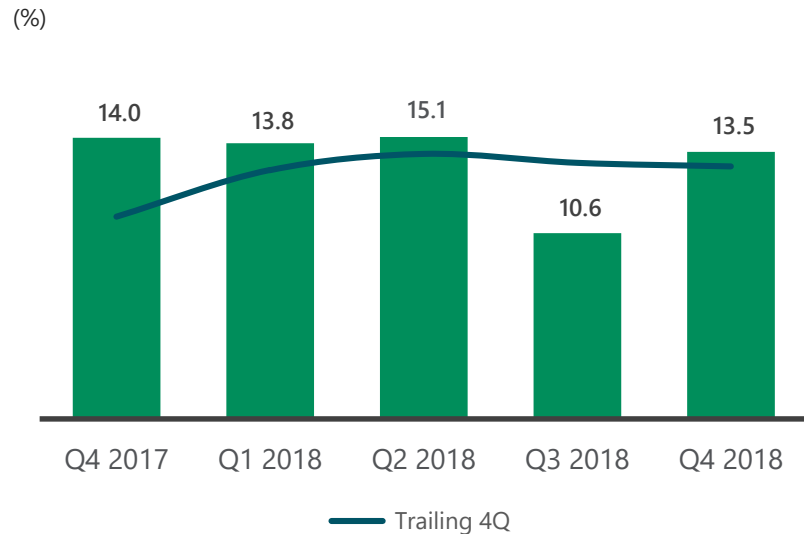
# Operating Portfolio & Performance

# Solid Operating Performance

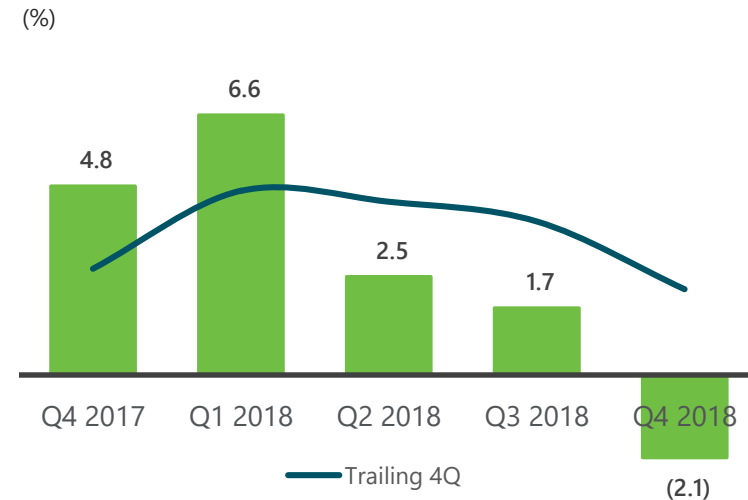
## Elevated Period-End Occupancy



## Positive Rent Change on Rollover Expected to Continue

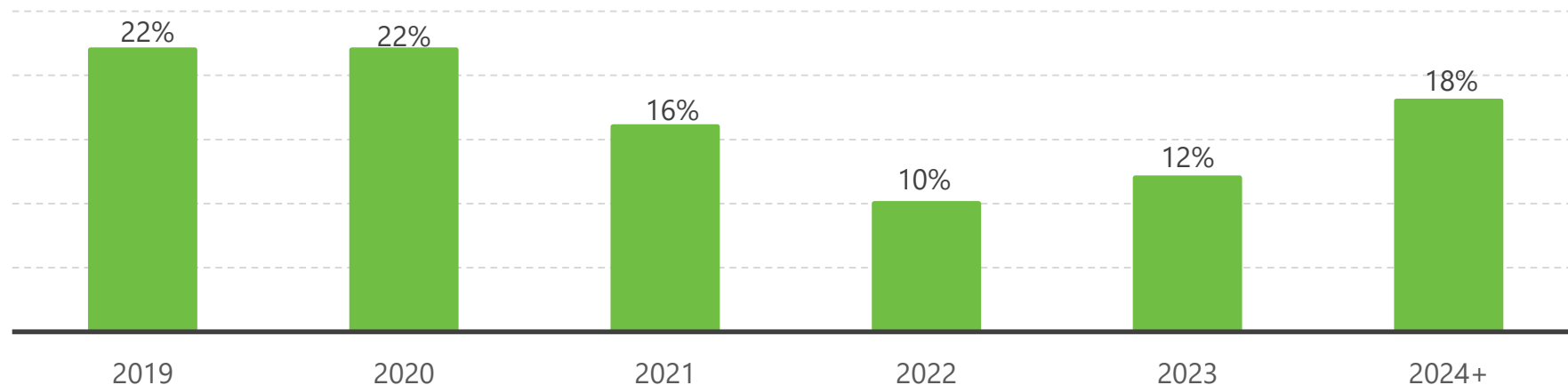


## Cash Same Store NOI Growth Driven by Occupancy and Rent Growth



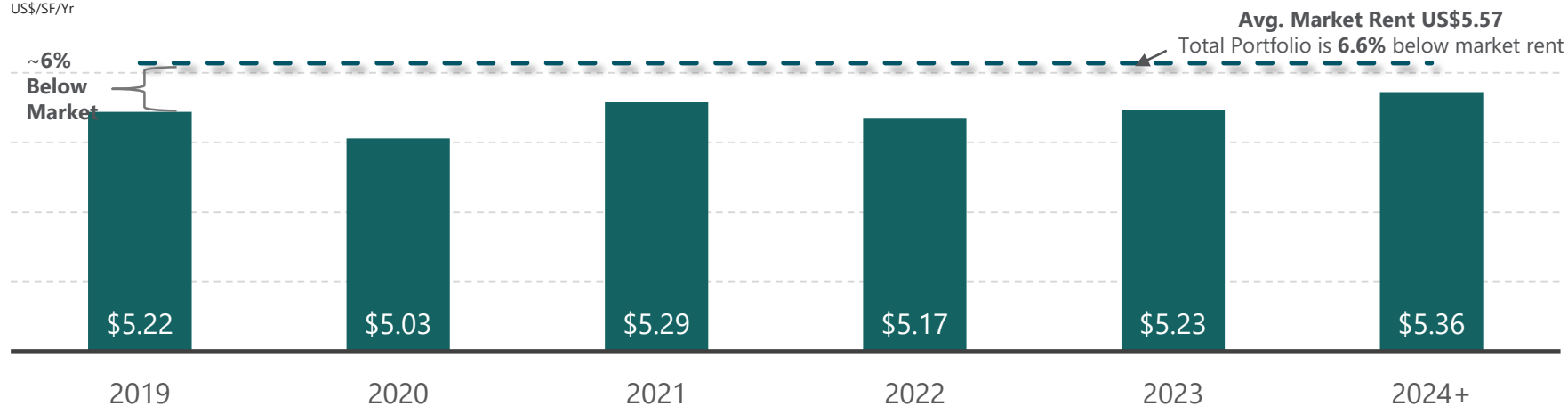
# Embedded Earnings Potential from Harvesting the Gap between In-place Rents and Market Rents

