



# FUNO DAY 2016

NOVEMBER 10 | NYC





# AGENDA

- VERY ATTRACTIVE MEXICAN REAL ESTATE
- GENERATING SUSTAINABLE SHAREHOLDER VALUE
- THE MITIKAH PROJECT
- FINANCIAL PROFILE
- FURTHER GROWTH
- CEO REMARKS





# VERY ATTRACTIVE MEXICAN REAL ESTATE

BY JORGE PIGEON



# MEXICO REAL ESTATE CASE

## Attractive Real Estate

- A. Rent prices still attractive in our three segments
  - i. Replacement cost has gone up
  - ii. Expect growth from current rent levels
- B. Mexico has few cities with high growth rates
  - i. Land becoming increasingly scarce in those cities
- C. Underpenetration in all Commercial Real Estate segments
- D. Macro stability and structural reforms
- E. Demographic bonus and emerging middle class

Real estate in Mexico is in an earlier stage than the U.S.,  
above factors lead to SIGNIFICANT real estate appreciation





# GENERATING SUSTAINABLE SHAREHOLDER VALUE



# UNDERSTANDING FUNO'S BUSINESS MODEL

**"OUR GOAL IS TO GENERATE THE MAXIMUM AMOUNT OF VALUE OVER TIME"**



Conservative financial strategy

Diversified portfolio

High occupancy levels

Competitive rents

Location, location, location and top-quality assets

Tenant-driven focus

Long-term 100% dedicated real estate company



# INVESTMENT DRIVERS

- A. Where is the property located?
- B. What type of construction is it?
- C. Who are the tenants?
- D. What are the lease contract's terms?
- E. How's the market/competition for this asset?
- F. What can FUNO do with the property?
- G. What rent level can FUNO extract?

**For FUNO, real estate investing means putting capital to work with a LONG-TERM investment horizon**



# ILLUSTRATING FUNO'S APPROACH TO REAL ESTATE INVESTING

Asset	Acquisition Price	Current Appraisal Value	Appreciation	Total Rents Received	Appreciation / Rents	Appreciation + Rents
Reforma 99 <sup>(1)</sup>	313.8	668.3	354.5	136.0	2.6x	490.5
Morado	11,600.0	16,428.6	4,828.6	3,400.1	1.4x	8,228.7
Apolo	23,155.0	29,560.0	6,405.0	3,539.9	1.8x	9,944.9
	35,068.8	46,656.9	11,588.1	7,076.0	1.6x	18,664.1

Our focus lies on maximizing property appreciation over time while extracting reasonable amount of cash flow along the way

