



F U N O

UBS  
GLOBAL REAL ESTATE CONFERENCE

LONDON - NOVEMBER 2016

# Disclaimer

This supplemental information, together with other statements and information publicly disseminated by us, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements reflect management’s current views with respect to financial results related to future events and are based on assumptions and expectations that may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial or otherwise, may differ from the results discussed in the forward-looking statements. Risk factors and other factors that might cause differences, some of which could be material, include, but are not limited to, the impact of current lending and capital market conditions on our liquidity, ability to finance or refinance projects and repay our debt, the impact of the current economic environment on the ownership, development and management of our commercial real estate portfolio, general real estate investment and development risks, using modular construction as a new construction methodology, vacancies in our properties, further downturns in the real estate market, competition, illiquidity of real estate investments, bankruptcy or defaults of tenants, anchor store consolidations or closings, international activities, the impact of terrorist acts, our debt leverage and the ability to obtain and service debt, the impact of restrictions imposed by our credit lines and senior debt, the level and volatility of interest rates, effects of a downgrade or failure of our insurance carriers, environmental liabilities, conflicts of interest, risks associated with the sale of tax credits, risks associated with developing and managing properties in partnership with others, the ability to maintain effective internal controls, compliance with governmental regulations, increased legislative and regulatory scrutiny of the financial services industry, changes in federal, state or local tax laws, volatility in the market price of our publicly traded securities, inflation risks, litigation risks, cybersecurity risks and cyber incidents, as well as other risks listed from time to time in our reports filed with the Comisión Nacional Bancaria y de Valores. We have no obligation to revise or update any forward-looking statements, other than imposed by law, as a result of future events or new information. Readers are cautioned not to place undue reliance on such forward-looking statements.

Real estate is a cyclical business. We have stated this since our IPO and thus have created a Company that acknowledges this at its core; our design and business philosophy consider this as a natural part of our business.

On November 8, 2016 Donald Trump was elected President of the United States of America...

Questions

- Does this represent a paradigm shift in the world?
- How does this affect Mexico?

Answers

- We don't really know what lies ahead

Does FUNO have a contingency plan in place for a Trump administration

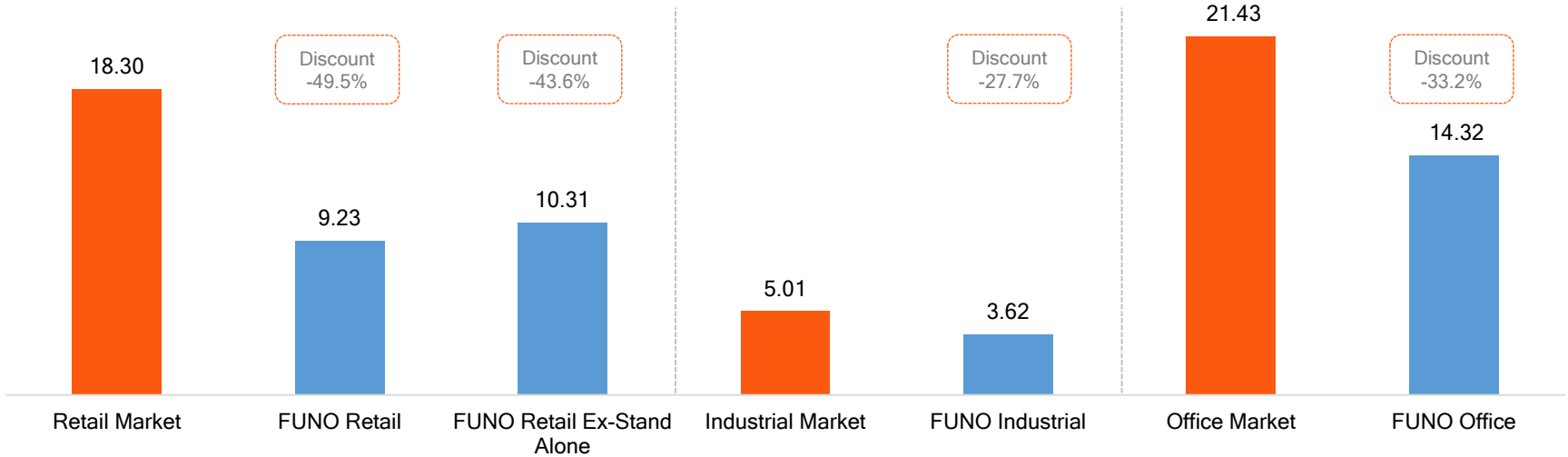
We do not need a contingency plan, we are built and designed to withstand and take advantage of business cycles