Lease Expiry Profile by Annualized NER



Average In-Place NER Rate of Lease Expiry Profile

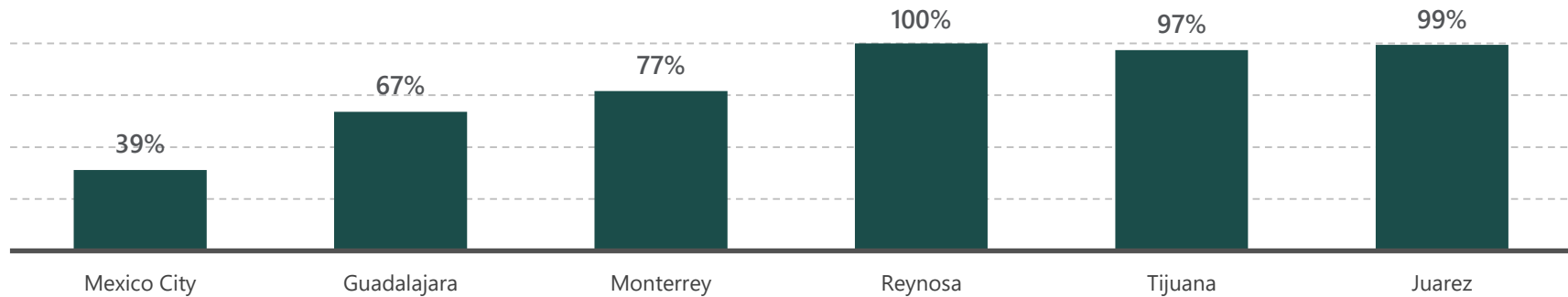
(Overall Portfolio Avg. in Place Rent of US\$5.20)  
US\$/SF/Yr



Data as of December 31, 2018

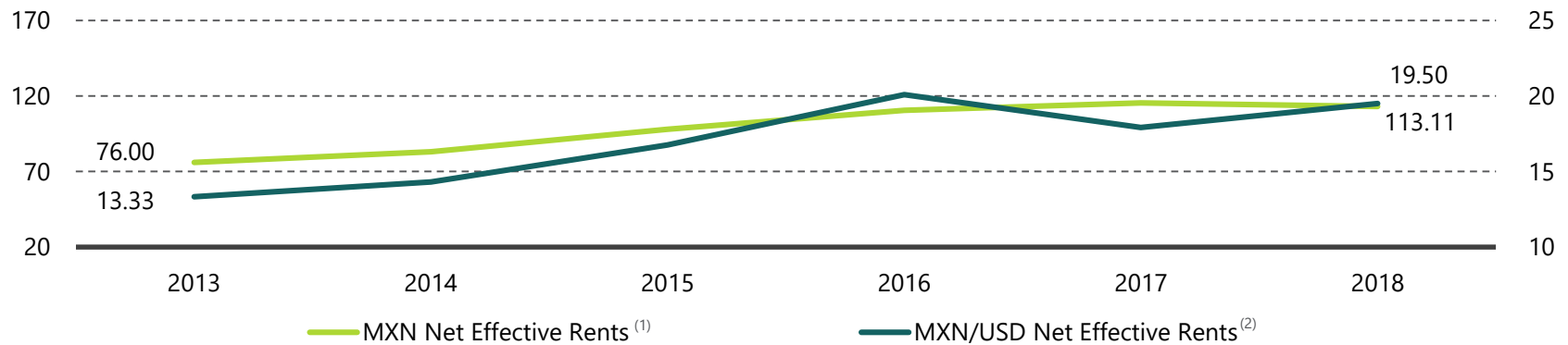
# 69% of Revenues are in U.S. Dollars

% of FIBRA Prologis USD Revenue by Market



## Avg. Lease Rents Signed in Mexico City

MXN Rents/SF/Year



Data as of December 31, 2018

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





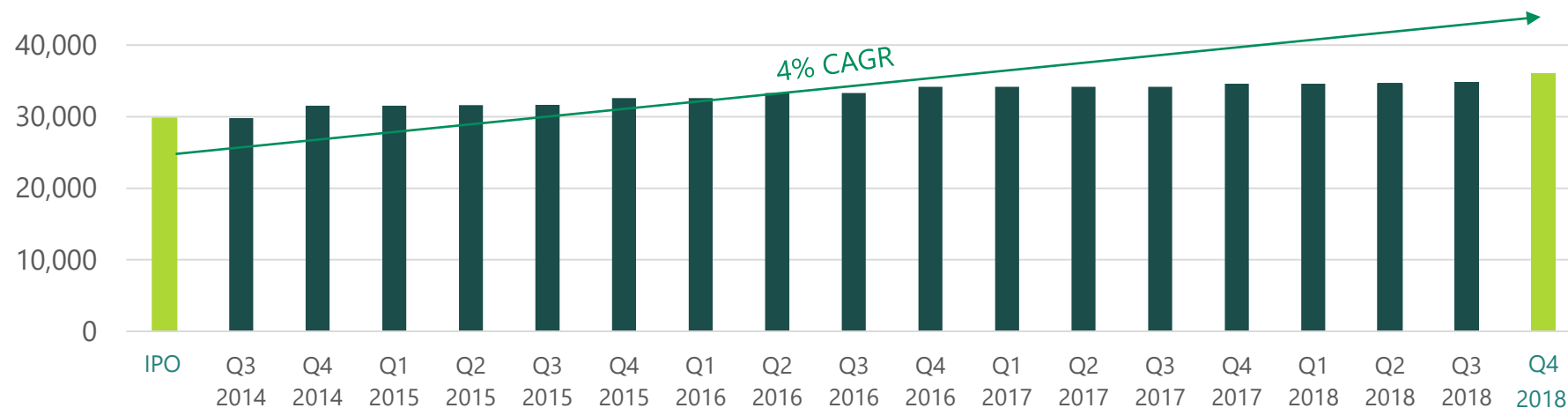
Prologis Park Centro Industrial, Ciudad Juarez