(1) Reforma 99 forms part of the Initial Portfolio



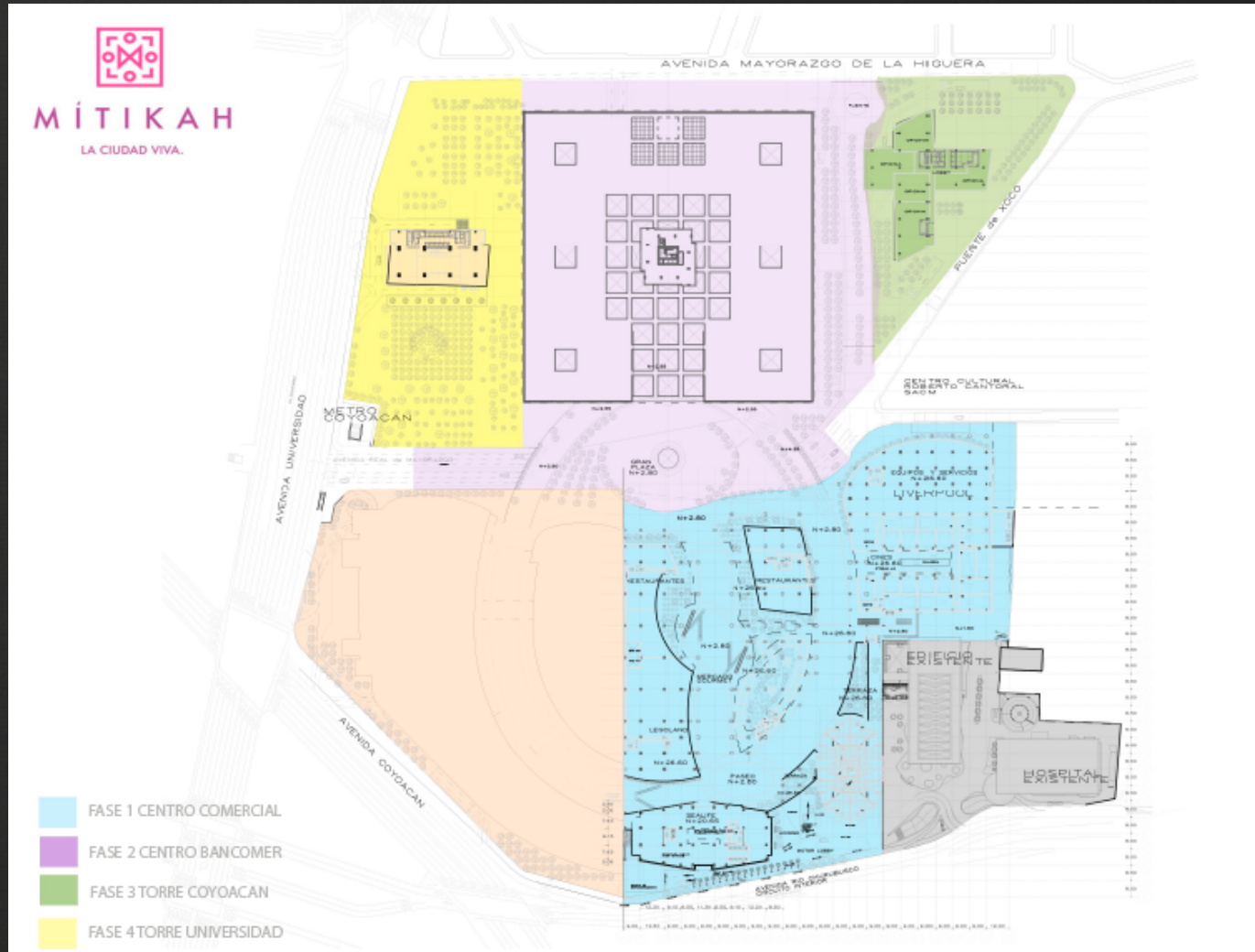


# THE MITIKAH PROJECT

BY GERARDO VARGAS



# THE MITIKAH PROJECT - MASTER PLAN





# ANALYZING THE MITIKAH INVESTMENT TODAY

FUNO will contribute the Colorado and Buffalo Portfolios to the Mitikah Project

	Total Amount
Colorado Portfolio acquisition	1,636
Buffalo Portfolio acquisition	2,816
<b>Original Investment</b>	<b>4,452</b>
Less: NOI generated since acquisitions	697
<b>FUNO's Net Investment</b>	<b>3,755</b>
Project Value as contributed to Helios	6,000
<b>Value created to-date</b>	<b>2,173</b>

**Increase in Value of 60% of Net Original Investment**



# THE MITIKAH PROJECT





# THE MITIKAH PROJECT





# THE MITIKAH PROJECT





# THE MITIKAH PROJECT





# THE MITIKAH PROJECT





# THE MITIKAH PROJECT





# THE MITIKAH PROJECT





# THE MITIKAH PROJECT

## Key Financial Highlights

Segment / Type	GLA <sup>(1)</sup>	Exp. Stabilized
	Sqm.	NOI <sup>(3)</sup>
		Ps. \$ mm
Office	207,463	1,224
Retail	129,912	983
Residential	83,739	NA
<b>Total</b>	<b>421,114</b>	<b>2,207</b>

## Total Investment Cost

Category	Investment <sup>(2)</sup>
	Ps. \$ mm
Contributed Projects	6,000
Total construction cost	12,886
Capitalized interest expenses	486
<b>Total investment</b>	<b>19,372</b>

(1) Gross Leasable Area and sellable area in the case of the Residential condos  
(2) Assumes a full cash sweep debt amortization, once the properties are operating  
(3) Expected Stabilized NOI in 2025



