



BANK OF AMERICA MERRILL LYNCH  
MEXICO YEAR AHEAD CONFERENCE  
MEXICO CITY - NOVEMBER 2017

# Disclaimer

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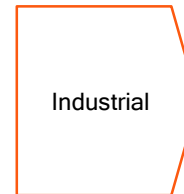
# Why Real Estate is Attractive in Mexico?

- + Emerging middle-class with incipient growth in disposable income
- + Very large informal economy transitioning to formal segment
- + Consumer base substantially under-banked and under-levered
- + The best demographic bonus in the world
- + Ultra-competitive and skilled manufacturing capability
- + Structural reforms will impact Mexico's economy over the next 20 years
- + Absolute low rent levels, relative to peers and construction costs
- + Few cities that grow fast result in increased scarcity of prime located real estate
- + Significantly under-penetrated real estate in all segments we operate

Mexico is the 15th largest economy in the world and the 2nd largest in LatAm



- Severely underpenetrated segment in Mexico
- Consumption will continue to drive demand
- Mexico City is the gateway to LatAm for retailers



- Demand surpasses current supply
- Mexico is an even more competitive export platform
- Supply and demand will balance and grow sustainably



- Current inventory will not be enough
- Absorption has been record-high the last 3 years
- Tenants continue to demand Class A+ office space

= Mexico's future growth will surpass that of the world



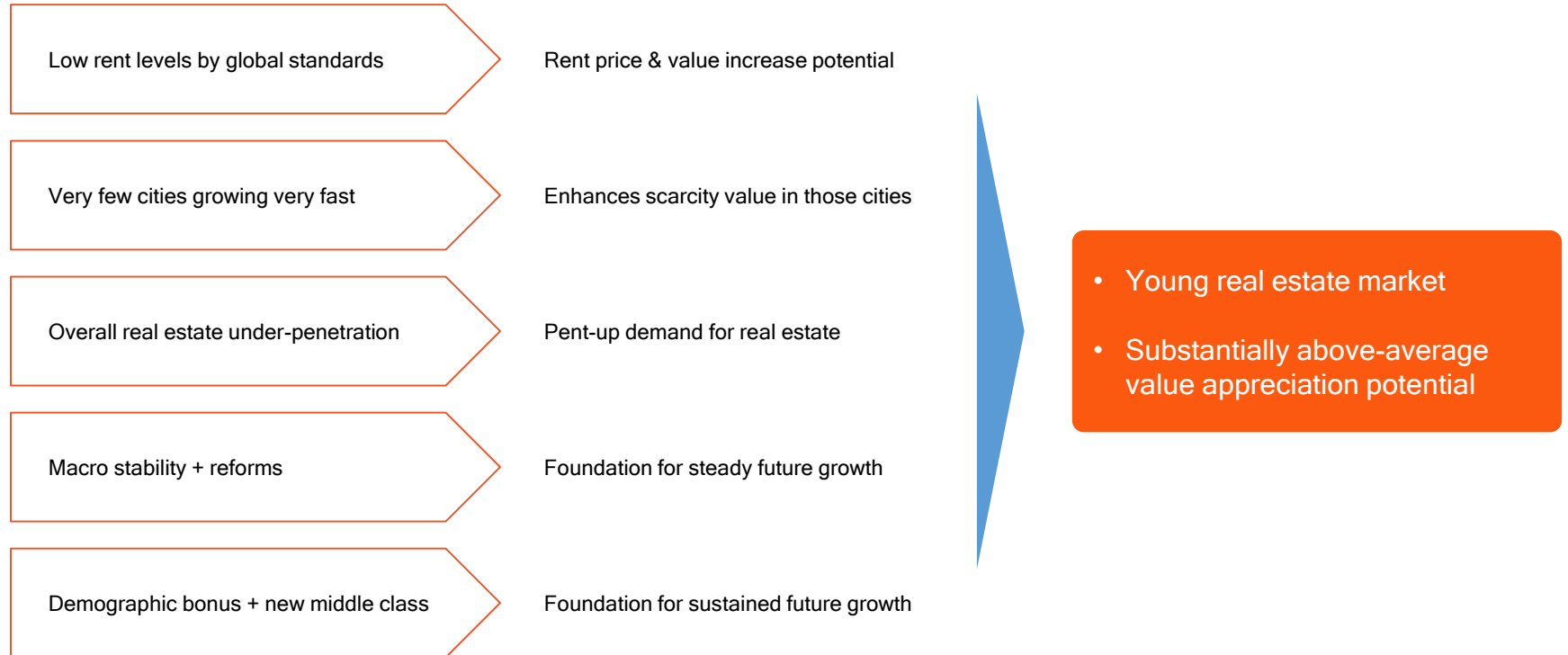
Mexico is still underpenetrated in real estate

**It is likely that Mexico will be within the top-10 economies of the world**

- ✓ Demand for high-quality real estate will continue to increase
- ✓ Good locations on high-growth cities will become scarce
- ✓ Scarcity will continue to drive the value of real estate regardless of rent levels
- ✓ Higher construction and replacement costs for real estate will stimulate rent prices towards higher prices

# Real Estate Fundamentals have not Changed

Mexico will continue to present us with attractive opportunities

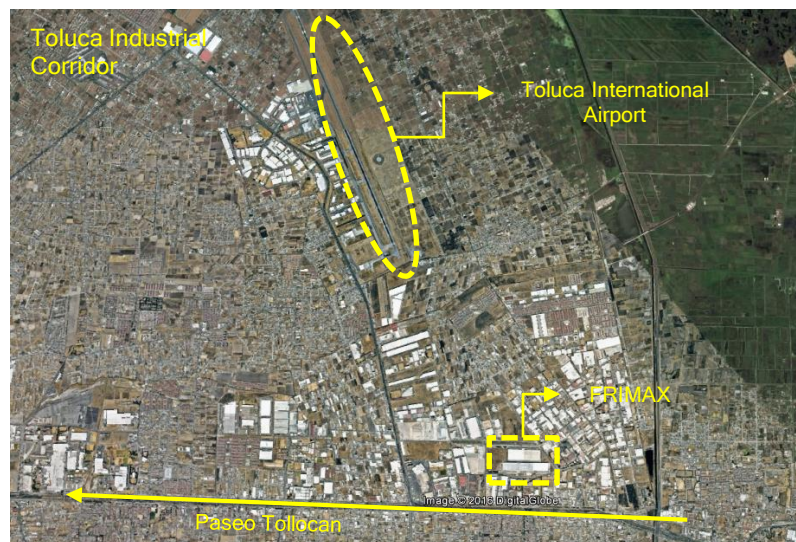




# Recent Acquisition: Frimax - First Portion

## Property Highlights

Property type	Industrial - Logistics
Location	Toluca- Lerma corridor (Paseo Tollocan)
GLA	212,000 sqm
Occupancy	100%
Payment method	<ul style="list-style-type: none"> <li>• CBFIs</li> <li>• Debt assumption</li> </ul>
Remarks	<ul style="list-style-type: none"> <li>• CBFIs will be paid and made outstanding as of May 10, 2017</li> <li>• FUNO has the right to receive rents effective January 01, 2017</li> </ul>



## Accretion and Value Creation Analysis

Acquisition Details	Acquisition price (mm)	2,108
	GLA (sqm)	212,000
	Annual NOI (mm)	169
	Debt (Ps. mm)	792
	Amount paid with CBFIs (mm)	1,316
	Price per paid CBFI	32.99
	Total CBFIs paid	39,882,865

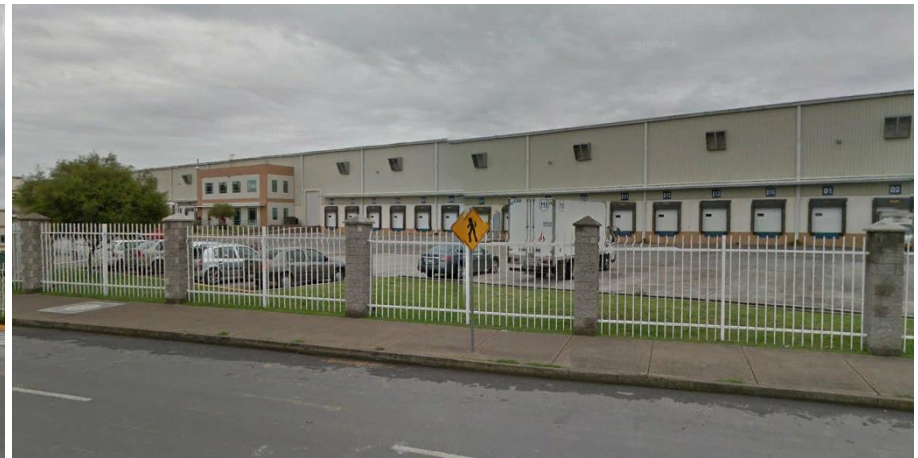
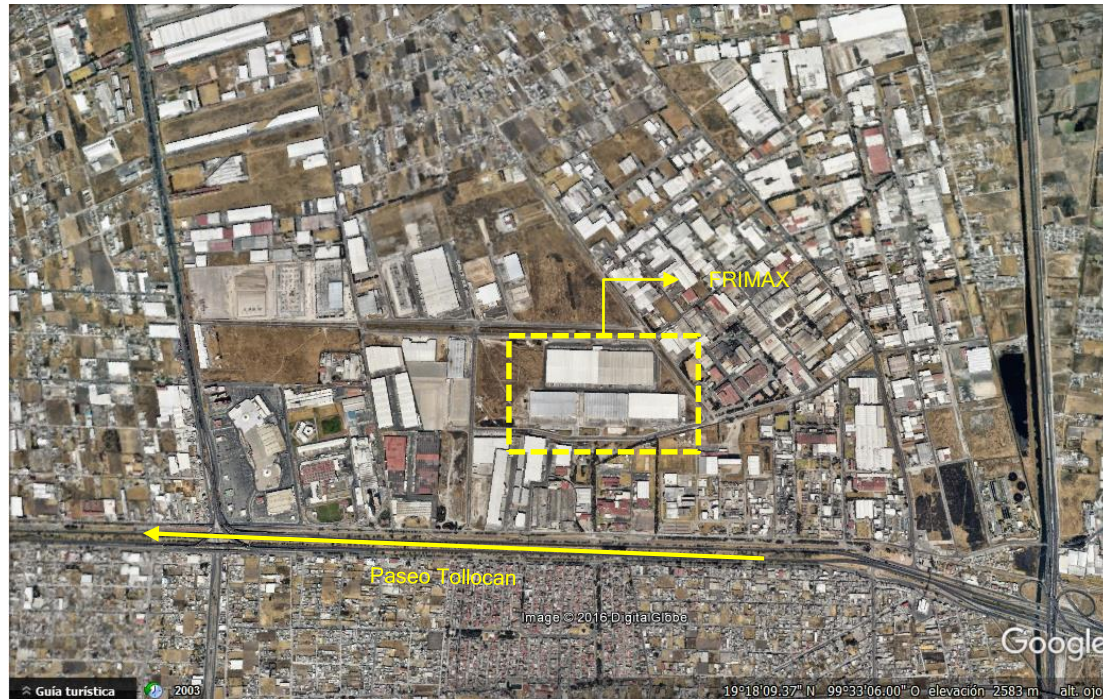
NOI Accretion	Annual NOI (mm)	169
	NOI per CBFI	4.2374
	FUNO's NOI per CBFI in 2016	3.5002
	NOI accretion per CBFI	0.7372
	<b>Percentage accretion</b>	<b>21.1%</b>