# External Growth

# Portfolio Expansion Since IPO

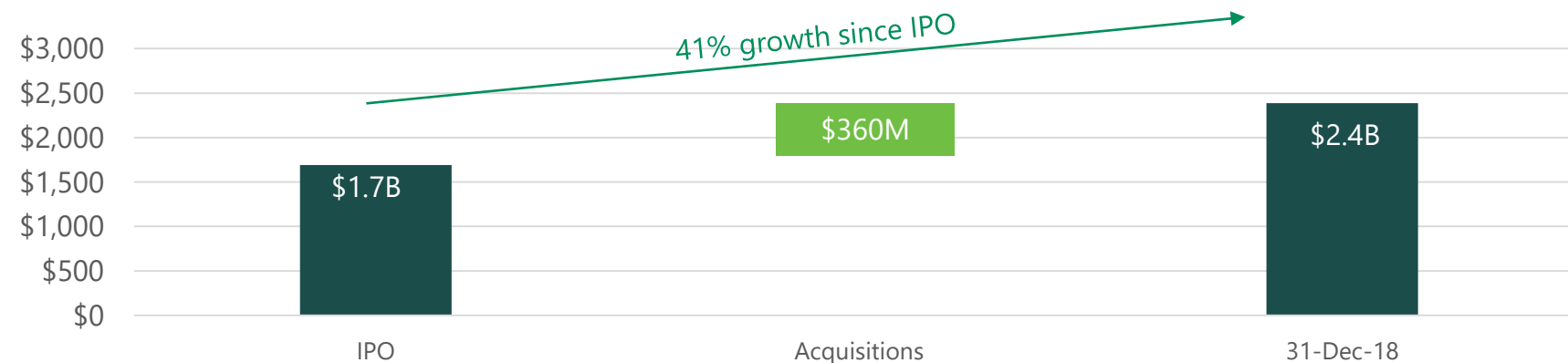
## Gross Leasable Area

Thousands of SF, June 4, 2014 through December 31, 2018



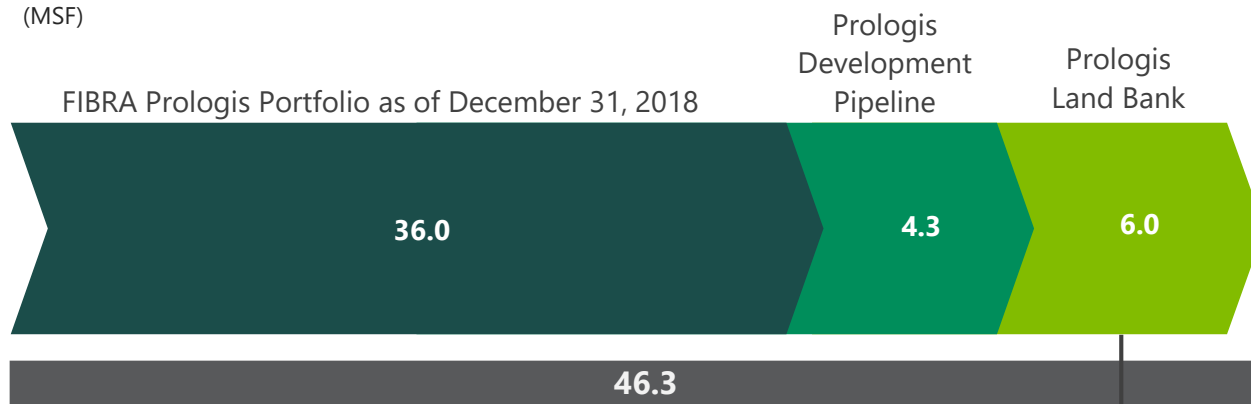
## Total Real Estate Portfolio Value<sup>(1)(2)</sup>

Thousands of USD, June 4, 2014 through December 31, 2018



# External Growth: Identified Future Growth Acquisitions

## External Growth via Prologis Development Pipeline (MSF)



## Prologis Land Bank and FIBRAPL Expansion Land 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
- 29% growth potential in the next 3 to 4 years

## Prologis Development Pipeline

	GLA (MSF)	% Leased
Mexico City	3.5	97%
Monterrey	0.6	100%
Ciudad Juarez	0.2	100%
<b>Total</b>	<b>4.3</b>	<b>97%</b>

# 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, 2, 3, 4, 5, 7 and 8 (**3.6 MSF**)
- Built: Buildings 1, 3, 4, 5, 6, 7 and 8 (**2.93 MSF**)
- Built and 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







Pharr Bridge Industrial Center #8, Reynosa

# Capital Structure



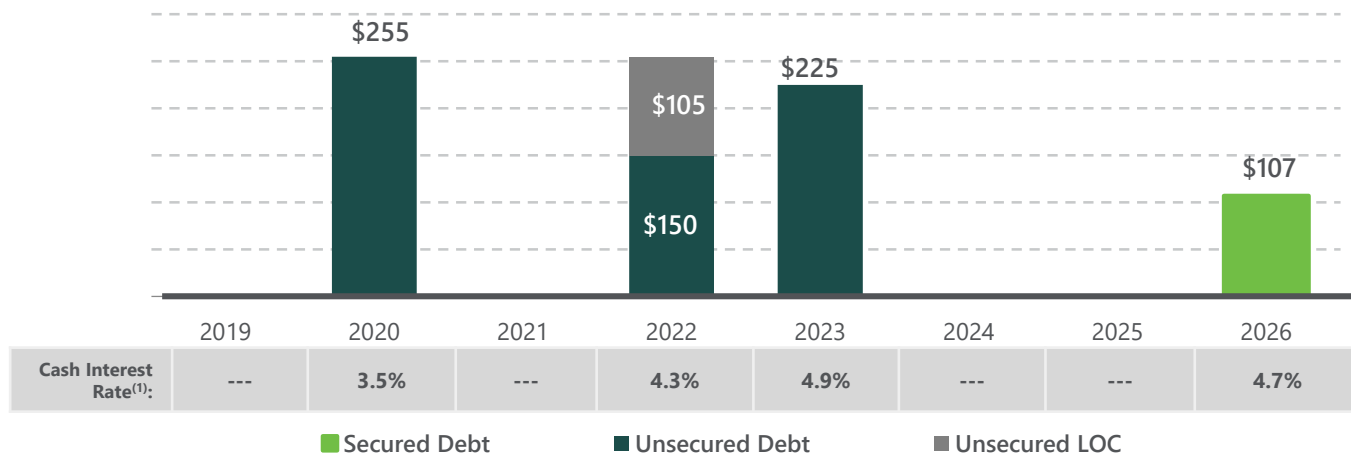
# Disciplined Balance Sheet Management

## Debt Maturity Schedule

(Debt = US\$842M)  
(US\$ in millions)

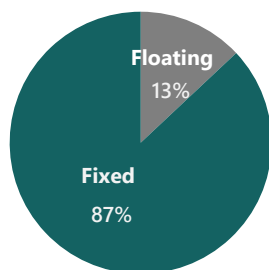
Wtd Avg Term 3.7 years

Wtd Avg Rate<sup>(1)</sup> 4.1%

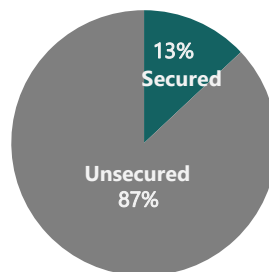


- All debt issued in USD
- Capital Structure:
  - Loan-to-value: 35.2%
  - Liquidity: US\$387<sup>(2)</sup>
  - Fixed coverage: 3.89x
  - Debt to adj. EBITDA: 5.62x