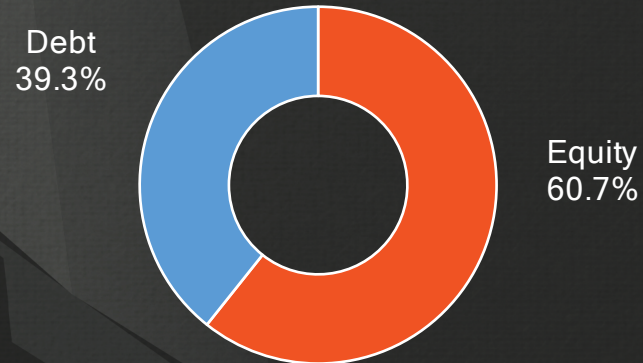
# INVESTING IN MITIKAH WITH HELIOS

## Financing Mitikah

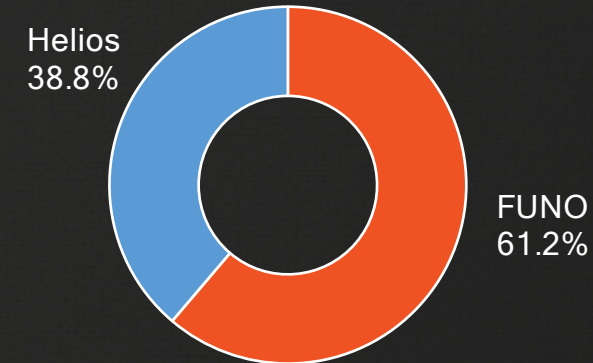
## Total Amount

Contributed Projects (Buffalo + Colorado)	6,000
Helios' equity (cash)	3,800
Project leverage <sup>(1)</sup>	6,342
Reinvested cash flow	3,641
<i>Total Mitikah Investment</i>	<i>19,783</i>

## Capital Structure



## Initial Ownership <sup>(2)</sup>



Figures in Ps. \$ millions

(1) Assumes a full cash sweep debt amortization, once the properties are operating, as well as reinvestment of all cash flows generated by the project during the construction period.

(2) Does not take into account capitalized fees. Expected ending FUNO's stake of 63.6%.

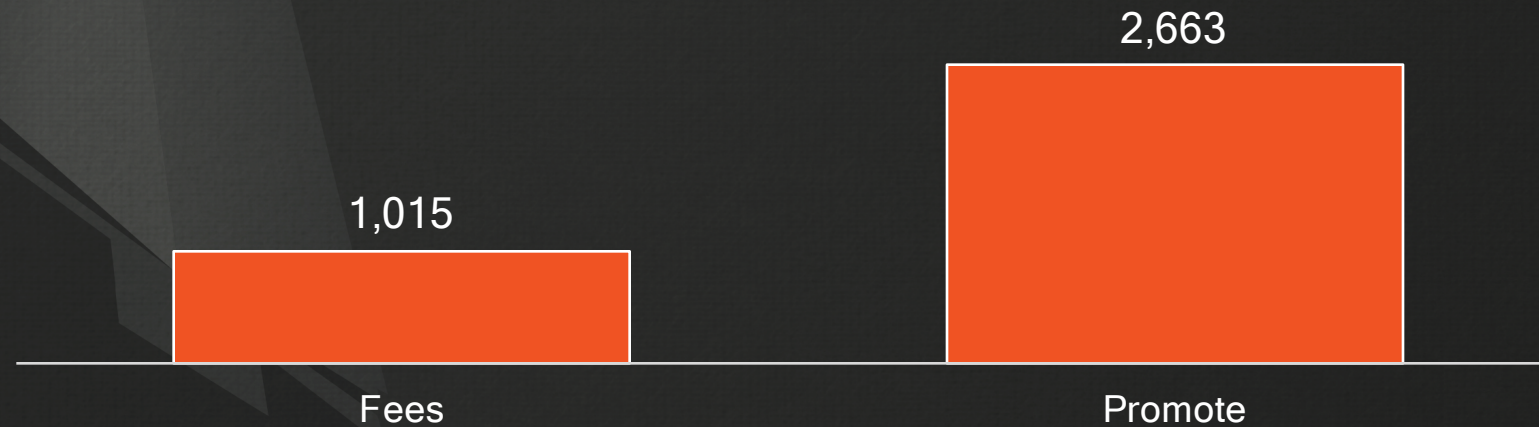


# THE IMPACT OF FEES ON FUNO

## Fee Structure

Fee	% Fee	Counterparty	Base
Management Fee	1.25%	Helios	Total fund size
Development Fee	3.00%	Mitikah	Total project cost
Promote	20.00%	Helios	10% hurdle rate

## Mitikah's Expected Fee Impact on FUNO <sup>(1)</sup>





# INVESTING IN MITIKAH WITH HELIOS

<u>Mitikah Value Creation</u>	<u>Total Amount</u>
FUNO's Net Investment	3,755
FUNO collected cash flows	4,083
Project's expected value @ 2025 <sup>(1)</sup>	17,550
Promote	2,663
Debt outstanding @ 2025 <sup>(1)</sup>	0
<i>Net Value Creation</i>	<i>20,541</i>



Value creation equivalent to Ps. \$ 2,282 mm per year vs a Ps. \$ 3,755 mm investment



Expected value creation **9.4x** compared to value created to date on Colorado and Buffalo

