

April 19, 2018



FIBRA Prologis Announces First Quarter 2018 Earnings Results

MEXICO CITY, April 19, 2018 /PRNewswire/ -- FIBRA Prologis (BMV:FIBRAPL 14), a leading owner and operator of Class-A industrial real estate in Mexico, today reported results for the first quarter 2018.

HIGHLIGHTS FROM THE QUARTER:

- Net effective rents on rollover increased 13.8 percent
- Same store cash NOI grew 6.6 percent
- Completed US\$225 million term loan
- Repaid US\$72 million secured mortgage debt

Net earnings per CBF1 in the first quarter was Ps. 0.9637 (US\$0.0501) compared with Ps. (0.1377) (US\$0.0081) for the same period in 2017.

Funds from operations (FFO) per CBF1 was Ps. 0.8829 (US\$0.0458) for the first quarter compared with Ps. 0.8561 (US\$0.0408) for the same period in 2017.

STRONG START TO THE YEAR

"Industrial real estate in Mexico is a growth industry, underpinned by demographics and a structural undersupply of modern product," said Luis Gutierrez, CEO, Prologis Property Mexico. "FIBRA Prologis is positioned well to benefit from these structural drivers as evidenced by the healthy rent increases which translated to strong cash same store net operating income. Our financial results in the first quarter set the tone for what we expect to be another terrific year."

Operating Portfolio	1Q18	1Q17	Notes
Period End Occupancy	96.0%	97.4%	<i>Known move-outs and seasonal expirations led to expected occupancy decline</i>
Leases Signed	1.6 MSF	2.4 MSF	
Customer Retention	73.7%	72.2%	
Net Effective Rent Change	13.8%	8.0%	<i>Led by Mexico City, Juarez and Tijuana</i>
Cash Same Store NOI	6.6%	(1.3)%	<i>Higher rents and lower bad debt expense drove Cash SSNOI</i>
Same Store NOI	7.1%	(3.0)%	

SOLID FINANCIAL POSITION

At March 31, 2018 FIBRA Prologis' leverage was 33.2% and liquidity was Ps. 5.9 billion (US\$320.7 million), which included Ps. 5.8 billion (US\$312.0 million) of available capacity on its unsecured credit facility and Ps. 159.2 million (US\$8.7 million) of unrestricted cash.

During the quarter, FIBRA Prologis completed an unsecured term loan with a syndicate of domestic and international banks for US\$225.0 million. The loan may be extended to 2023 and has a floating debt cost. Proceeds were used to repay US\$72.1 million secured debt

scheduled to mature in 2018 and the borrowings under the revolving credit facility. A floating to fixed interest rate swap was executed on the new US\$225.0 unsecured term loan at a rate of 5.0%.

Also, during the quarter, FIBRA Prologis entered into an option agreement to exchange Ps. 100.0 million (US\$5.0 million) per quarter at a strike price of 20 Mexican pesos per US dollar.

"With the recent signing of the new unsecured term loan we have addressed our 2018 maturities and replenished our liquidity," said Jorge Girault, senior vice president, Finance, Prologis Mexico. "Additionally, the option contract allows to hedge our FFO and our distribution, effectively removing any downside movement related to FX."

GUIDANCE UPDATE

"As related to building dispositions, we saw strong buyer demand, with preliminary pricing above initial expectations. That said, we have elected not to move forward due to the taxable gain that would be generated by this sale, which would have created a scenario where we could not recycle the full proceeds into new building acquisitions," added Girault. "As such, we have elected to put our dispositions on hold until a solution is found."

(Based in millions of U.S. dollars)	Previous	Revised	Notes
Building Dispositions	\$0.0-200.0	\$0.0	

WEBCAST & CONFERENCE CALL INFORMATION

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

- Friday, April 20, 2018, at 9 a.m. CT/10 a.m. ET
- Live webcast at www.fibraprologis.com, in the Investor Relations section, by clicking Events
- Dial in: +1 877 256 7020 or +1 973 409 9692 and enter Passcode 93296071.

A telephonic replay will be available April 20– April 27 at +1 855 859 2056 from the U.S. and Canada or at +1 404 537 3406 from all other countries using conference code 93296071 and security code 31833. The replay will be posted in the Investor Relations section of the FIBRA Prologis website.

ABOUT FIBRA PROLOGIS

FIBRA Prologis is a leading owner and operator of Class-A industrial real estate in Mexico. As of March 31, 2018, FIBRA Prologis was comprised of 196 logistics and manufacturing facilities in six industrial markets in Mexico totaling 34.6 million square feet (3.2 million square meters) of gross leasable area.

FORWARD-LOOKING STATEMENTS

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

beliefs and assumptions made by management. Such statements involve uncertainties that could significantly impact FIBRA Prologis financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to rent and occupancy growth, acquisition activity, development activity, disposition activity, general conditions in the geographic areas where we operate, our debt and financial position, are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) national, international, regional and local economic climates, (ii) changes in financial markets, interest rates and foreign currency exchange rates, (iii) increased or unanticipated competition for our properties, (iv) risks associated with acquisitions, dispositions and development of properties, (v) maintenance of real estate investment trust ("FIBRA") status and tax structuring, (vi) availability of financing and capital, the levels of debt that we maintain and our credit ratings, (vii) risks related to our investments (viii) environmental uncertainties, including risks of natural disasters, and (ix) those additional factors discussed in reports filed with the "Comisión Nacional Bancaria y de Valores" and the Mexican Stock Exchange by FIBRA Prologis under the heading "Risk Factors." FIBRA Prologis undertakes no duty to update any forward-looking statements appearing in this release.

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