## Fixed vs. Floating Debt



## Secured vs. Unsecured Debt



Data as of December 31, 2018

1. Weighted average rate and cash interest rate include the interest swap effective on April 16, 2018 and contracted for the term loan of US\$225M borrowed on March 15, 2018

2. Liquidity is comprised of US\$17 of cash, US\$220M undrawn from unsecured credit facility and US\$150M from the accordion feature



Toluca 2, Prologis Park Toluca, Mexico City

# Why FIBRA Prologis

# Serving the World's Best Brands

## Consumption Markets



## Manufacturing Markets



236

customers in Mexico have

321

leases with  
FIBRA Prologis

81%

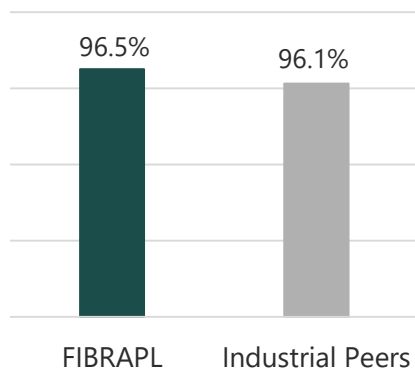
of FIBRA Prologis'  
customers are multinational  
companies<sup>(1)</sup>

Data as of December 31, 2018;

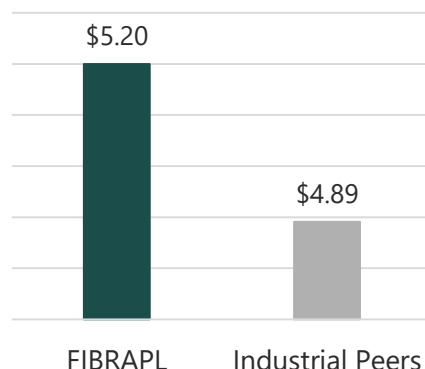
1. As percentage of net effective rent

# Compelling Valuation

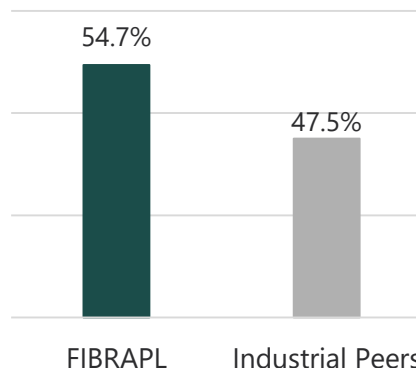
Occupancy



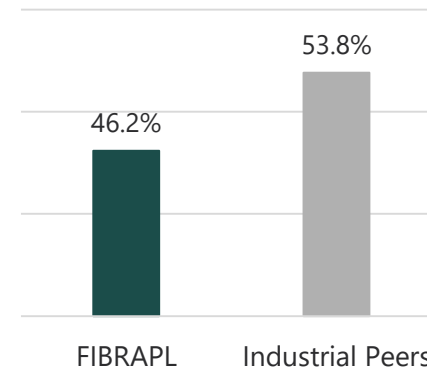
In-Place Rent per SqFt



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

# Distribution Growth Potential

## Internal Growth Drivers

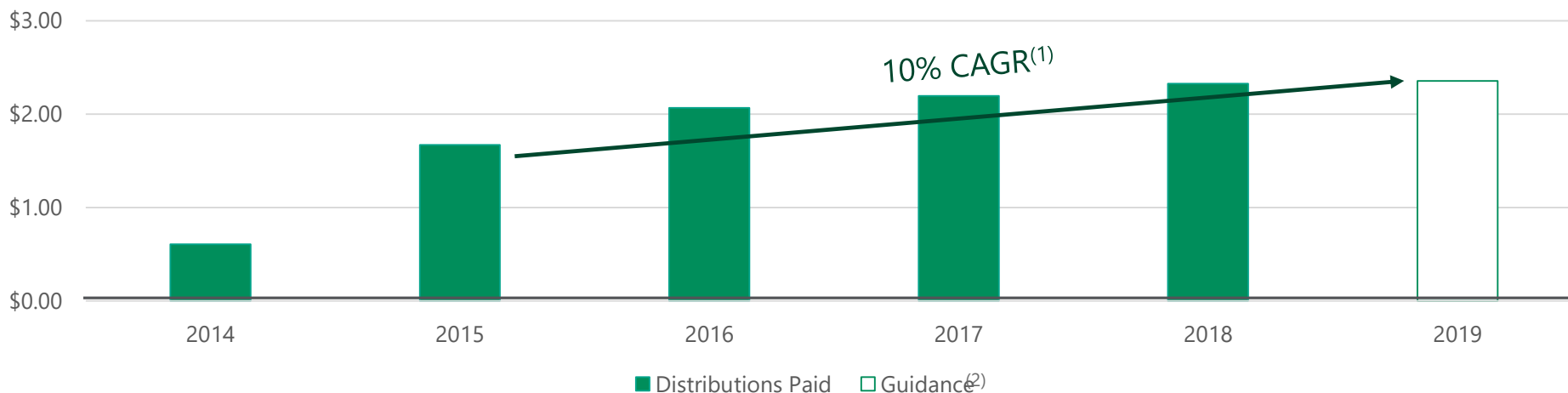
- Positive demand / supply imbalance and low vacancy of ~2.6%
- Market rents forecast to grow between 3% and 4% in 2019 and should continue to grow given favorable operating conditions
- Portfolio is ~6.4% under rented with ~20% expiring annually

## External Growth Drivers

- Exclusive right to 4.3MSF of Prologis development, at appraised value, plus access to potential, incremental 6.0MSF upon completion of Prologis held land bank