**FUNO is focused on delivering long-term sustainable real estate value!!!**



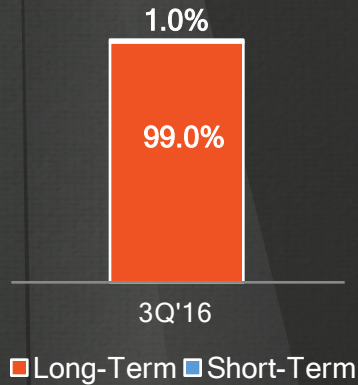


# FINANCIAL PROFILE

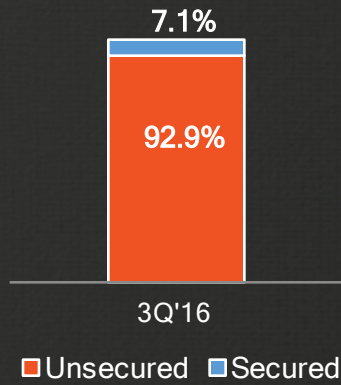


# FINANCIAL PROFILE

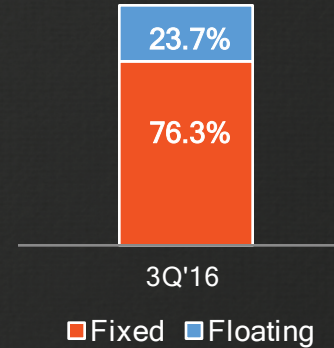
Short vs Long Term



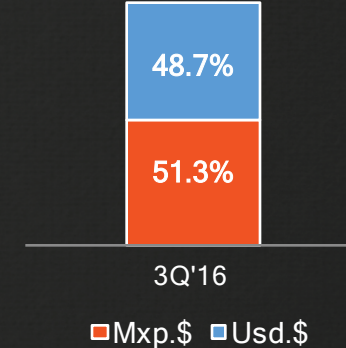
Secured vs Unsecured



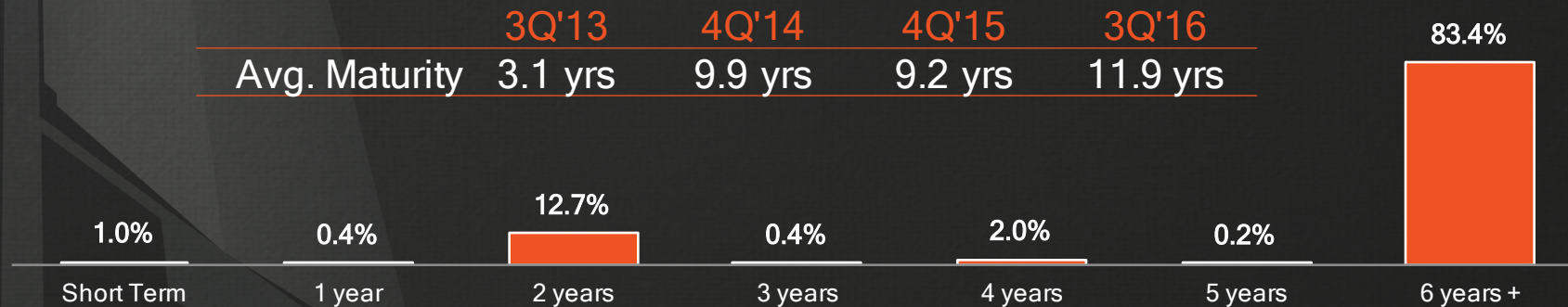
Fixed vs Floating



Ps. \$ vs Usd. \$



Debt Maturity Profile as of 3Q'16



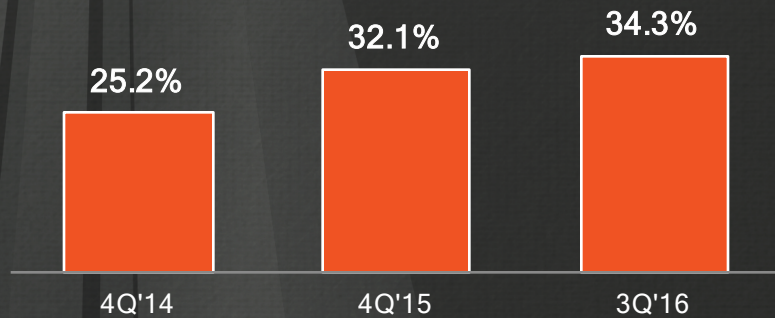
Financial profile designed to mitigate risk