# How is FUNO Built and Why?

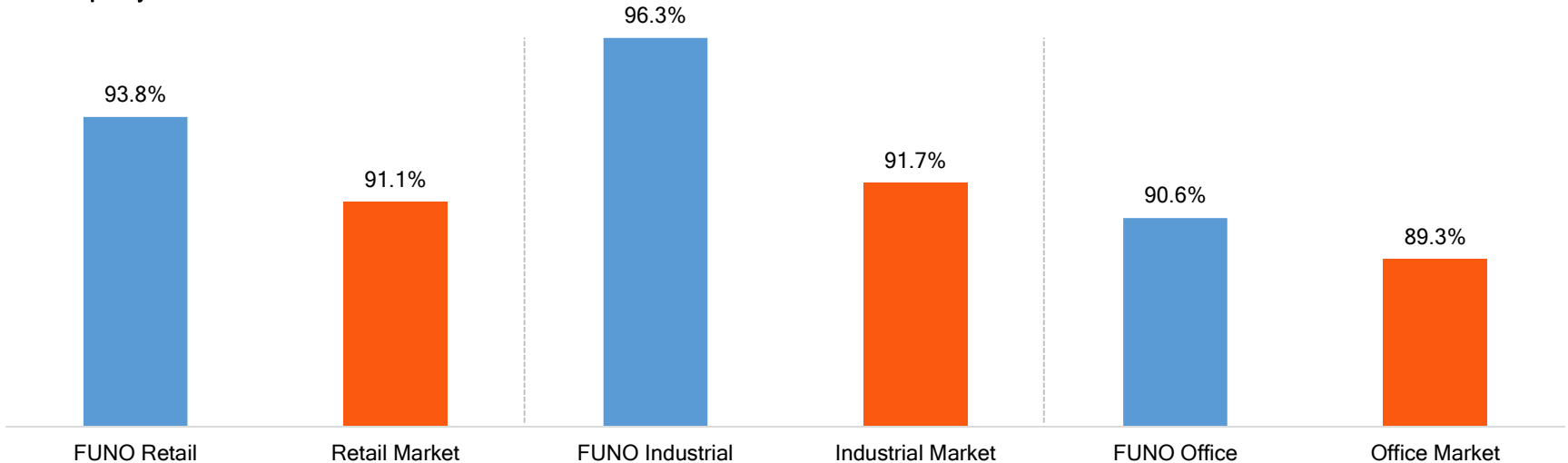


# Competitive Rents and High Occupancy Always

Rent Price (USD / sqm / month)



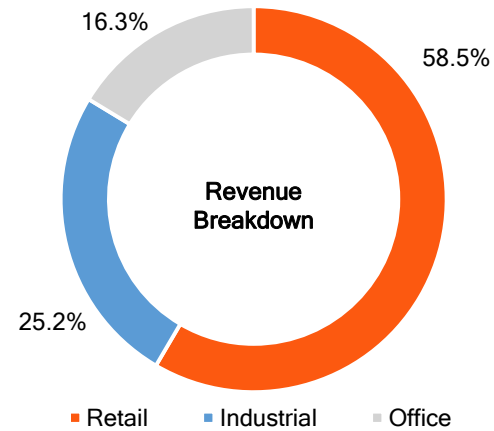
Occupancy Rates



Sources: LatAm Benchmarking Report 2016, Morgan Stanley Research; Cushman & Wakefield Mexico Industrial 3Q16; Cushman & Wakefield Mexico City Office 3Q16  
 Rents calculated using 3Q16 SSR and an exchange rate of 20.7051; Retail market occupancy is the combined occupancy of retail FIBRAs and REOCs in Mexico