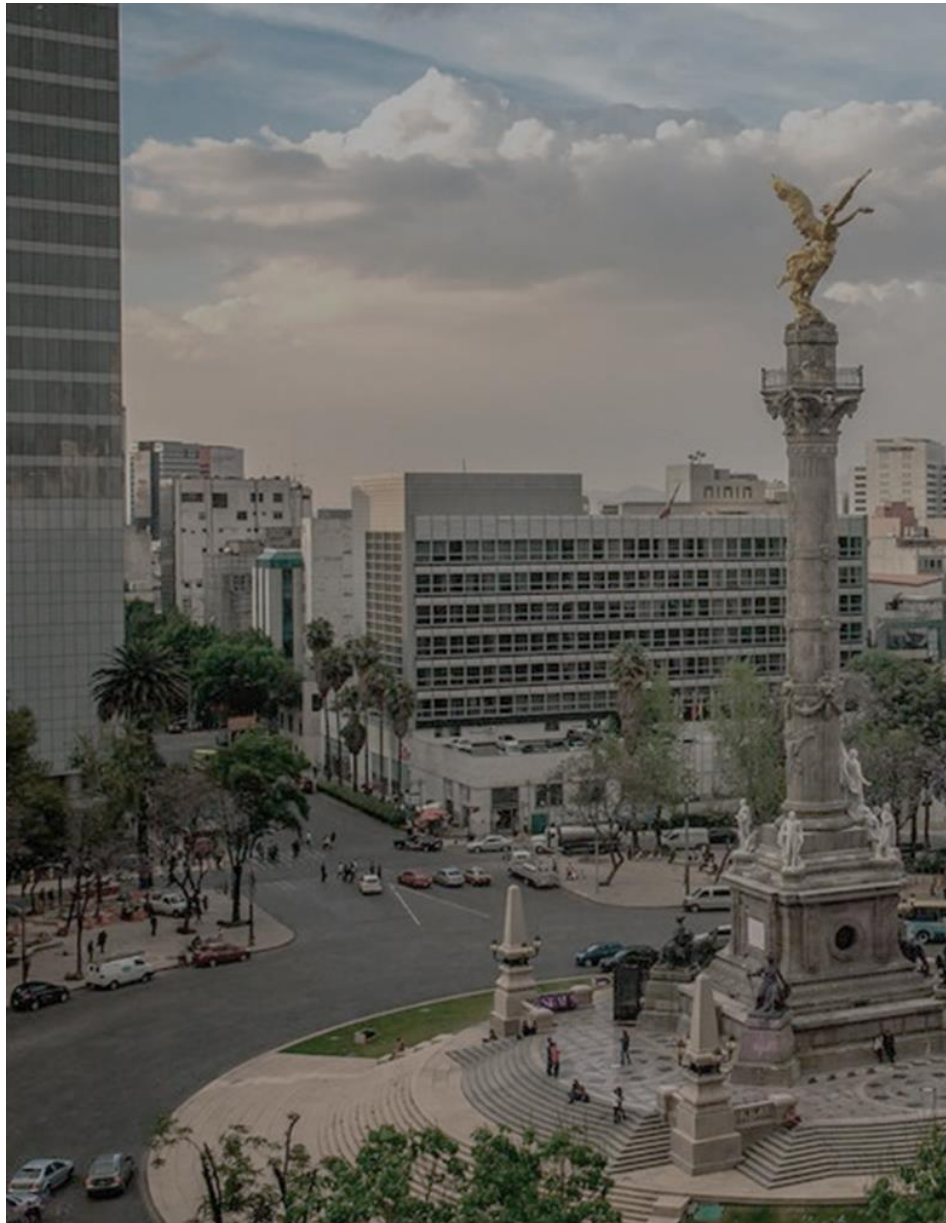
## Distributions per CBFI

Mexican Pesos



1. 10% CAGR from 2015 through 2018 as FIBRA Prologis was only a public company for seven months in 2014  
2. Guidance introduced on January 25, 2019 for 2019 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