FFO Accretion	Annual NOI (mm)	169
	Cost of debt	7.92%
	Annual debt service (mm)	63
	Administration fee (0.5%)	7
	Annual FFO (mm)	100
	FFO per CBFI	2.4989
	FUNO's FFO per CBFI in 2016	2.0699
	Total accretion per CBFI	0.4290
	<b>Percentage accretion</b>	<b>20.7%</b>

NAV Accretion	Net asset value per CBFI	32.99
	FUNO's current net asset value per CBFI	39.28
	CBFI issuance dilution	-16.0%
	Price paid per sqm	9,943
	Recent industrial M&A deals price per sqm	15,329
	Discount to comps	-35.2%

All figures in MXN  
NOI and FFO are annualized at 4Q16

# Recent Acquisition: Frimax - First Portion





# Recent Acquisition: Office Building in Monterrey - Saqqara

## Property Highlights

Property type	Class A+ Office Building
Location	Monterrey (San Pedro Garza García)
GLA	11,236 sqm
Occupancy	70% Pre-lease
Payment method	<ul style="list-style-type: none"><li>Cash</li></ul>
Price	<ul style="list-style-type: none"><li>Ps. 702.2 million - Acquisition</li><li>Ps. 107.9 million - Tenant improvements</li></ul>
Annual NOI	<ul style="list-style-type: none"><li>Ps. 73.3 million</li></ul>
Remarks	<ul style="list-style-type: none"><li>The best location on the City for corporates</li><li>Design by Foster + Partners</li><li>LEED Certification under way</li><li>State-of-the art, high-tech building</li><li>Anchor tenant is a top global financial institution</li><li>10-year, double-net lease (70% of GLA)</li></ul>



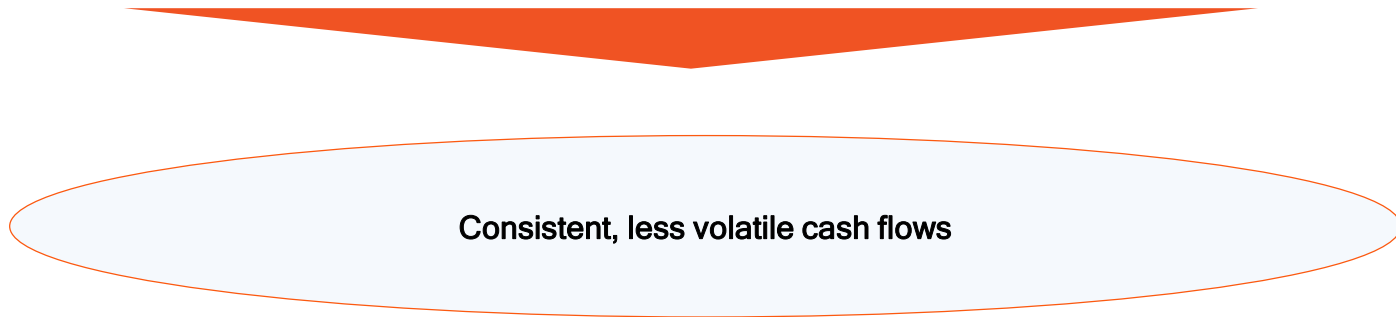
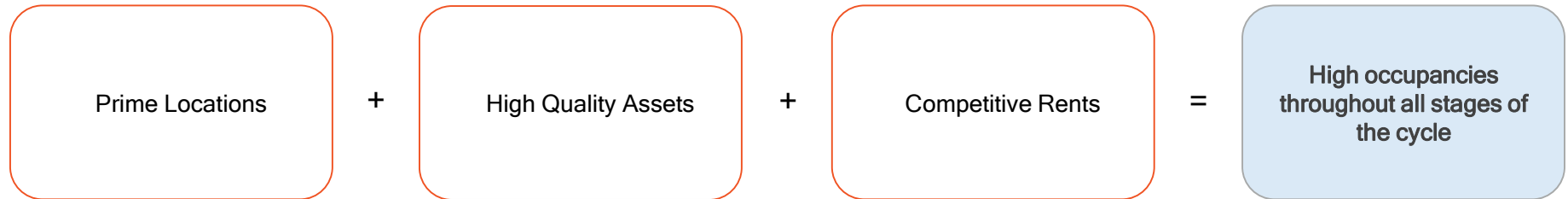
# How is FUNO Built and Why?

FUNO was created based on an experience of more than 40 years in real estate





# FUNO's Strengths

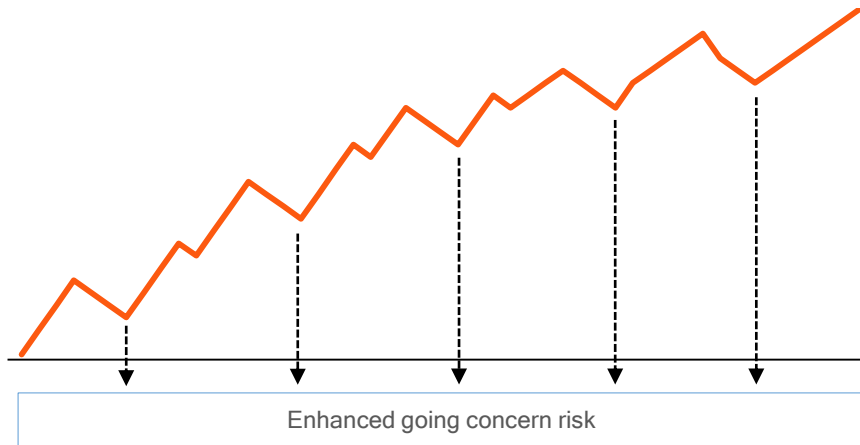


- ✓ Excellent, long-lasting relationships with tenants and key suppliers
- ✓ Prime locations across high-ranking cities with high-quality real estate assets
- ✓ Fortress balance sheet designed to grow and weather storms

# How FUNO Defines Value?

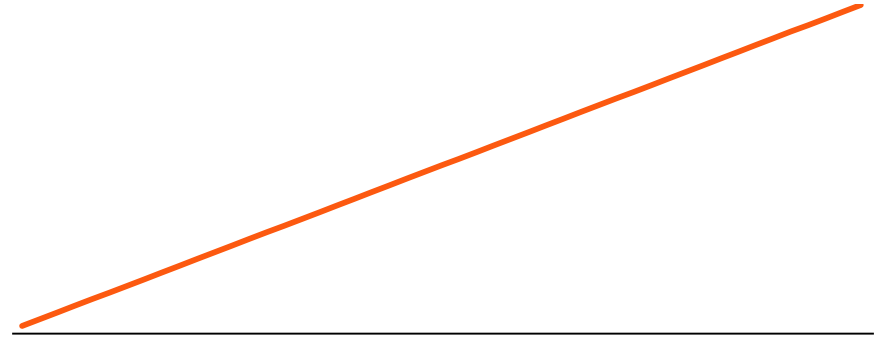
Maximizing total return over time

## Maximizing Cash Flows Today



- Maximizing current rent increases future vacancy and rent discount risk
- Which combined with aggressive cost minimizing financing significantly enhances potential distress scenarios
- Maximizing current yield risks future viability and long term value creation