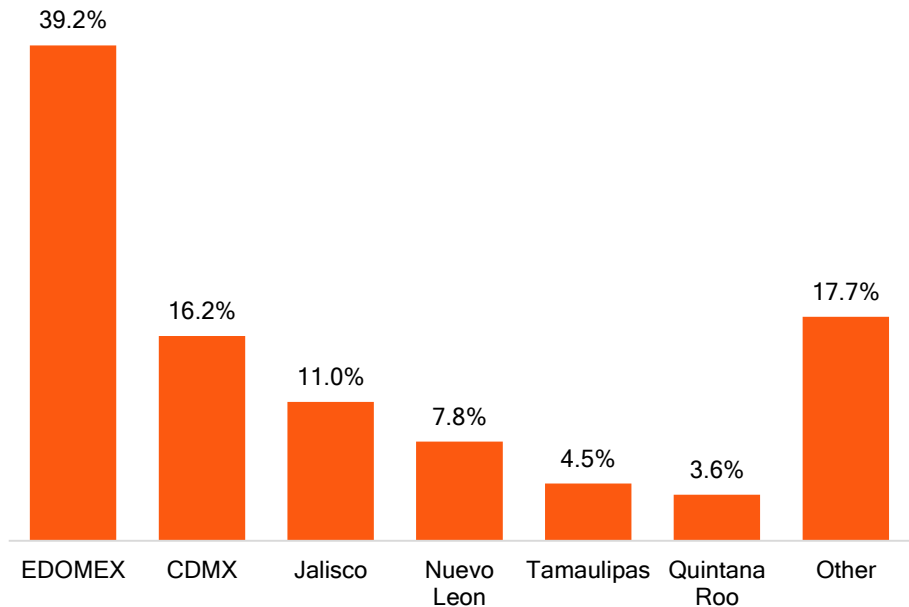
# Portfolio Diversification

Leasing contracts	6,651
Properties	516
Average lease term	4.7 years
GLA	7.3 million sqm

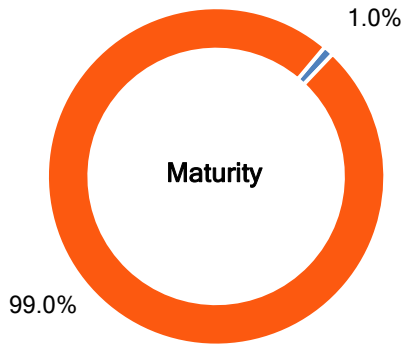


Top-10 by Revenue	% of Revenues
Walmart	7.5%
ICEL	3.7%
Santander	2.7%
Cinapolis	2.1%
Copemsa	1.5%
BBVA Bancomer	1.2%
Alsa	0.9%
Zimag	0.8%
Coppel	0.8%
Bimbo	0.6%
<b>Total</b>	<b>21.7%</b>