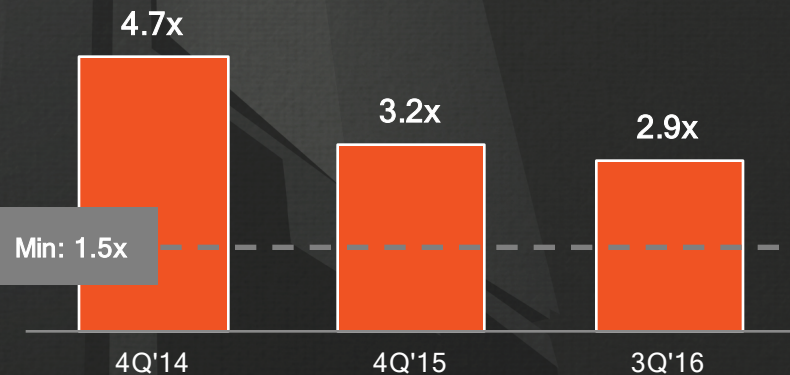
# CREDIT SNAPSHOT

## Historic LTV

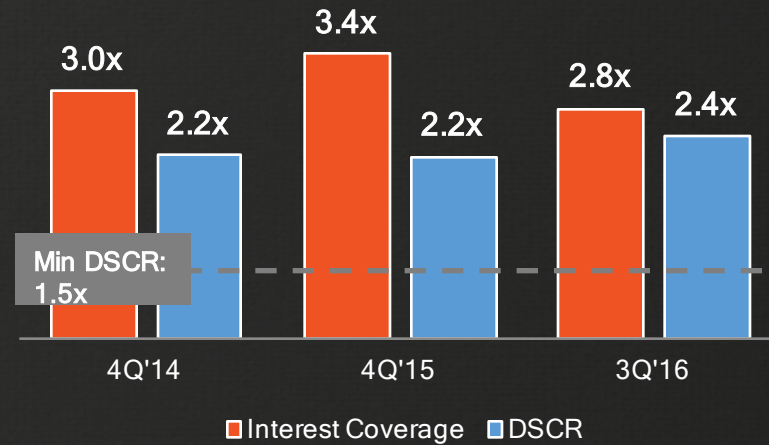
Max LTV:  
60%



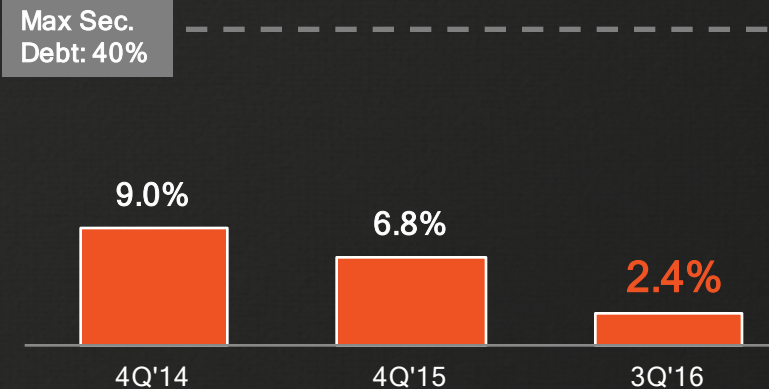
## Unencumbered Assets to Unsecured Debt



## Debt Service and Interest Coverage Ratios<sup>(1)</sup>



## Secured Debt to Gross Assets



Per Trust Agreement; Indentures relating to FUNO's Senior Notes  
(1) LTM EBITDA



# INTEREST EXPENSE & SENSITIVITY ANALYSIS

<b>Interest Expense</b>	<b>4Q16E<sup>(1)</sup></b>
Debt Int Exp	992
Swaps Int Exp (Net)	40
<b>Total Interest Exp (Net)</b>	<b>1,032</b>
<b>Interest Rate (+100bps) Δ</b>	<b>34</b>
<b>FX Rate (+Ps. \$1) Δ</b>	<b>26</b>

Figures in Ps. \$ millions

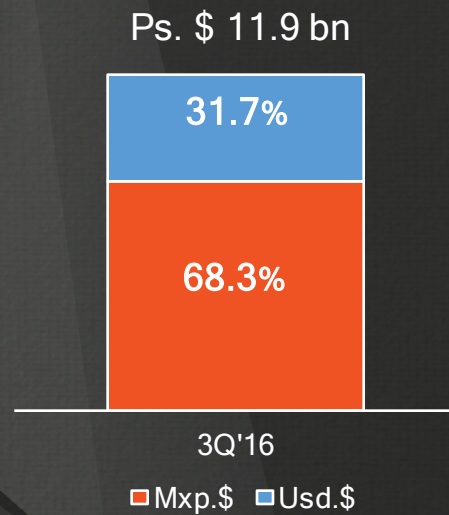
(1) 4Q16E shows the accrued interest expense calculation for the quarter using an Fx. of \$19.4086 and a TIIE28 of 5.0725%