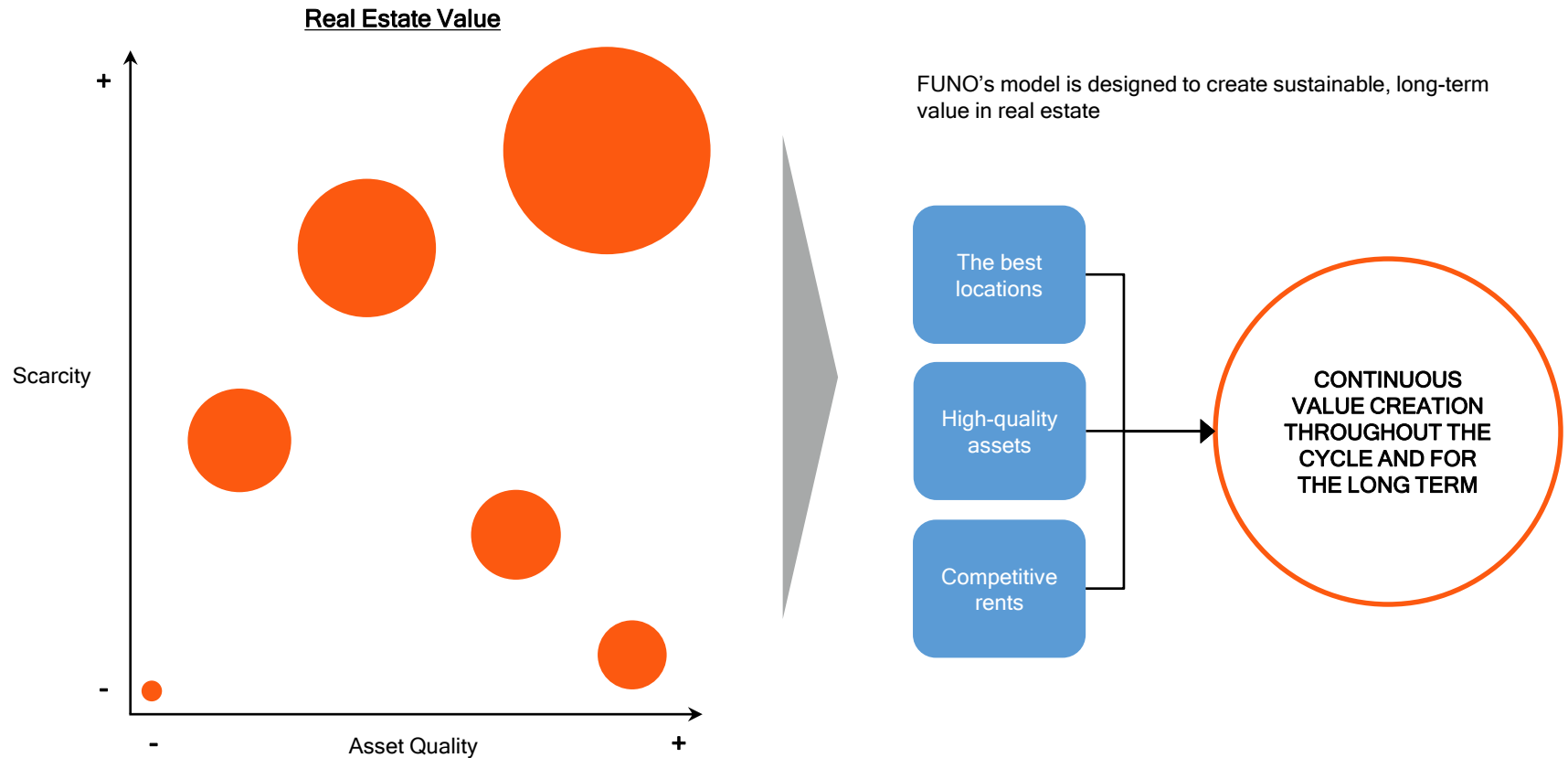
## FUNO's Model = Smooth Cash Flows



- Stable cashflow is achieved via diversification, with an attractive combination of quality assets on the best locations and competitive rents
- Which combined with prudent leverage, in amount, tenor and structure, minimize distress potential
- **Maximizing total return**, ensures long term value creation

# How FUNO Defines Value? (cont'd)

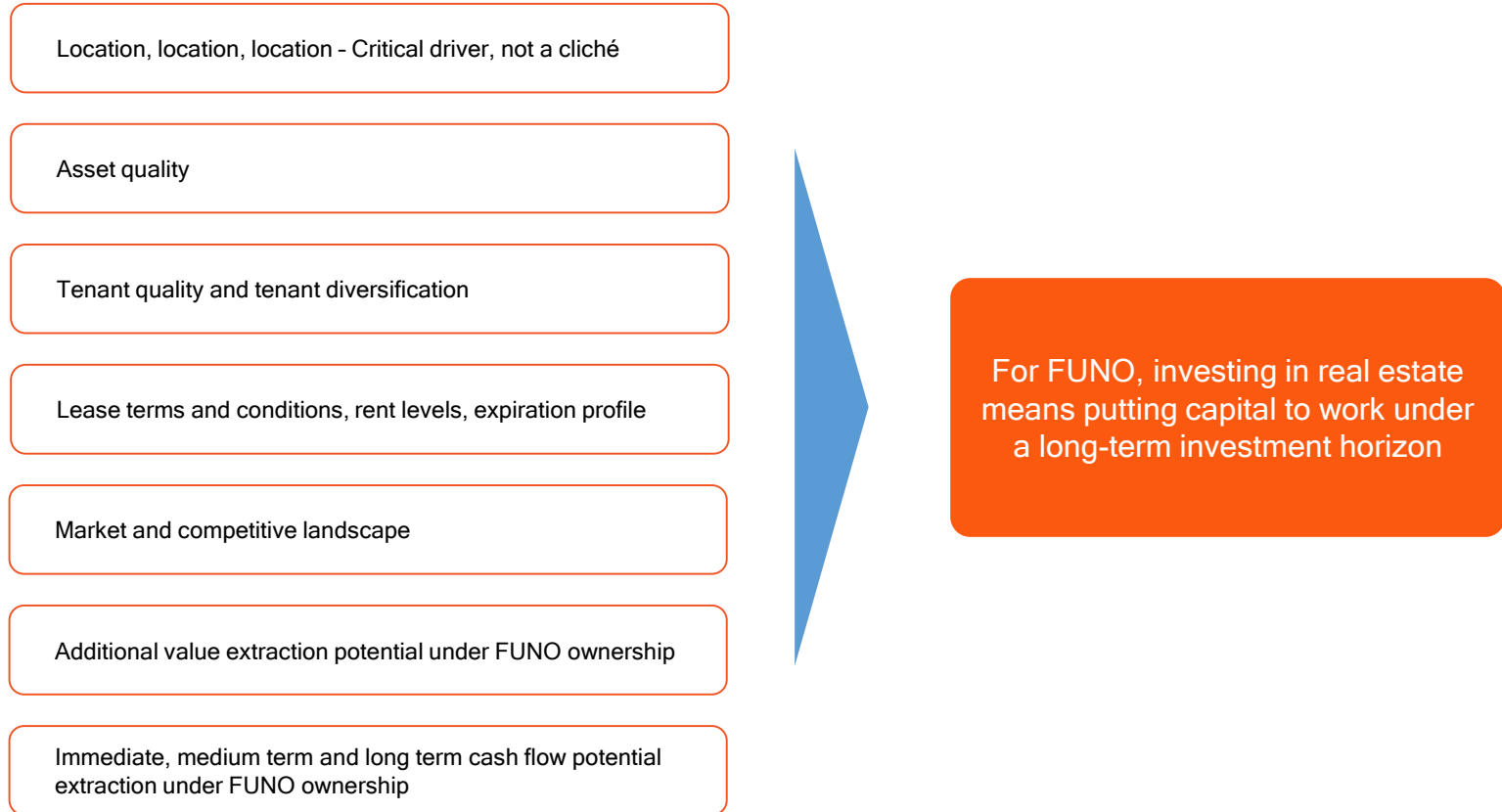
In super star cities, land demand continuously grows ever-increasing scarcity value of land





# Investment Drivers

FUNO's investment criteria is designed to generate maximize long term value throughout the business cycle



# Relationships with Tenants and Suppliers

FUNO has excellent, long-lasting relationships with tenants and key industry suppliers, most of whom are global, multinational, regional and large local players

Master distribution centers and national hubs of world-class tenants



High-quality retailers in shopping centers and fashion malls



High-credit corporates are headquartered in our office buildings



Tenant Driven Approach

The Client Comes First

# Prime Locations and High-Quality Assets - Industrial

FUNO strives to own and develop high-quality real estate assets in prime locations across high-ranking cities in Mexico...

## Industrial

Newly developed, high-tech Industrial parks located on key logistics and manufacturing corridors

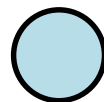
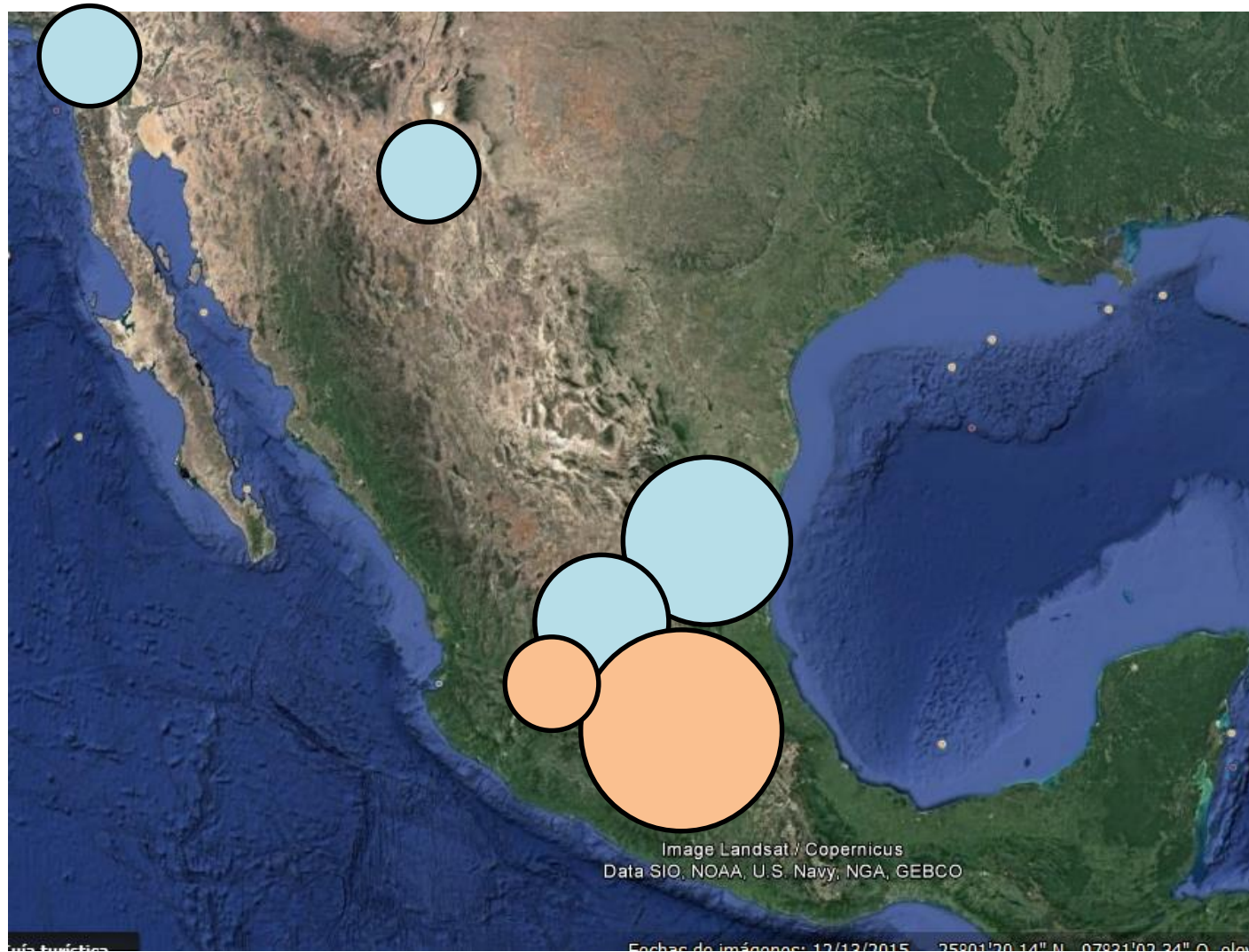