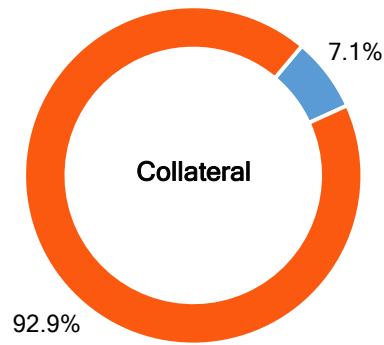
GLA Distribution by Geography



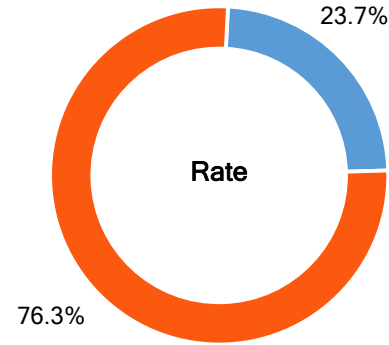
# Strong Debt Profile



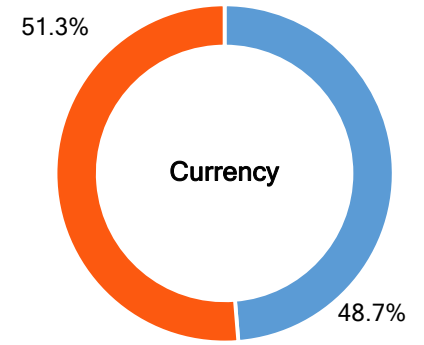
■ Short-Term ■ Long-Term



■ Secured ■ Unsecured

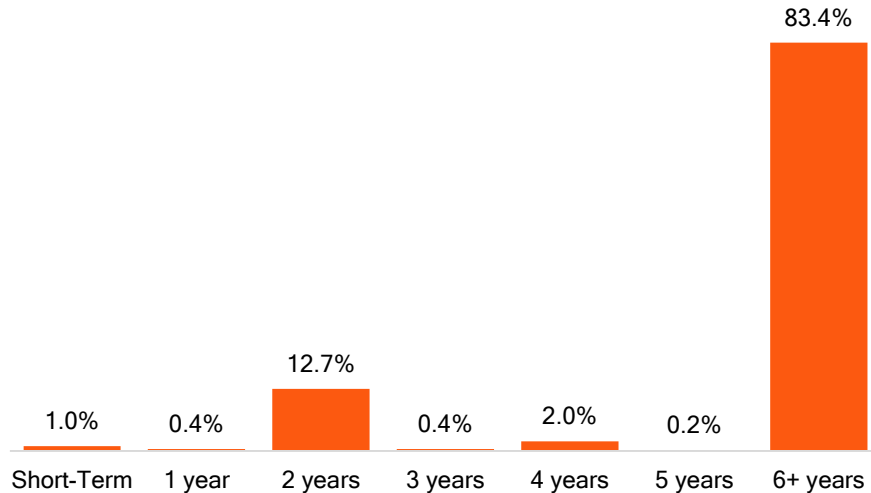


■ Floating ■ Fixed



■ USD ■ MXN

## Maturity Profile as of 3Q16



## Relevant Credit Metrics

Loan-to-Value	34.3%
Debt Service Coverage Ratio	3.1x
Secured Debt	2.4%
Unencumbered Assets	292.9%



# Interest Expense Sensitivity Analysis

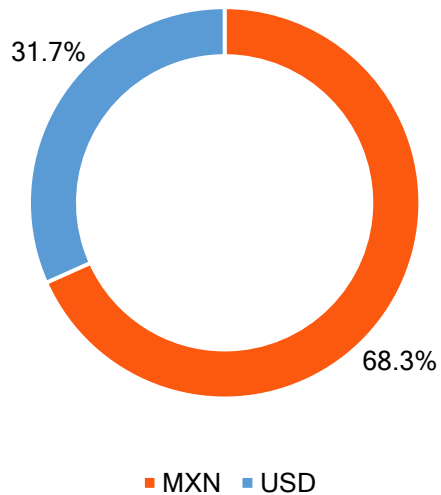
Interest Expense	4Q16 <sup>1</sup>
Debt interest expense	Ps. 992 million
Swaps interest expense	Ps. 40 million
<b>Total net interest expense</b>	<b>Ps. 1,032 million</b>
<hr/>	
Interest rate $\Delta$ +100 bps	Ps. 34 million
FX rate $\Delta$ +Ps. 1.00	Ps. 26 million

<sup>1</sup> 4Q16E; shows accrued interest expense calculation for the quarter using an FX rate of 19.4086 and a 28-day TIIE rate of 5.07825%

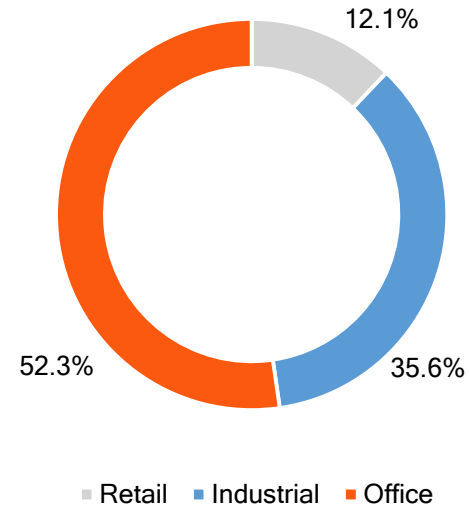
# Revenue Sensitivity to Foreign Exchange Rate

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

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



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



12-month forward average USD revenue to interest expense ratio = **1.9x**<sup>2</sup>

<sup>1</sup> Calculated using rent roll for 3Q16

<sup>2</sup> Includes a full (principal + interest) cross-currency swap for Us. 300 million starting on 4Q16

# Investment Drivers

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

Location, location, location - Critical driver, not a cliché

Asset quality

Tenant quality, diversification

Lease terms and conditions, rent levels, expiration profile

Market and competitive landscape

Additional value extraction potential under FUNO ownership

Immediate, medium term and long term cash flow potential extraction under FUNO ownership



For FUNO, investing in real estate means putting capital to work under a long-term investment horizon, which will include down business cycles