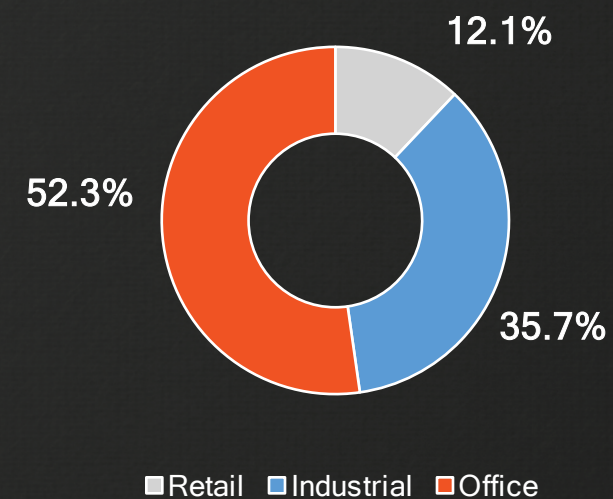
# SENSITIVITY TO FOREIGN EXCHANGE RATE

Minimum Dollar revenue to interest expense > **1.5x**

ABR Distribution by Currency<sup>(1)</sup>



Usd. ABR Distribution by Segment<sup>(1)</sup>



Avg. Dollar revenue to interest expense for next 12 months = **1.9x**<sup>(2)</sup>

(1) As of 3Q'16 Rent Roll

(2) Includes a full (principal + interest) cross currency Swap for Us.\$130 million starting on 4Q'16





# FURTHER GROWTH

BY GONZALO ROBINA



# NEW DEVELOPMENTS - LA ISLA CANCUN II

✓ CapEx Ps. \$2,542

✓ Retail

✓ GLA 35,000 sqm

- FUNO is in the process of contracting a master developer for a shopping center in Cancun, Quintana Roo
- The construction is planned to start early 2017
- This property is expected to generate Ps. \$266 million of NOI
- FUNO will make payments for this development in a combination of 50% CBFIs and 50% cash, as construction progresses





# TURBO



4Q'16 - 1Q'17



Ps. \$ 14,300 mm



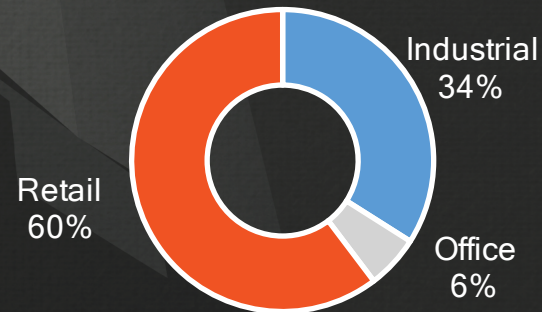
18 Properties



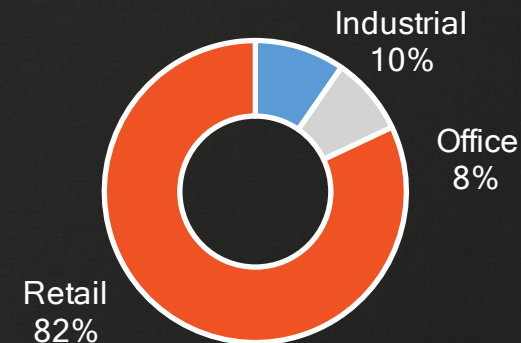
NOI Ps. \$1,330 mm

- The Portfolio is comprised of:
  - ✓ 11 stabilized properties with 162,227 sqm of GLA
  - ✓ 2 properties in process of stabilization with 201,670 sqm of GLA
  - ✓ 3 properties under development, which will add 92,467 sqm of GLA
  - ✓ 2 development projects, which will add 50,468 sqm of GLA
- This acquisition will be financed with 20% debt assumption, 10% cash for development and 70% CBFIs

GLA 506,832 sqm



NOI Ps. \$1,330 mm





# TURBO





# APOLO II



1Q'17-2Q'17



Ps. \$10 - 11 bn



18 Properties



NOI Ps. \$1,012 mm

- FUNO has reached an agreement to acquire this portfolio from Mexico Retail Properties (MRP)
  - ✓ 11 stabilized shopping centers, 2 properties currently under stabilization and 3 under construction
  - ✓ The beforementioned properties have 242,856 sqm of GLA, an occupancy of 93.2% and an expected NOI of Ps. \$553 million
  - ✓ The portfolio also includes two land plots for imminent development which will generate approx. Ps. \$459 million of additional NOI
- This acquisition will be financed with 15% debt assumption and 85% cash