## Location and Quality Matter

- 63% 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

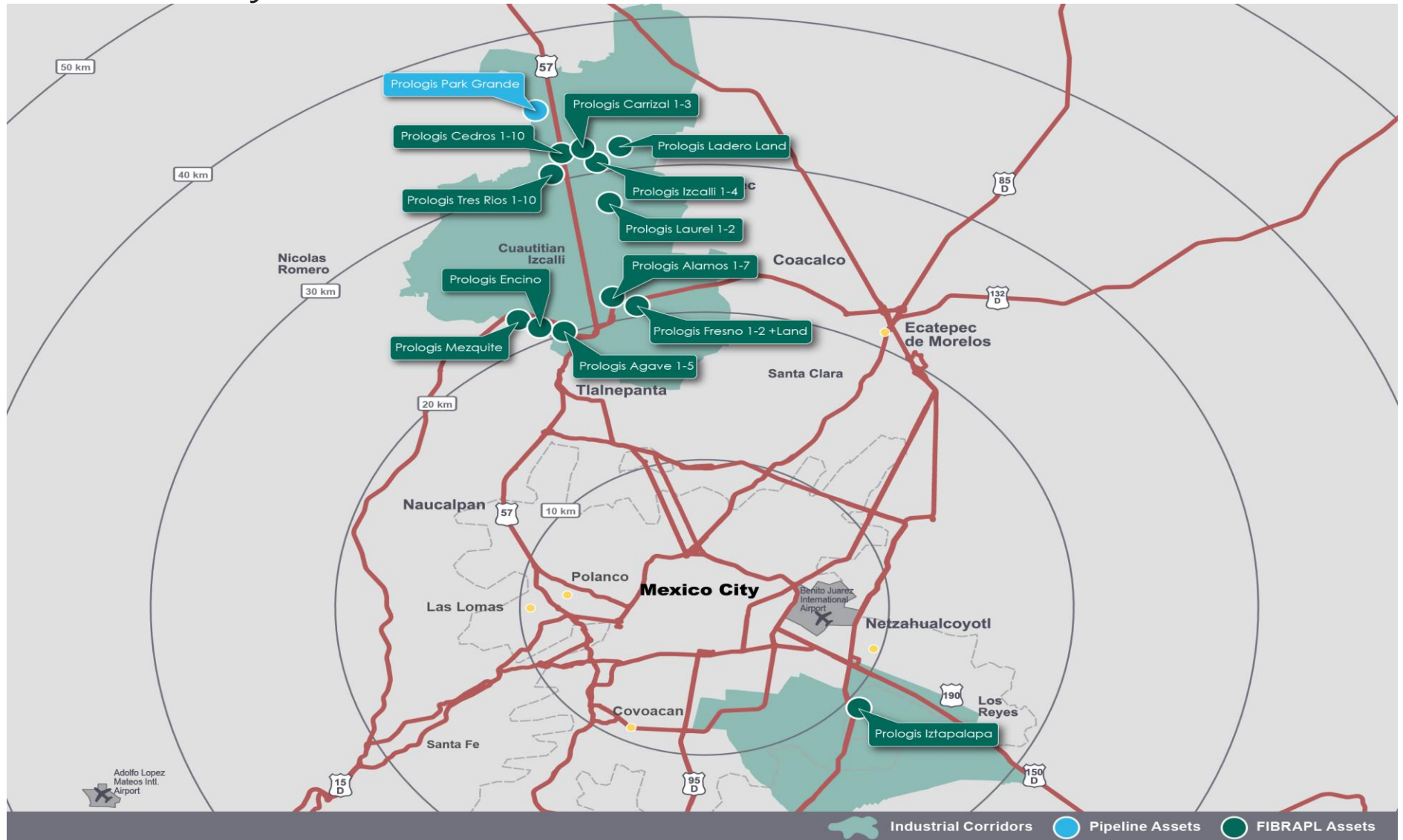


Alamar Industrial Center #3, Tijuana

# Appendix



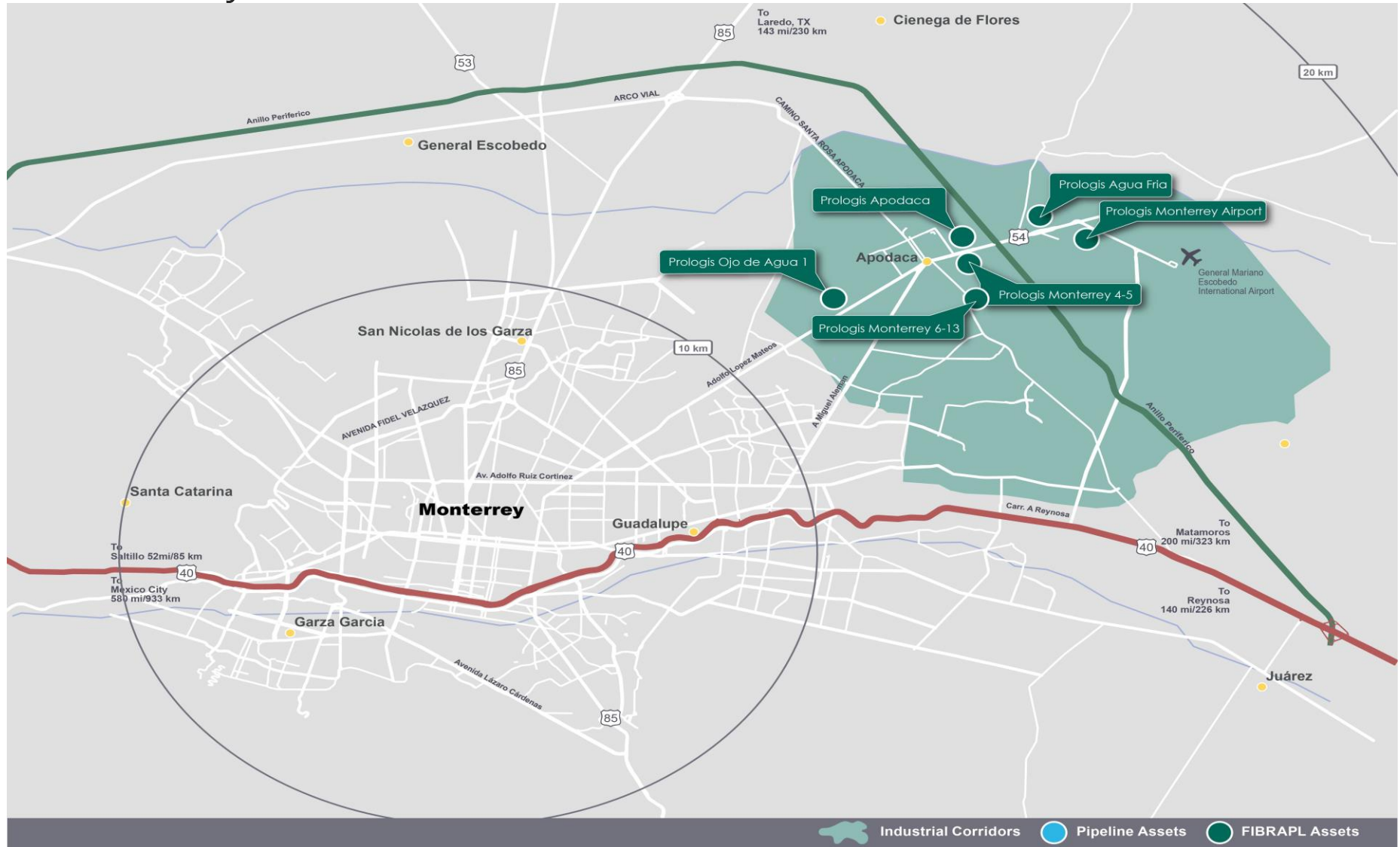
# Mexico City



# Guadalajara

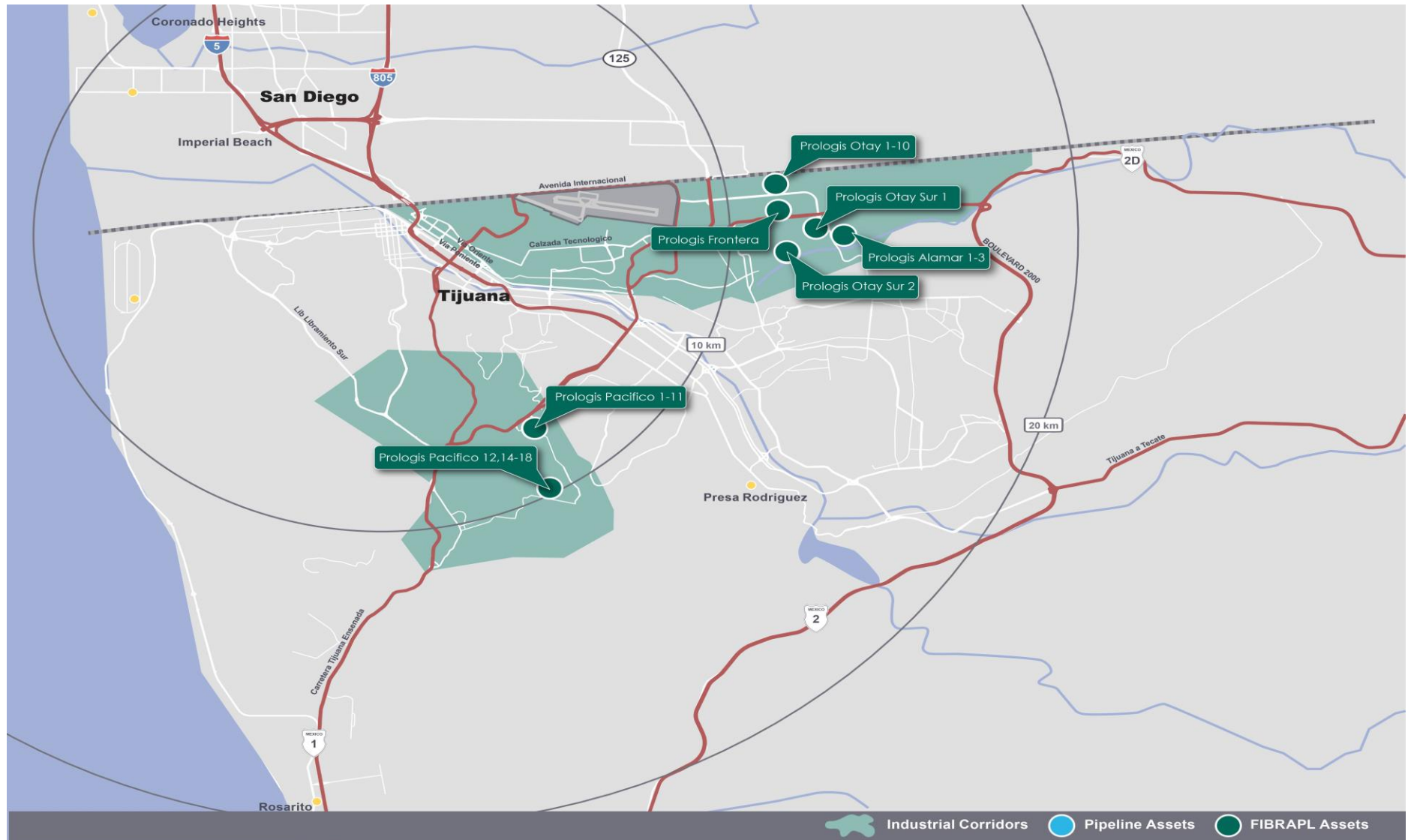


# Monterrey

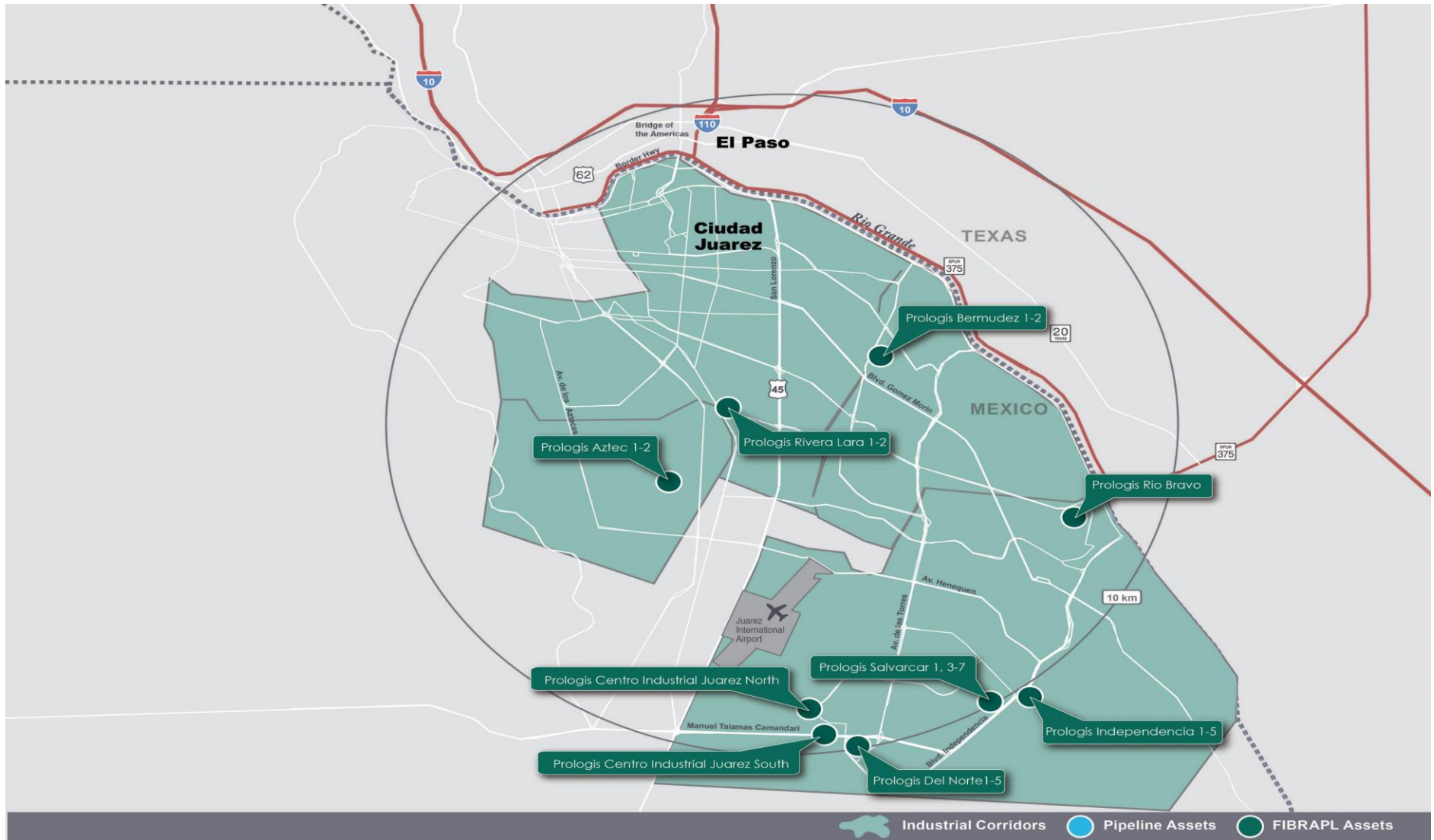




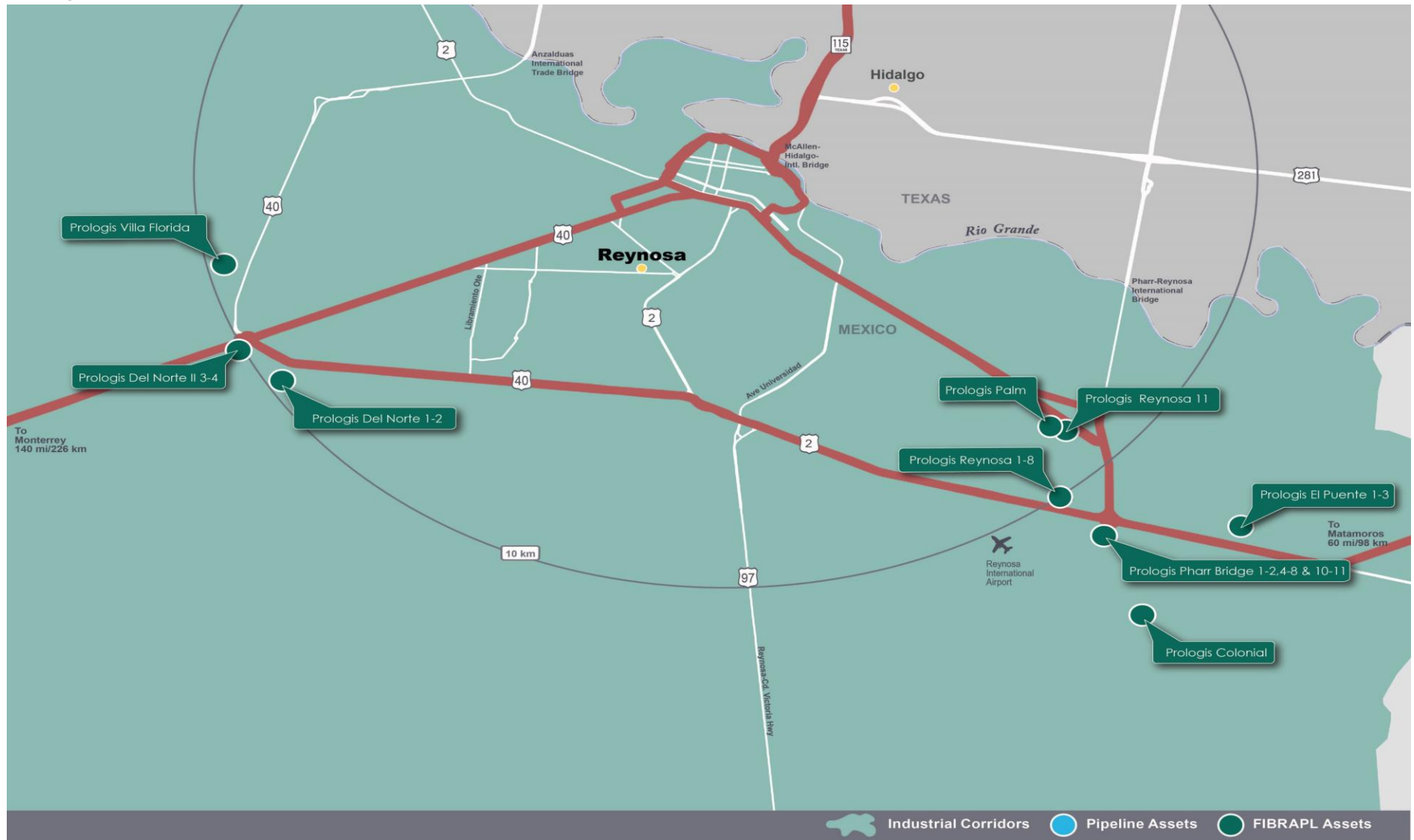
# Tijuana



# Ciudad Juarez



# Reynosa





# Prologis Tres Rios Industrial Park



- Location: **Mexico City (Northern CTT Corridor<sup>(1)</sup>)**
- Net Rentable Area: **2.7MSF**
- Market Rents: **US\$5.70 - US\$6.00/SF/Yr**
- Occupancy: **100.0%**
- Average Building Age: **8 years**
- Average Remaining Lease Term: **2.1 years**

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, 2018

# 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%
		High watermark	Yes