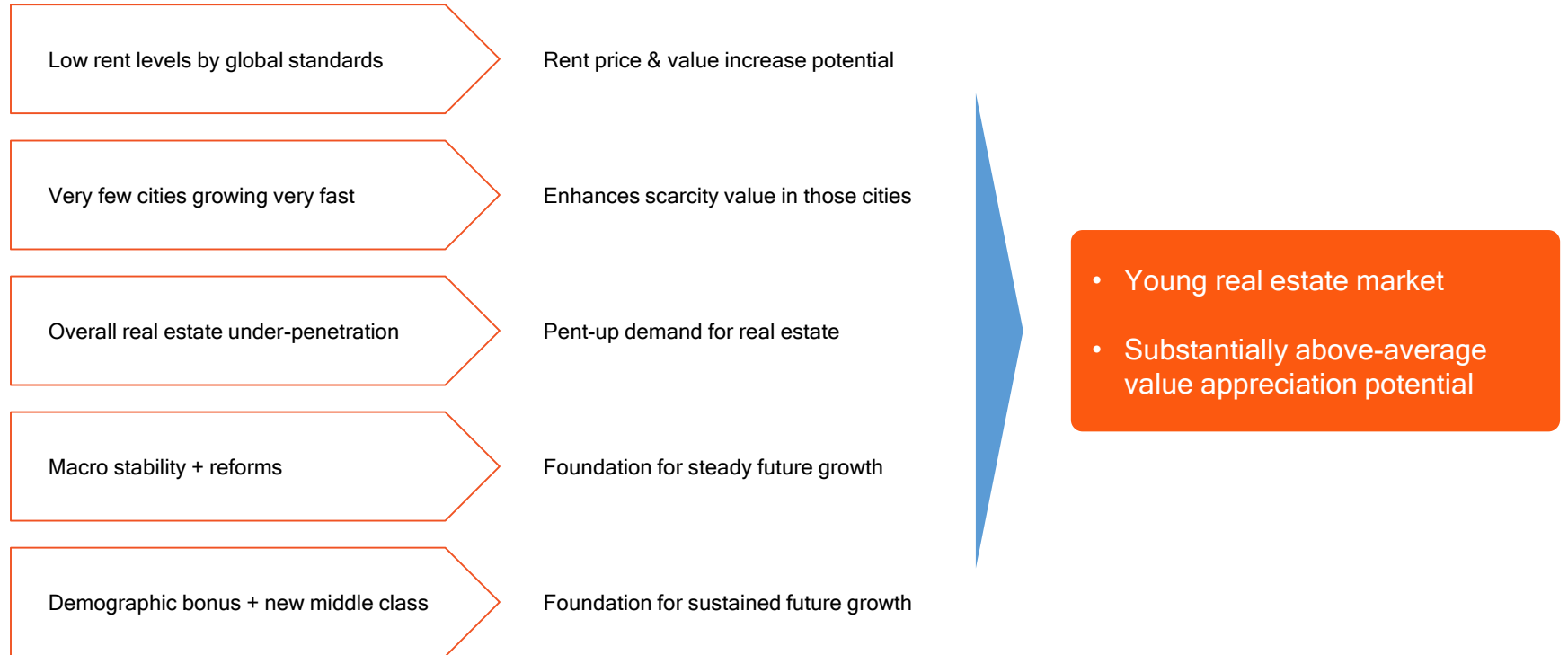
# Real Estate Highlights in LatAm

- ✓ For private individuals real estate is a safe haven investment in LatAm countries during times of turbulence
- ✓ Real estate preserves its value during crisis and grows in value at least with USD inflation over time
- ✓ The best located real estate always gains value over time
- ✓ Real estate in Mexico is dollarized; people always think of real estate in terms of USD value invested

Real estate is ALWAYS a safe investment when prudent leverage is used

# Very Attractive Real Estate in Mexico

Mexico will continue to present us with attractive opportunities



# 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

# Analyzing the Investment on Mitikah

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

	<b>Total Amount</b> (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/>	
= FUNO's net investment	3,755
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 area and area for sale in the case of the residential component

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

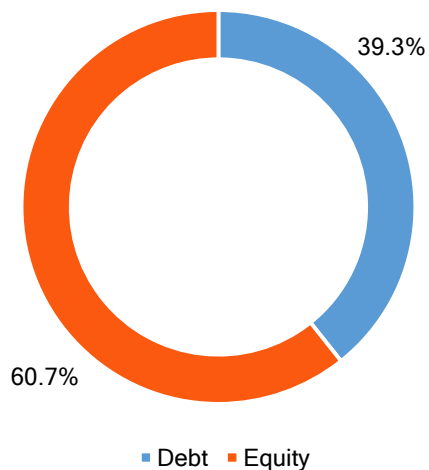
<sup>3</sup> Assumes a full cash-sweep debt amortization once the properties are operating