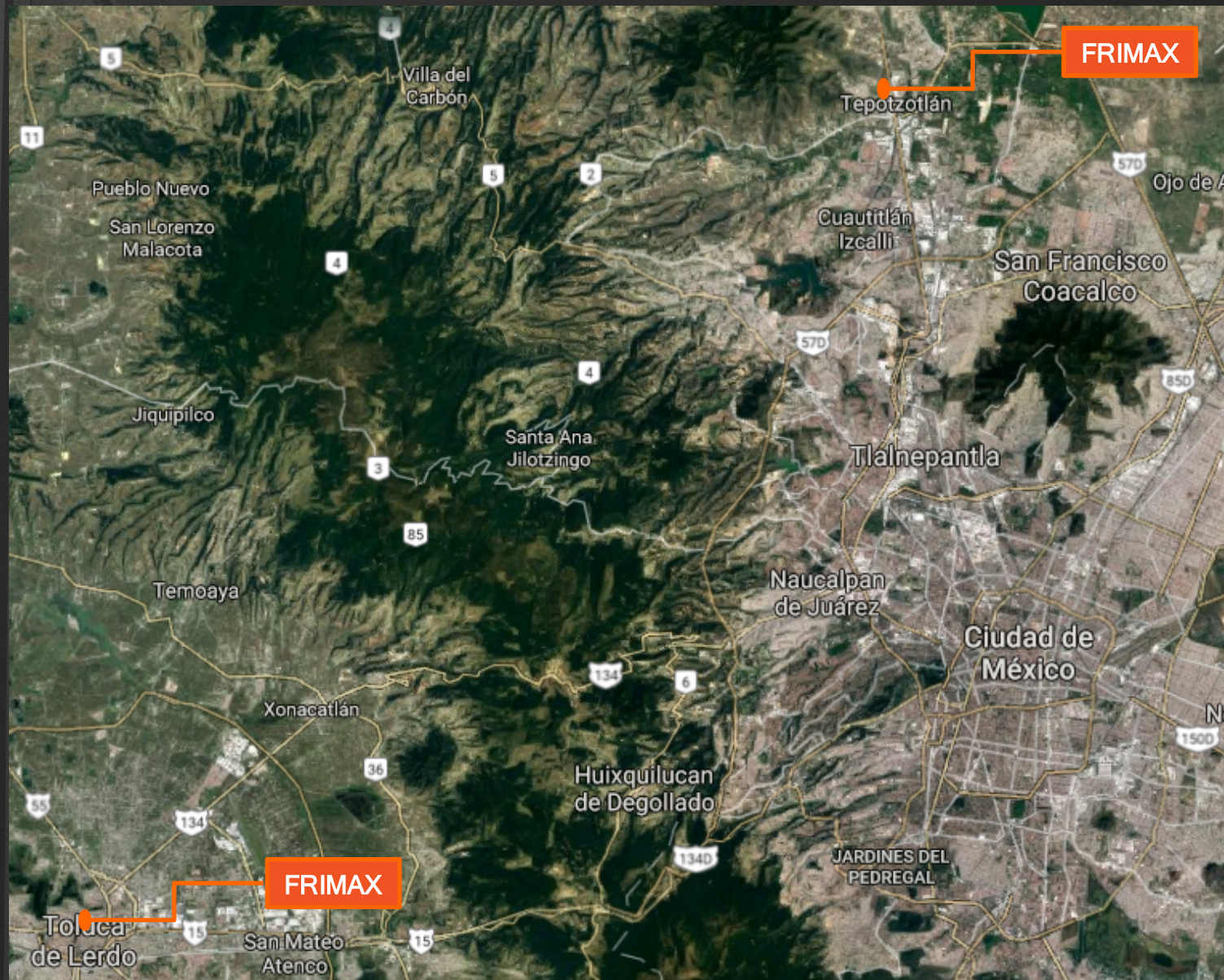
# FRIMAX

✓ 4Q'17-2Q'20    ✓ Ps. \$ 6,271 mm    ✓ 3 Industrial Parks    ✓ NOI Ps. \$540 mm

- FUNO has reached an agreement to acquire this industrial portfolio
- This portfolio will have a GLA of approximately 623,000 sqm:
  - ✓ One stabilized industrial park with a GLA of 219,000 sqm, an occupancy of 93% and is generating an NOI of Ps. \$160 million
  - ✓ One built-to-suit park under development with a GLA of approximately 34,000 sqm
  - ✓ One industrial park project which will add a GLA of approximately 370,000 sqm
- The acquisition will be paid with 10% cash and the rest with CBFIs, for each partial delivery of finished and leased GLA, starting 4Q'17