- Logistics: 83.9% of industrial GLA
- Light manufacturing: 16.1% of industrial GLA
- Strong footprint in Mexico City and its Metropolitan Area
- Super-prime locations across the most important logistics corridors and export markets
- Proximity to main highways, roads and connection points to the whole country
- State-of-the-art buildings
- One of the youngest portfolios in the country, average building age: less than 4 years
- FUNO's occupancy: 94.9%
- Segment occupancy: 94.5%

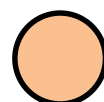




# Industrial Map

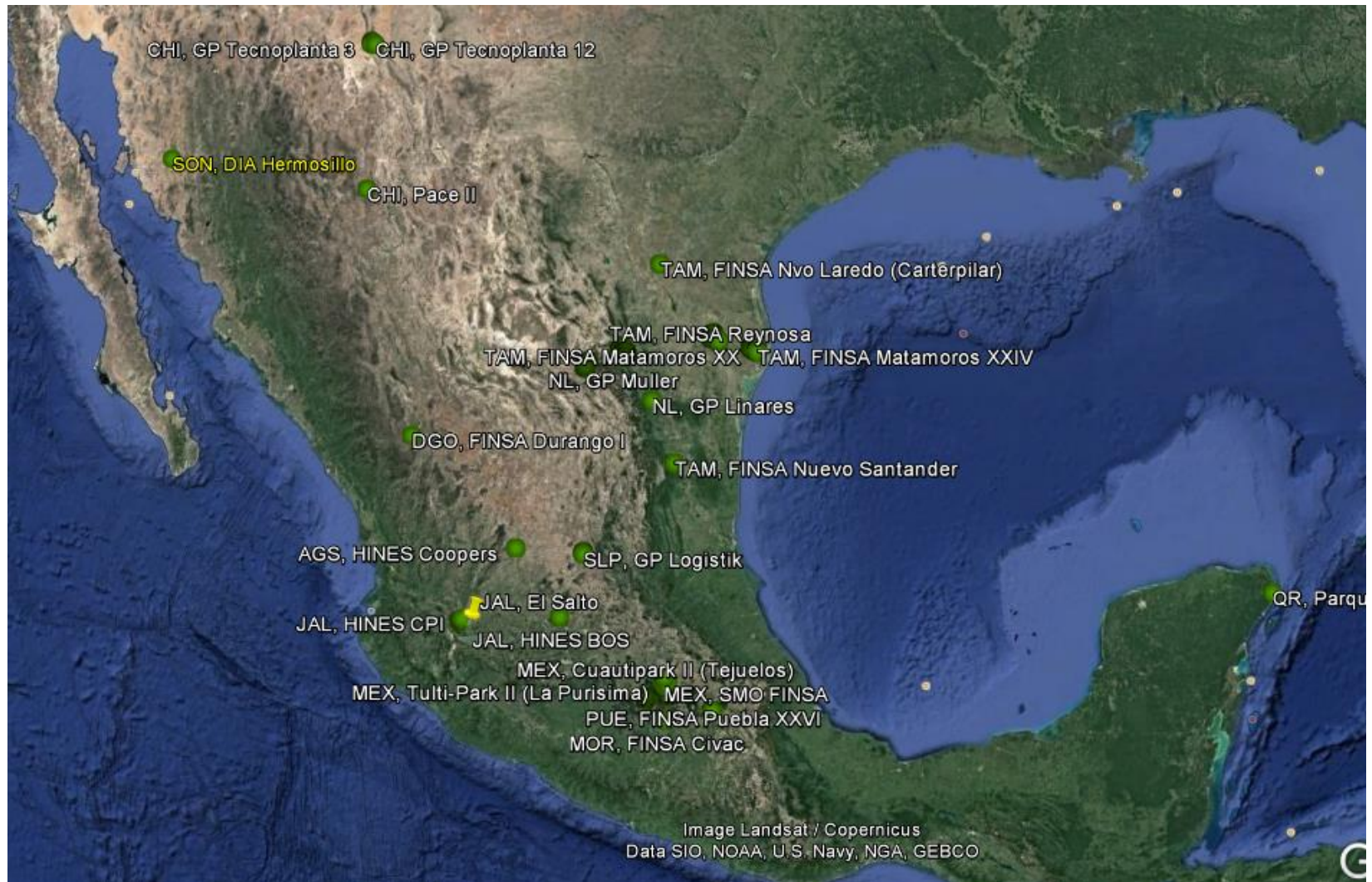


Manufacturing centers



Logistics hubs

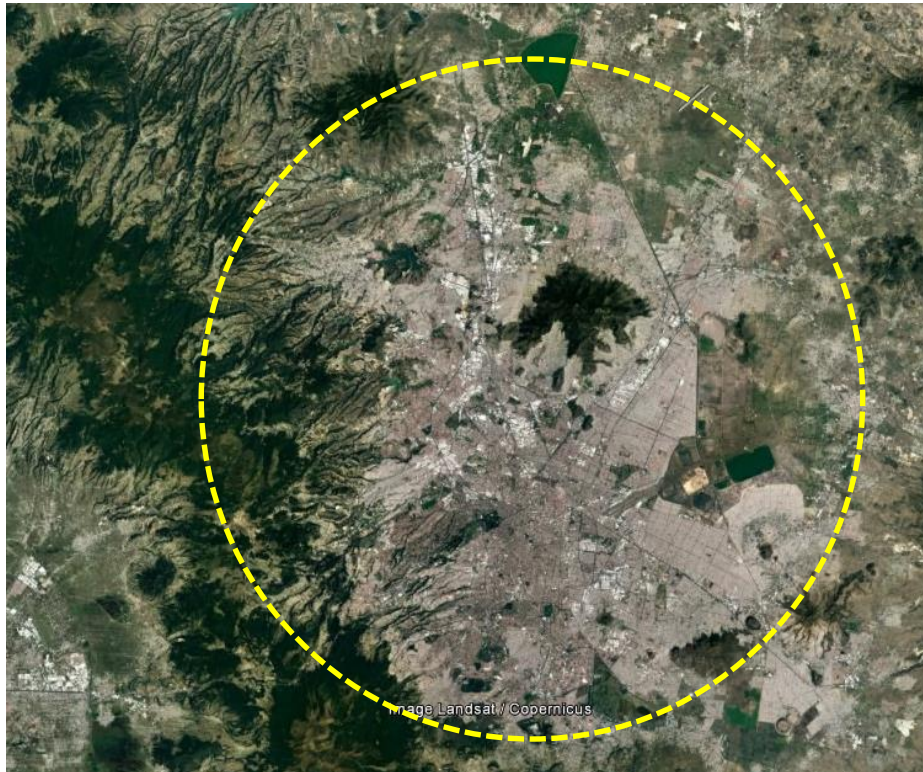
# FUNO's Industrial Footprint





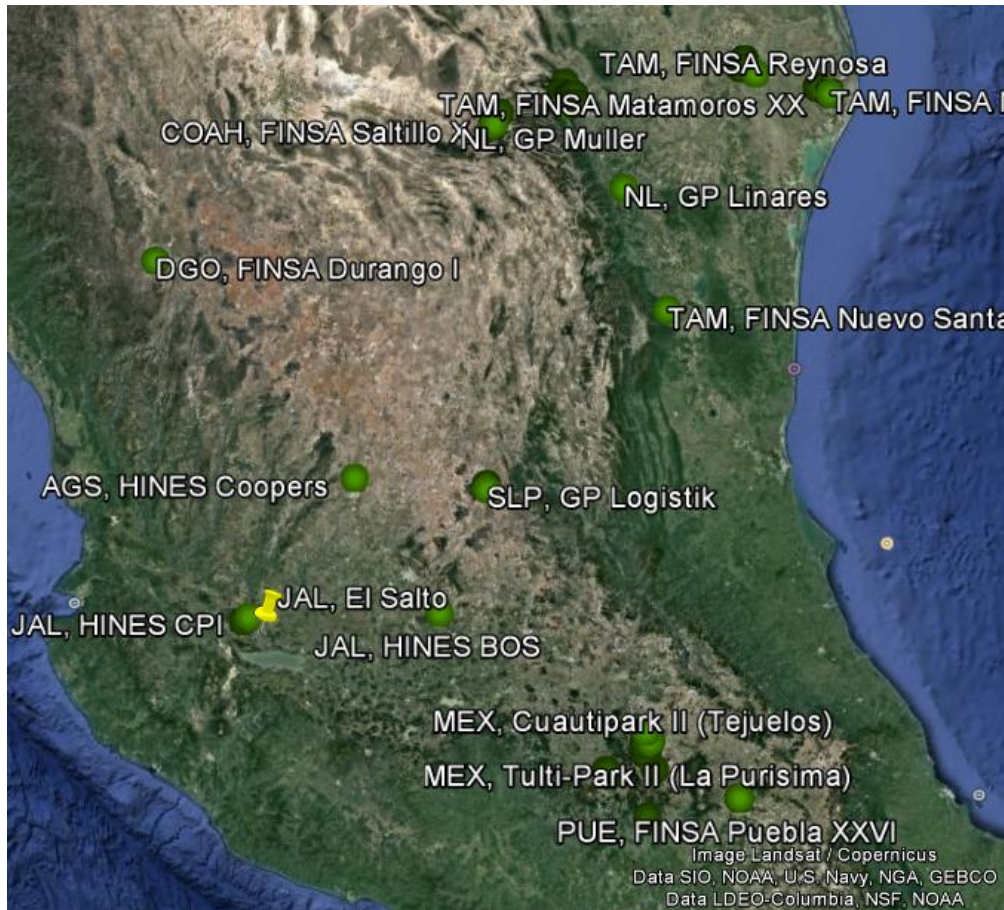
# Industrial Prime Locations

Mexico City & Metropolitan Area





# Industrial Prime Locations



Metropolitan Area (Toluca Corridor)



Puebla Corridor





# Prime Locations and High-Quality Assets - Retail

... and to have high-quality assets on those locations with below-market rent prices...

