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FIBRA Prologis Announces Fourth Quarter and Full Year 2019 Earnings Results

MEXICO CITY, Jan. 22, 2020 /PRNewswire/ -- FIBRA Prologis (BMV:FIBRAPL 14), a leading owner and operator of Class-A industrial real estate in Mexico, today reported results for the fourth quarter and full year 2019.

HIGHLIGHTS FROM THE YEAR:

- Period-end occupancy was 97.6 percent.
- Net effective rents on rollover increased 11.0 percent.
- Weighted average customer retention was 88.7 percent.
- Same store cash NOI grew 3.1 percent.
- Completed asset dispositions totaled US\$72.0 million.
- Completed asset acquisitions totaled US\$5.1 million.

Net earnings per CBF1 was Ps. 0.8332 (US\$0.0419) for the fourth quarter compared with Ps. 1.3768 (US\$0.0686) for the same period in 2018. For the full year 2019, net earnings per CBF1 was Ps. 3.3358 (US\$0.1719).

Funds from operations (FFO) per CBF1 was Ps. 0.7465 (US\$0.0374) for the fourth quarter compared with Ps. 0.7782 (US\$0.0385) for the same period in 2018. For the full year 2019, FFO per CBF1 was Ps. 2.9557 (US\$0.1519).

In the fourth quarter, FIBRA Prologis recognized a US\$4.1 million charge related to non-recoverable taxes. Approximately half was VAT and the remainder was withholding tax related to interest payments. Both charges are non-recurring. FIBRA Prologis is working with the counterparty of the withholding tax payments on a possible future recovery.

STRONG OPERATING RESULTS CONTINUE

"2019 was another great year for FIBRA Prologis," said Luis Gutierrez, CEO, Prologis Property Mexico. "We delivered excellent organic growth – driving rents 11 percent higher at expiration – and year-end occupancy reached a new record. We also acquired our first urban, Last Touch® facility in Mexico City, which is key to staying ahead of fast expanding world of e-commerce and the consumers who increasingly choose online retail over traditional brick-and-mortar."

Gutierrez added: "We expect FIBRA Prologis to continue to outperform in 2020 as our occupancy is running at peak levels, customer activity is robust, light manufacturing remains strong and logistics trends continue to emphasize proximity to consumers which aligns with our investment strategy."

Operating Portfolio	4Q19	4Q18	Notes
Period End Occupancy	97.6%	97.4%	Four of our six markets above 98%

Leases Commenced	2.7 MSF	1.8 MSF	68% of leasing activity related to Guadalajara and Reynosa
Customer Retention	91.0%	68.0%	
Net Effective Rent Change	13.9%	13.5%	Led by Guadalajara and Mexico City
Cash Same Store NOI	2.5%	-2.1%	Higher rents and lower bad debt partly offset by higher expenses and real estate taxes
Same Store NOI	3.7%	-1.9%	

SOLID FINANCIAL POSITION

At December 31, 2019, FIBRA Prologis' leverage was 32.2 percent and liquidity was Ps. 6.3 billion (US\$335.0 million), which included Ps. 6.1 billion (US\$325.0 million) of available capacity on its unsecured credit facility and Ps. 183.0 million (US\$10.0 million) of unrestricted cash.

GUIDANCE ESTABLISHED FOR 2020

"At the midpoint of the range, we project solid FFO growth while maintaining occupancy," said Jorge Girault, senior vice president, Finance, Prologis Property Mexico. "We are confident in our ability to deliver positive results given the embedded rent upside in our portfolio, our strong balance sheet and our best-in-class real estate team."

(US\$ in million, except per CBFI amounts) FX = Ps\$19.5 per US\$1.00	Low	High	Notes
FFO per CBFI	US\$0.1700	US\$0.1775	Excludes the impact of foreign exchange movements and any potential incentive fee
Full Year 2020 Distributions per CBFI	US\$0.1240	US\$0.1240	
Year End Occupancy	96.0%	97.0%	
Same Store NOI (Cash)	1.5%	2.5%	Based in U.S. dollars
Annual Capital Expenditures as % of NOI	14.0%	15.0%	
Asset Management and Professional Fees	US\$20.0	US\$21.0	
Building Acquisitions	US\$10.0	US\$20.0	

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:

- Thursday, January 23, 2020, 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 7253787.

A telephonic replay will be available January 23–January 30 at +1 855 859 2056 from the U.S. and Canada or at +1 404 537 3406 from all other countries using conference code 7253787. 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 December 31, 2019, FIBRA Prologis was comprised of 191 logistics and manufacturing facilities in six industrial markets in Mexico totaling 34.9 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.

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.



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