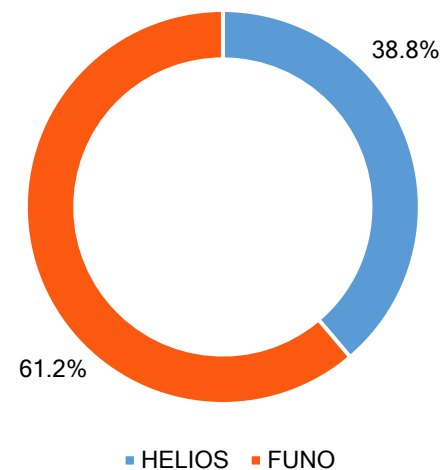
# Investing in Mitikah with HELIOS

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

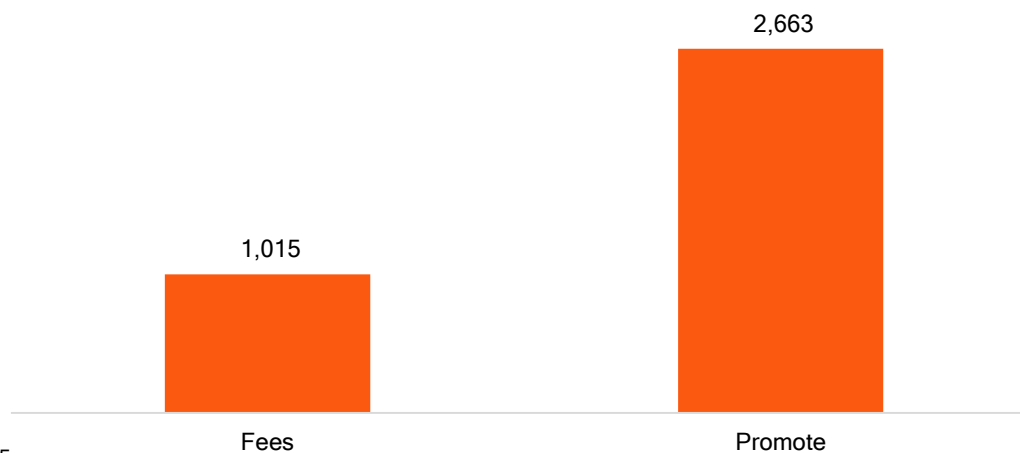
<sup>2</sup> Does not take into account capitalized fees. Expected FUNO's ending equity stake: 63.6%

# 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

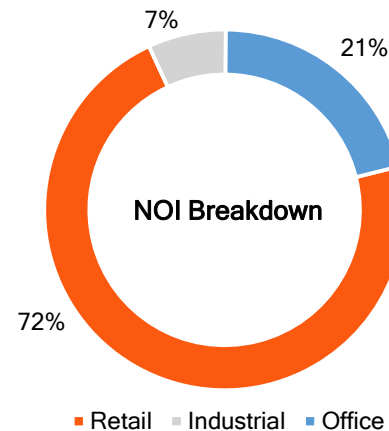
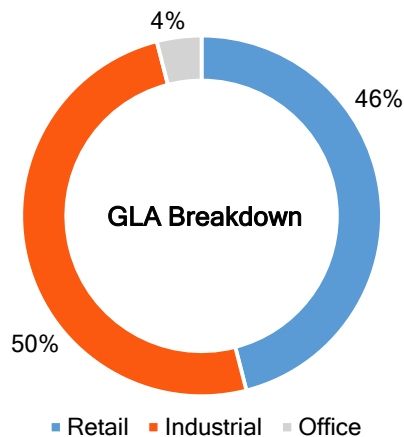
✓ 4Q16 - 2Q20

✓ Ps. 36,179 mm


✓ Diversified

✓ NOI Ps. 3,374 mm

Portfolio	Segment	Total Investment (Ps. mm)	GLA (sqm)	NOI (Ps. mm)	Properties
Turbo	<ul style="list-style-type: none"> <li>▪ Retail</li> <li>▪ Industrial</li> <li>▪ Office</li> </ul>	14,300	506,832	1,330	18
Apollo II	<ul style="list-style-type: none"> <li>▪ Retail</li> </ul>	10,800	362,781	1,012	18
Frimax	<ul style="list-style-type: none"> <li>▪ Industrial</li> </ul>	6,271	622,638	540	3
Midtown Jalisco	<ul style="list-style-type: none"> <li>▪ Retail</li> <li>▪ Office</li> </ul>	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>



# 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 CBF1</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

# 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)



- ✓ 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