## Retail

The best options for shopping in different formats and on several cities across the country

- Diversified portfolio across all the subsegments of retail
- Prime locations in primary and secondary cities with high-traffic
- Significant footprint in Mexico City and its Metropolitan Area
- Strong exposure to large retailers and significant components of entertainment options
- The only shopping centers in Chetumal, Celaya, Taxco, Tuxtla Gutiérrez, Downtown Cancun, Cozumel Tepic, Aguascalientes
- The largest fashion mall in Guadalajara, Cancun and Monterrey, Saltillo, Iguala and Chilpancingo
- Several stand-alones with enormous re-conversión potential



# FUNO's Retail Footprint



Does not include stand alones

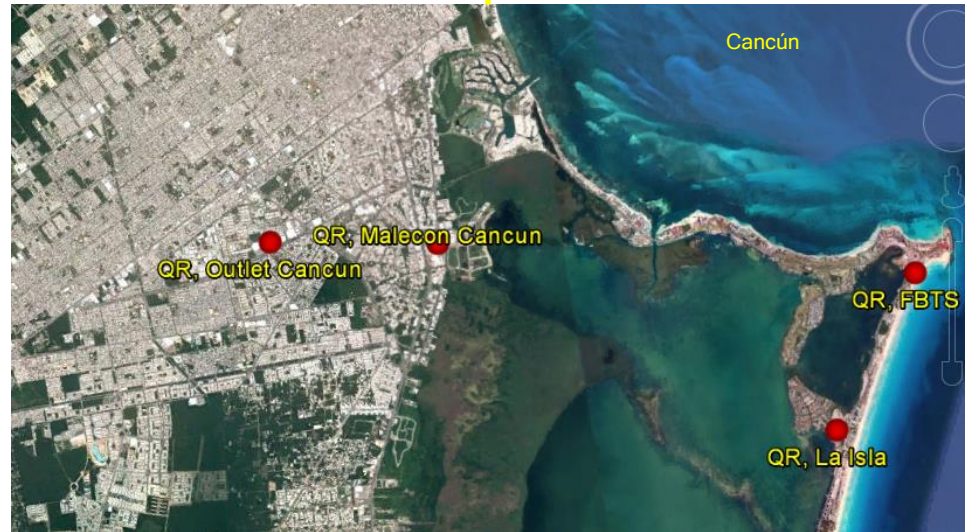
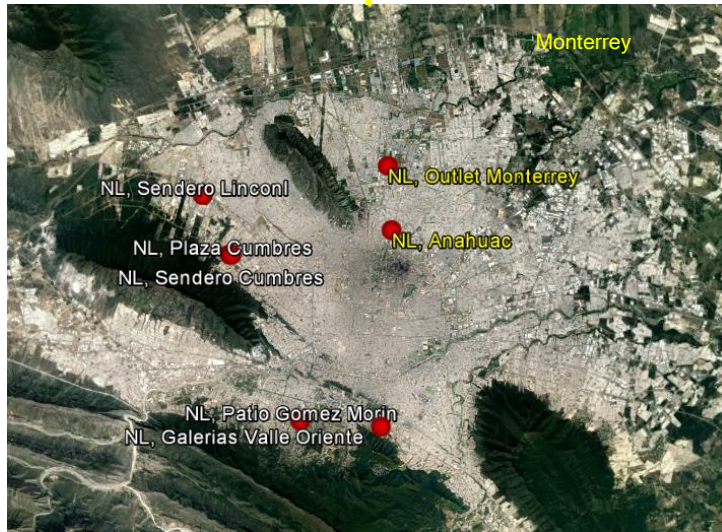


# Retail Prime Locations





## 22





# Prime Locations and High-Quality Assets - Offices

... ensuring high occupancies throughout the cycle and guaranteeing stable cash flows

## Office

Iconic and irreplaceable office buildings  
on the most important corporate  
corridors in Mexico City

### FUNO in the Reforma Corridor:

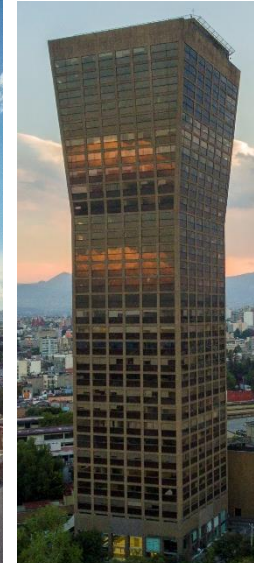
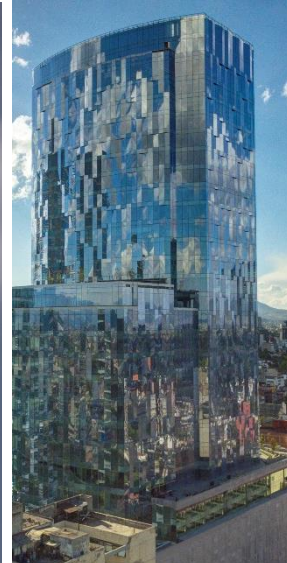
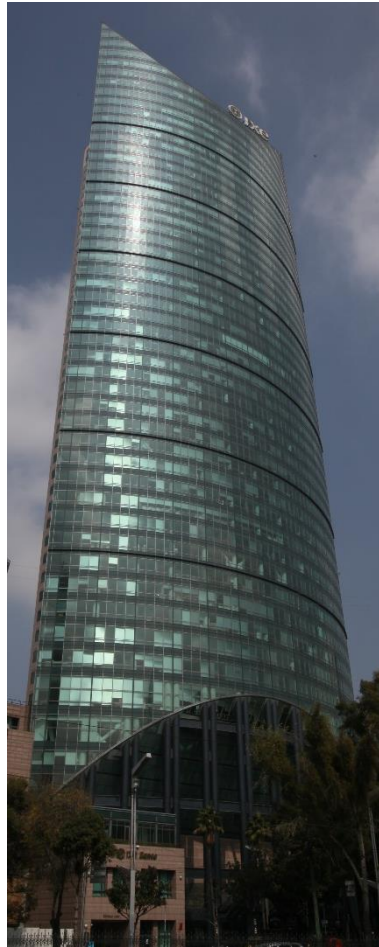
- 7 iconic, irreplaceable buildings on prime locations
- 206,000 sqm of office GLA
- 29.3% of market share

### FUNO in the Santa Fe Corridor

- 3 iconic, irreplaceable buildings on prime locations
- More than 128,000 sqm of office GLA
- 11.2% of corridor market share
- 96.3% occupancy rate

### FUNO in the Insurgentes Corridor:

- More than 121,000 sqm of office GLA
- 13 buildings across the corridor
- 17.5% market share in the corridor
- Largest avenue in Mexico and FUNO's buildings scattered across several neighborhoods





# Office Prime Locations

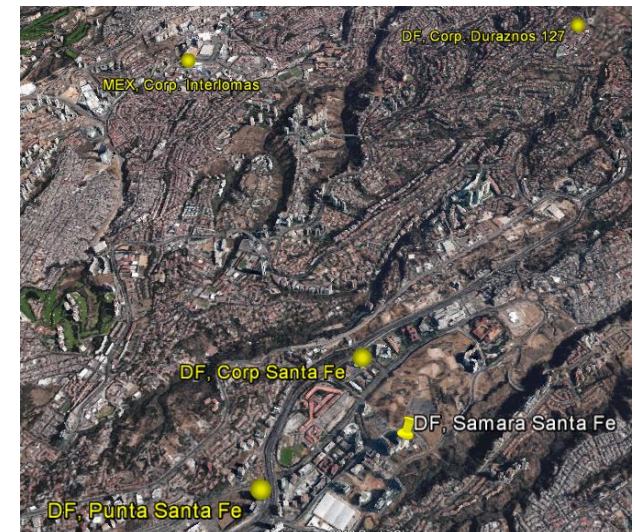
Reforma Corridor



Insurgentes Corridor



Santa Fe Corridor



# Subsegment Breakdown

Segment	Subsegment	GLA (000 sqm)	Occupancy	Ps.\$/sqm/month	NOI 3Q17 <sup>2</sup> (Ps. mm)	% of Total GLA	% of Total 3Q17 NOI <sup>2</sup>
Industrial	Logistics	3,234.3	95.2%	72.30	642.5	41.8%	22.1%
	Light manufacturing	622.9	93.0%	95.80	149.7	8.1%	5.1%
Retail	Fashion mall	453.3	94.3%	328.00	446.9	5.9%	15.4%
	Regional center	1,334.9	90.4%	193.80	652.9	17.3%	22.5%
	Neighborhood center	360.9	92.4%	207.70	186.9	4.7%	6.4%
	Stand alone <sup>1</sup>	880.9	99.1%	145.80	369.8	11.4%	12.7%
Office	Office <sup>1</sup>	847.4	87.6%	327.4	458.9	11.0%	15.8%
<b>Total</b>		<b>7,734.6</b>	<b>93.6%</b>	<b>150.7</b>	<b>2,907.6</b>		

# Rock-Solid Balance Sheet

FUNO's balance sheet is designed to withstand financial turbulence through a conservative approach to debt utilization

- ✓ Low leverage levels ensure that debt service is not a burden in turbulent times
- ✓ High percentage of fixed-rate levels protect cash flows against interest rate hikes
- ✓ Revenues from USD leases and USD debt hedging shield cash flows from FX movements
- ✓ Dual-currency, committed, unused credit facility for up to Us. 410 million + Ps. 7,100 million provides resources for growth when capital markets are closed
- ✓ High percentage of unsecured debt allow additional financing flexibility to seize growth opportunities in times of crisis
- ✓ 11.9 year average debt life, with the first significant maturity coming due in 2024, provide enough time to weather the storm

# 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
Apollo	23,155.0	29,560.0	6,405.0	3,539.9	1.8x	9,944.9
<b>Total</b>	<b>35,068.8</b>	<b>46,656.9</b>	<b>11,588.1</b>	<b>7,076.0</b>	<b>1.6x</b>	<b>18,664.1</b>