		Fee	10%
		Currency	100% in CBFIs
		Lock up	6 months
			Annually at IPO anniversary

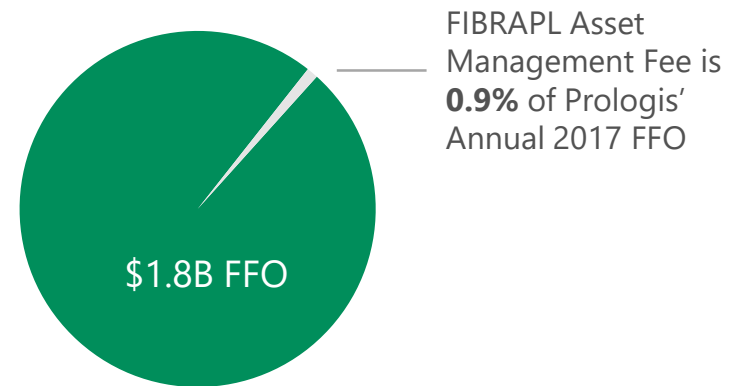


# Asset Management Fee

## What does FIBRA Prologis receive?

- The support of approximately 100 personnel working exclusively on Mexican real estate
- Prologis logo, brand and reputation as global leader in industrial real estate
- Access to customized, proprietary systems
- Access to Yardi, PeopleSoft, Sales Force, Workday, etc
- Global view of customers' needs
- World-class research on global real estate trends as well as access to one individual focusing exclusively on Latin America trends

## FIBRAPL Asset Management Fee % of PLD FFO



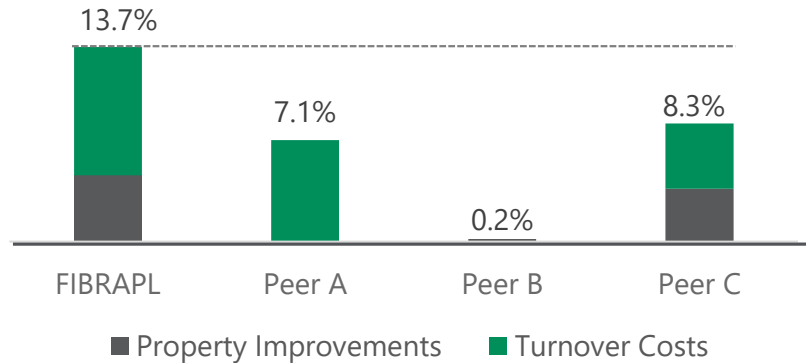
## Prologis' Growth Not Driven by FIBRAPL Fees

- For every **\$100M of assets** that FIBRAPL acquires from Prologis, **asset management fees increase by \$750K**