# FRIMAX





# FRIMAX - TEPOTZOTLAN



NAFTA Highway



# MIDTOWN JALISCO



4Q'16



Ps. \$4,808 mm



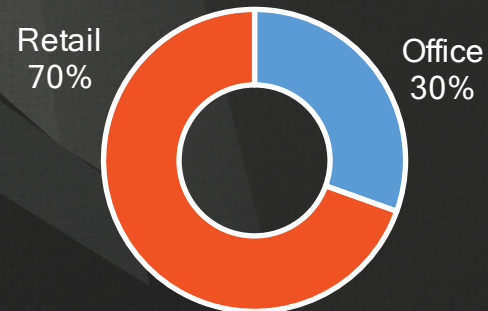
Mixed use



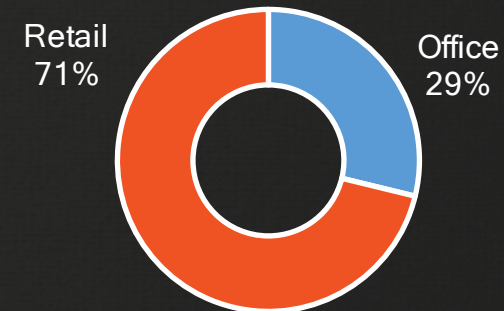
NOI Ps. \$492 mm

- FUNO has signed an agreement to acquire a mixed use project currently under development in Guadalajara, Jalisco, expected to be delivered by 4Q'18
- The total value of the land and development is estimated to be Ps. \$4,808 mm
- The acquisition price will be paid with 50% CBFIs and 50% cash
- The remaining amount will be paid as the construction progresses

GLA 105,000 sqm <sup>(1)</sup>



NOI Ps. \$492 mm



(1) Does not include a Hotel to be developed within the project.



# ACQUISITION PIPELINE



4Q'16 - 2Q'20



Ps. \$36,179 mm



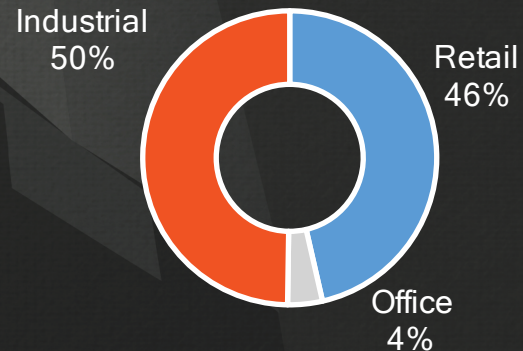
Diversified



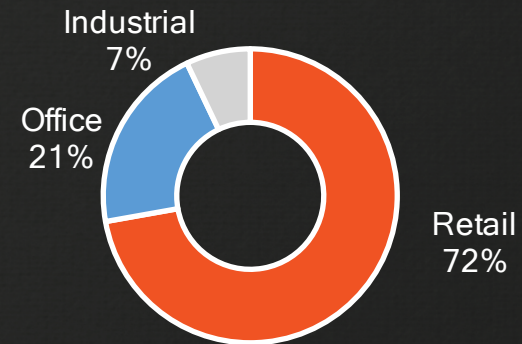
NOI Ps. \$3,374 mm

Portfolio	Segment	Total Investment (Ps.\$ mm)	GLA (sqm)	NOI (Ps.\$ mm)	Properties
Turbo	Mixed	14,300	506,832	1,330	18
Apolo II	Retail	10,800	362,781	1,012	18
Frimax	Industrial	6,271	622,638	540	3
Midtown Jalisco	Mixed	4,808	105,000	492	1
<b>Total</b>		<b>36,179</b>	<b>1,597,251</b>	<b>3,374</b>	<b>40</b>

GLA 1,597,251 sqm



NOI Ps. \$3,374 mm








# CEO REMARKS

BY ANDRÉ EL MANN



# VALUE CREATION WITH FUNO

Value Creation	Total Amount
Equity raised	67,357
Equity issued for Acquisitions	37,130
Debt raised	61,893
	166,380
	vs
Total Asset value 3Q'16 <sup>(1)</sup>	194,388
<b>Net Value Created</b>	<b>28,008</b>



Total FFO generated since IPO	18,910
Net Value Created to-date	Ps. \$ 8.75 / CBFi

**Value created is 50% greater than the cash flow generated**

(1) Assumes that properties under development revalue at fair value upon starting operations.



# WORLD-CLASS SUSTAINABILITY STRATEGY

FUNO's large scale and footprint comes with an even larger responsibility towards sustainability:



FUNO joined the United Nations' Global Compact

- ✓ *Best international practice (Human Rights, Labor Practices and Environment)*



WE SUPPORT



Eco-efficient properties and developments

- ✓ *Reduce our overall building energy intensity*
- ✓ *Efficient water consumption*
- ✓ *Monitoring Waste and emissions*



Code of Ethics & whistleblowing mechanism

- ✓ *Operated by a third party*

**Deloitte.**

**Overall improvement and positive impact  
on people, communities and cities**