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

<sup>1</sup> Reforma 99 is part of the Initial Portfolio  
Figures in Ps. Million as of 3Q16



# Value Creation with FUNO

	Total Amount (Ps. mm)
Equity raised	67,357
Equity issued to pay for acquisitions	37,130
Debt raised	61,893
	166,380
	vs
Total asset value @ 3Q16 <sup>1</sup>	194,388
<b>Net value created</b>	<b>28,008</b>
	
Total FFO generated since IPO	18,910
<b>Net value created to date</b>	<b>Ps. 8.75 per CBFi</b>

The total net value created is 50% greater than the cash flows generated

<sup>1</sup> Assumes that properties under development revalue at fair value upon starting operations

# Development Pipeline

Totally funded development pipeline that will start contributing further rents at attractive yields

**7**

Properties

**452,858**

Sqm of additional GLA

**Ps. 1.5 bn**

Additional revenue

**Ps. 10.8 bn**

CapEx invested

**Ps. 2.2 bn**

Total capEx

**11%**

Yield on cost<sup>1</sup>

	Project	Portfolio	Total GLA (sqm)	Segment	Pending CapEx (Ps.mm)	Additional Revenue (Ps.mm)	Estimated Delivery
FUNO	La Viga <sup>2</sup>	Individual	102,000	Office	132.1	171.3	4Q17
	Berol / Centrum Park <sup>2</sup>	G30	48,052	Industrial	0	128.8	4Q17
	Torre Cuarzo	Individual	72,000	Office + Retail	214.7	362.0	3Q17
	Tlalpan	Apolo	95,967	Retail	163.7	114.0	4Q17
	Espacio Toluca	Turbo	17,839	Retail	41.4	53.0	4Q17
	Midtown Jalisco	Individual	105,000	Office + Retail	2,811.2	579.4	2Q18
	Mariano Escobedo <sup>3</sup>	G30	12,000	Office	40.5	61.0	3Q18
	<b>Total</b>		<b>452,858</b>		<b>2,220.8</b>	<b>1,444.8</b>	

	Project	Portfolio	Total GLA (sqm)	Segment	Pending CapEx (Ps.mm)	Additional Revenue (Ps.mm)	Estimated Delivery
HELIOS	Mitika <sup>4</sup>	Buffalo + Colorado	337,410	Retail + Office	6,727.3	1,992.0	2Q24

1 - Includes the portion of the developments that is already operational

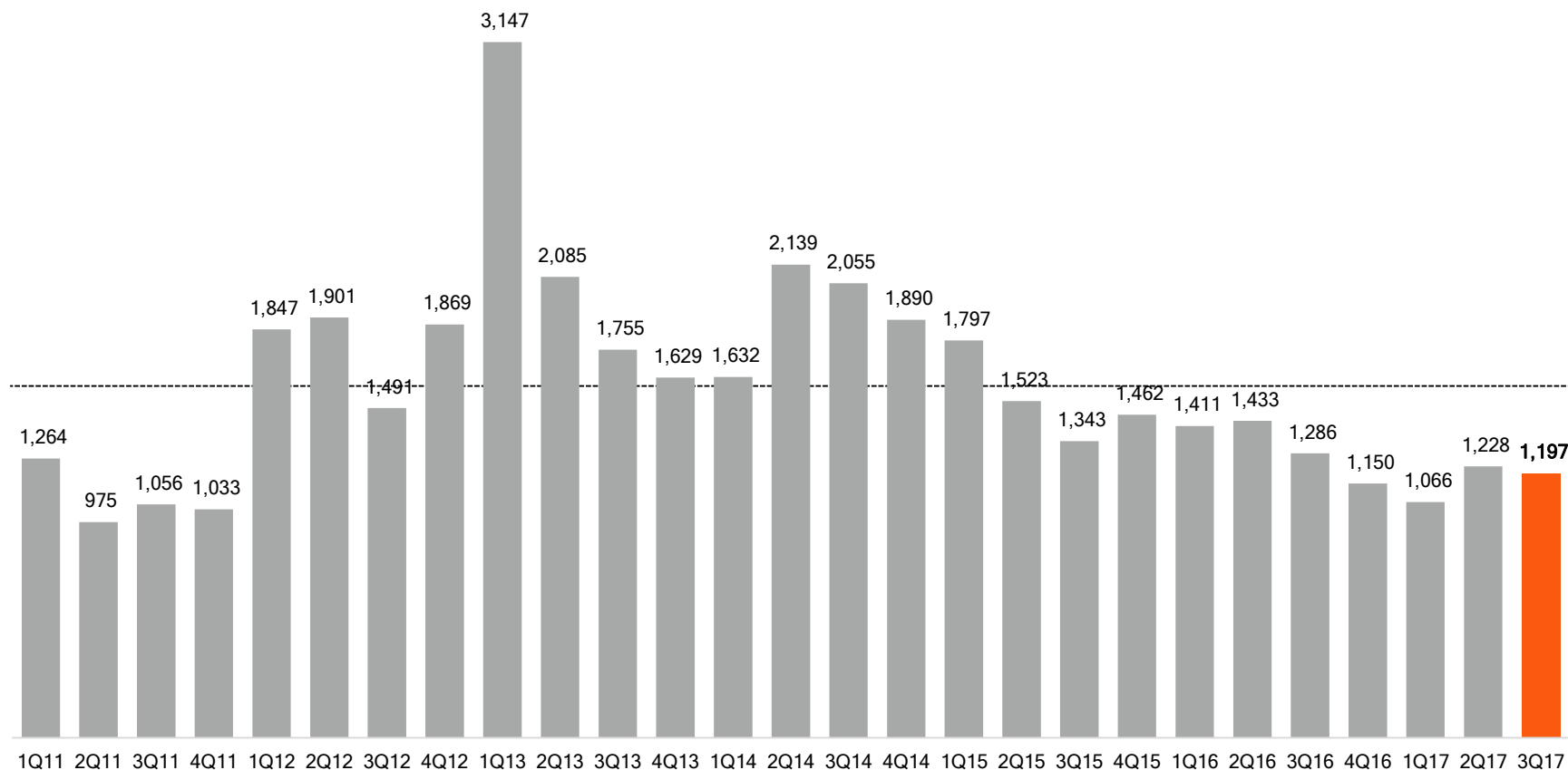
2- A portion of the property is already operational

3- Excludes the value of land

4- Excludes land value and considers the whole project; FUNO estimates to end with approximately 63% of ownership of Mitika

# Enterprise Value per Square Meter

FUNO trades at a discount of 31.1% of its historical average value per square meter in terms of USD



# Book Value per CBFI Historic Growth

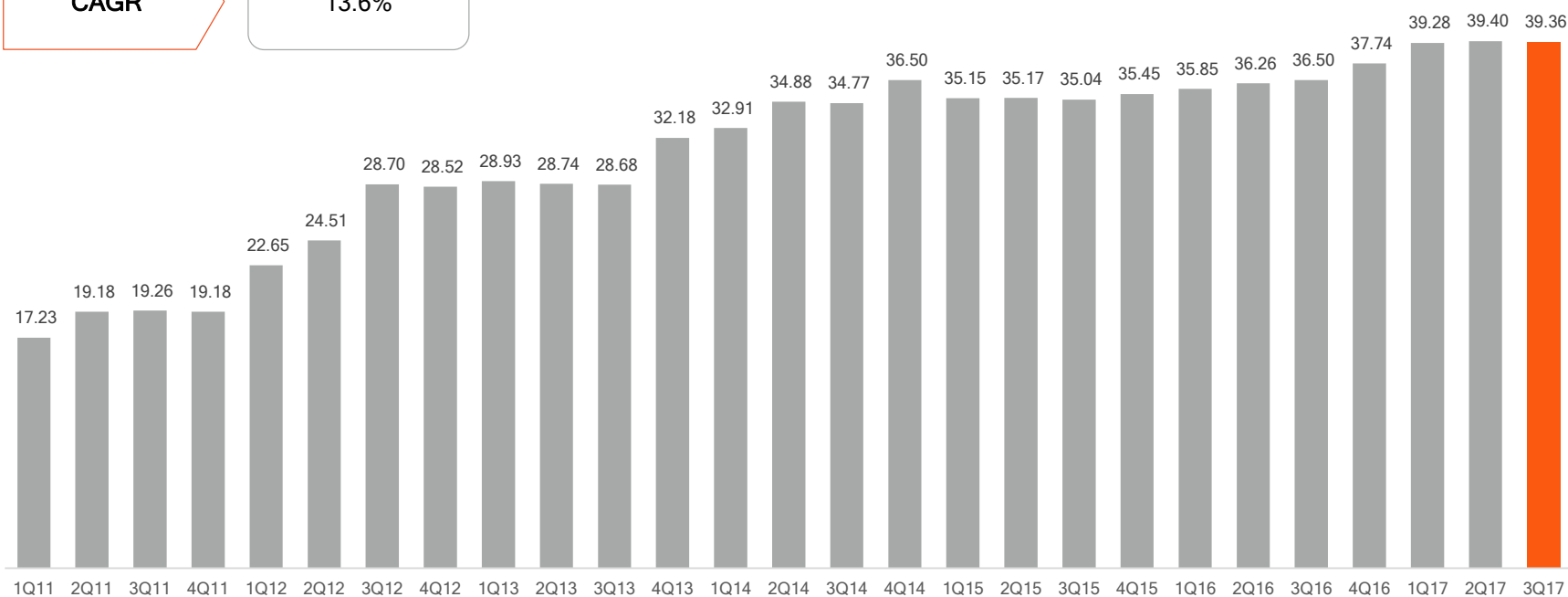
FUNO has consistently increased its book value on a per share basis

**BV/CBFI  
Growth**

128.4%

**CAGR**

13.6%



# Opportunity: Significant Discount vs NAV

FUNO has traded historically above Net Asset Value. Currently it is trading at a **29.5% discount** to historical average Net Asset Value

Maximum: 1.65x  
Minimum: 0.76x  
Average: 1.17x  
Current: 0.82x





# World-Class Sustainability Strategy

FUNO's scale and footprint comes with an even larger commitment 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