- FIBRAPL's yearly incremental asset management fees related to acquisitions from its sponsor, represent **4 bps** of Prologis' FFO

# Capital Expenditure

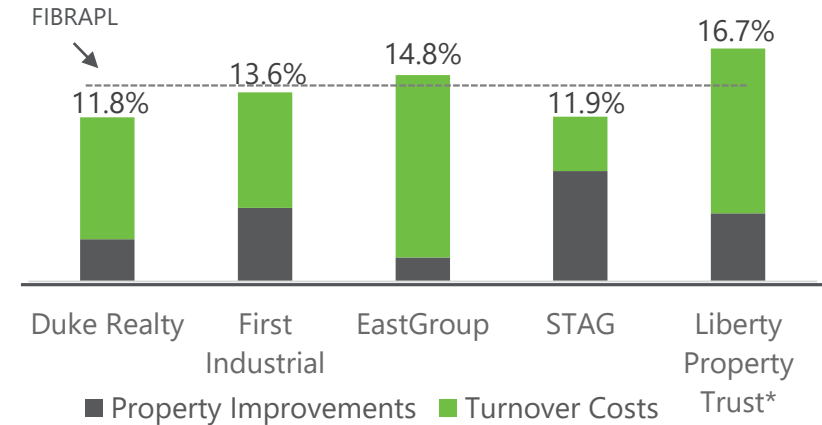
## Capex as Percentage of NOI: Mexican FIBRAs

Full Year 2017



## Capex as Percentage of NOI: US REITs

Full Year 2017



Leasing commissions and tenant improvements are turnover costs incurred every time a new lease is signed while property improvements occur periodically to refresh the building and extend its life.

- FIBRA Prologis' CAPEX is not capitalized
- Net Cash Flow, which we distribute 95%, is after expensing capital expenditures
- Resulting in sustainable and growing distribution per CBFi

# 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