FUNO reports under the Global Reporting Initiative

- ✓ Best international practices



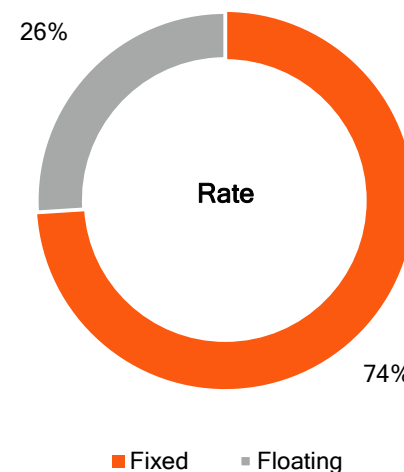
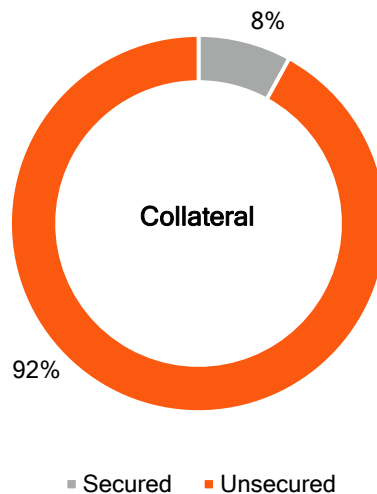
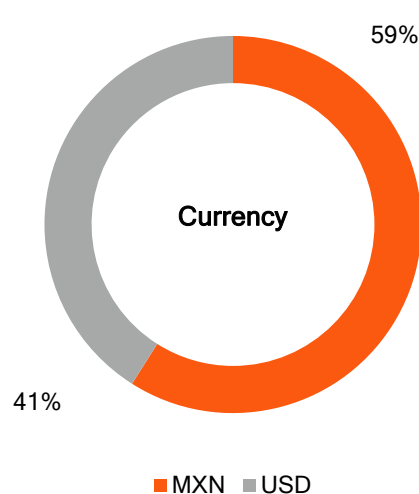
Code of Ethics & whistleblowing mechanism

- ✓ Operated by a third party

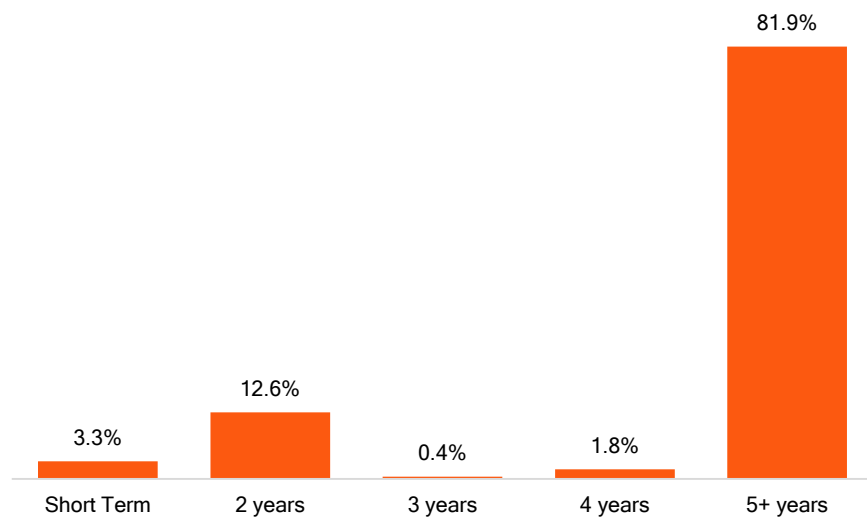


Overall improvement and positive impact on people, communities and cities

# Strong Debt Profile



## Maturity Profile as of 2Q17



## Relevant Credit Metrics

Loan-to-Value	31.7%
Debt Service Coverage Ratio	2.5x
Secured Debt	2.23%
Unencumbered Assets	314%

# Interest Expense Sensitivity Analysis

Below an analysis of the impact of an event of both an increase of 100 bps on interest rates and \$1.00 per USD in the exchange rate

Interest Expense	2017E <sup>1</sup>
Debt interest expense	Ps. 4,080 million
Swaps interest expense	Ps. 85 million
<b>Total net interest expense</b>	<b>Ps. 4,165 million</b>
Interest rate $\Delta$ +100 bps	Ps. 144 million
FX rate $\Delta$ +Ps. 1.00	Ps. 111 million
EBITDA FX rate $\Delta$ +Ps. 1.00	Ps. 166 million

+Ps. 55  
million

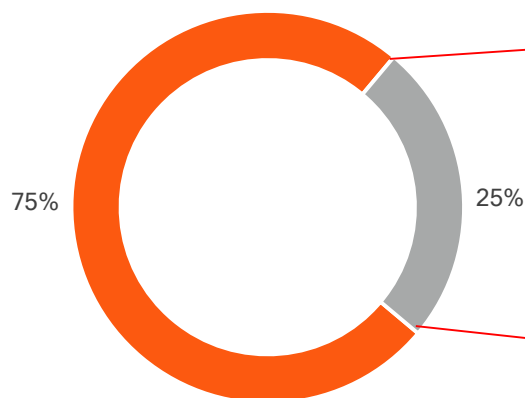
A further \$1.00 depreciation of the exchange rate is cash-flow positive, generating approximately Ps. 55 million of additional cash flow

1 - Includes the effect of the full cross-currency swap for Us. 100 million starting on January 30, 2017 and the effect of the interest rate swap to fix the interest of the loan on Samara for Ps. 2,943 million; FX rate of \$20.66 MXN per USD

# Revenue Sensitivity to Foreign Exchange Rate

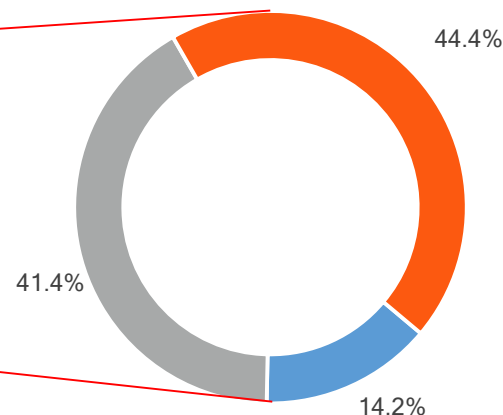
Minimum USD revenue to interest expense ratio > **1.5x**

Revenue Breakdown by Currency<sup>1</sup>



■ MXN ■ USD

USD Contribution by Segment<sup>1</sup>



■ Retail ■ Industrial ■ Oficinas

12-month forward average USD revenue to interest expense ratio = **1.8x**<sup>2</sup>

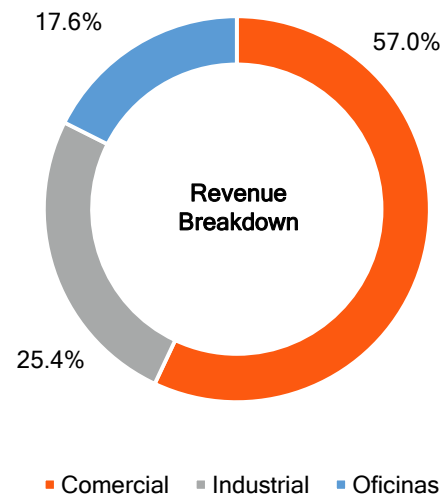
<sup>1</sup> Calculated using rent roll for 2Q17

<sup>2</sup> Includes a full (principal + interest) cross-currency swap for Us. 300 million



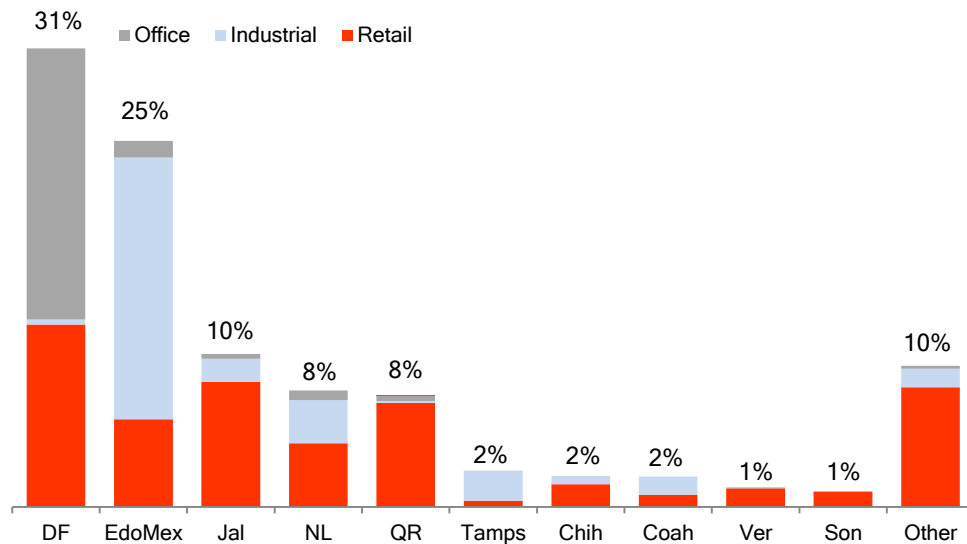
# Portfolio Diversification

Leasing contracts	~10,000
Properties (operating units)	521
Average lease term	4.4 years
GLA	7.73 million sqm



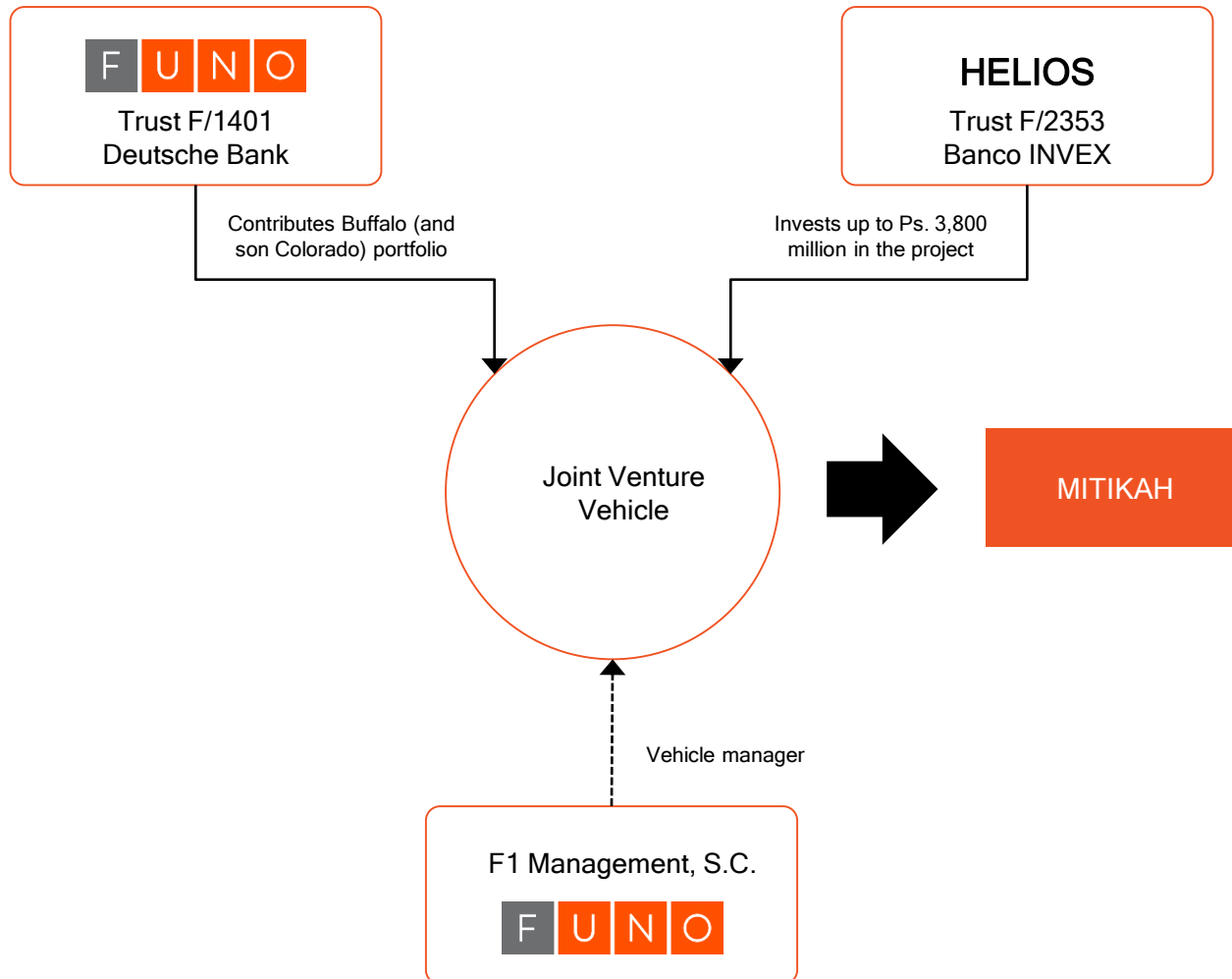
Top-10 by Revenue	% of Revenues
Walmart	8.3%
ICEL	3.9%
Santander	2.8%
Cinopolis	1.7%
Alsea	1.6%
Copemsa	1.2%
Hilton	1.1%
Fiesta Inn	1.1%
Zimag	0.8%
SAT	0.8%
<b>Total</b>	<b>23.2%</b>

**GLA Distribution by Geography**



# The Latest News on HELIOS and Mitikah

The JV between FUNO and HELIOS was formalized on December 19, 2016



# Analyzing the Investment on Mitikah

FUNO will contribute both the Colorado and Buffalo portfolios to the Mitikah Project

	Total Amount (Ps. mm)
Colorado portfolio acquisition price	1,636
+ Buffalo portfolio acquisition price	2,816
<hr/>	
<b>FUNO's original investment</b>	<b>4,452</b>
- NOI generated since acquisitions	697
<hr/>	
<b>= FUNO's net investment</b>	<b>3,755</b>
Value of both portfolios @ contribution to HELIOS	6,000
<b>Value created to date</b>	<b>2,173</b>

Increase of 60% of value over original investment

# The Mitikah Project

## Key Financial Highlights

Segment	GLA <sup>1</sup> (sqm)	Stabilized Expected NOI <sup>2</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>3</sup> (Ps. mm)
Contributed projects	6,000
Total construction cost	12,886
Capitalized interest expenses	486
<b>Total investment</b>	<b>19,372</b>

<sup>1</sup> Gross leasable área and area for sale in the case of the residential component

<sup>2</sup> Expected stabilized NOI for 2025

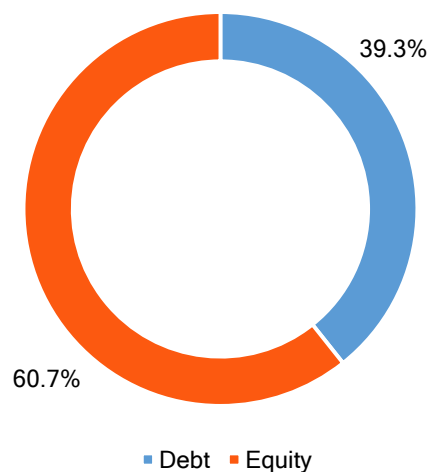
<sup>3</sup> Assumes a full cash-sweep debt amortization once the properties are operating



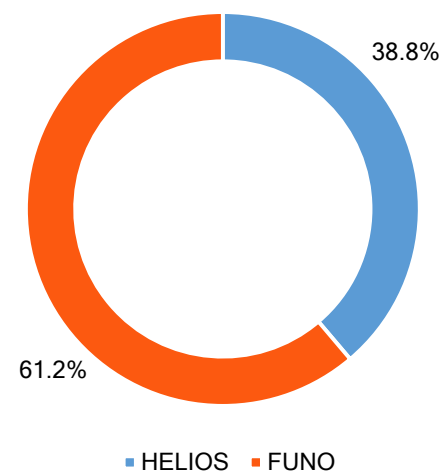
# Investing in Mitikah with HELIOS

Project financing	Total Amount (Ps. mm)
Contributed portfolios (Colorado+Buffalo)	6,000
HELIOS' cash	3,800
Leverage <sup>1</sup>	6,342
Re-invested cash flow	3,641
<b>Total investment for Mitikah</b>	<b>19,783</b>

Capital Structure



Initial Ownership<sup>2</sup>



<sup>1</sup> Assumes a full cash sweep debt amortization once the properties are operating, as well as a reinvestment of all the cash flows from the project during the construction period

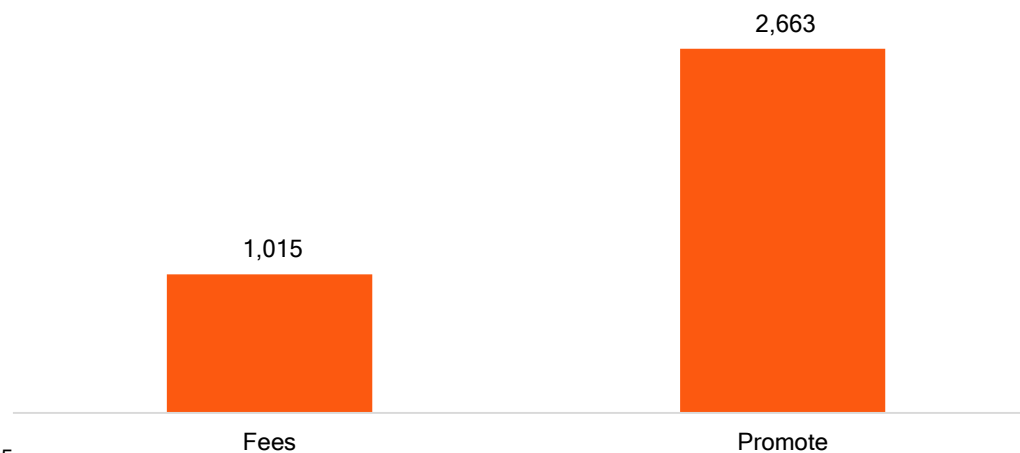
<sup>2</sup> Does not take into account capitalized fees. Expected FUNO's ending equity stake: 63.6%

# The Impact of Fees on FUNO

## Fee Structure

Fee	%	Counterparty	Base
Management fee	1.25%	HELIOS	Total fund size
Development fee	3.00%	Mitikah	Total project cost
Promote	20.0%	HELIOS	Above 10.0% hurdle rate

## FUNO's Expected Impact of Fees from Mitikah<sup>1</sup>



<sup>1</sup> Assumes investment exit in 2025  
Figures in Ps. million

# Investing in Mitikah with HELIOS

## Creating Value with Mitikah

	Total Amount (Ps. mm)
FUNO's net investment	3,755
Total collected cash flows by FUNO	4,083
Mitikah's expected value @ 2025 <sup>1</sup>	17,550
Promote	2,663
Debt outstanding @ 2025 <sup>1</sup>	0
<b>Net value creation</b>	<b>20,541</b>

- ✓ Value creation equivalent to Ps. 2,282 million per year vs a Ps. 3,755 net investment
- ✓ Expected value creation is **9.4x** compared to value created to date on both Colorado and Buffalo portfolio

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

<sup>1</sup> Assumes an 8.0% exit cap rate  
Figures in Ps. million

# Acquisitions Pipeline

✓ 4Q16 - 2Q20

✓ Ps. 32,000 mm

✓ Diversified

✓ NOI Ps. 2,295 mm

Portfolio	Segment	Total Investment (Ps. mm)	GLA (sqm)	NOI (Ps. mm)	Properties
Turbo <sup>1</sup>	<ul style="list-style-type: none"> <li>▪ Retail</li> <li>▪ Industrial</li> <li>▪ Office</li> </ul>	12,250	442,000	1,120	16
Apollo II	<ul style="list-style-type: none"> <li>▪ Retail</li> </ul>	10,800	362,781	1,012	18
Frimax <sup>2</sup>	<ul style="list-style-type: none"> <li>▪ Industrial</li> </ul>	4,163	410,638	371	2
<b>Total</b>		<b>27,213</b>	<b>1,216,178</b>	<b>2,503</b>	<b>36</b>

1 - Already closed 2 properties: Park Tower Vallarta and Espacio Tollocan, totaling more than 64,000 sqm of GLA and Ps. 210 mm of anual NOI

2 - Already closed 1 property with 212,000 sqm of GLA and Ps. 169 mm of anual NOI

