

# **Fibra Danhos**

**Citi Global Property CEO Conference Presentation**

**March 2020**



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# Fibra Danhos Investment Thesis

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- **High quality retail and office portfolio in densely populated areas.**
- **Geographic focus:** our assets are urban properties, mostly within the Metropolitan Area of Mexico City and in different neighborhoods.
- **Stable occupancy rates:** our same property occupancy has been above 97% since our IPO.
- **Experienced developer:** most assets in our portfolio were developed in-house.
- **Proven track record of sourcing best in-class projects.**
- **Lowest debt among publicly listed Mexican Real Estate companies:** 8.5% LTV, 100% fixed rate, peso denominated debt.
- **Selective growth,** timing is key.
- **Our investment strategy is centered around a defensive and long term view towards real estate.**
- 10.20% AFFO Yield.\*
- 9.15% Dividend Yield.\*

\* Based on the share price of February 28<sup>th</sup>, 2020 and FY 2019 figures.

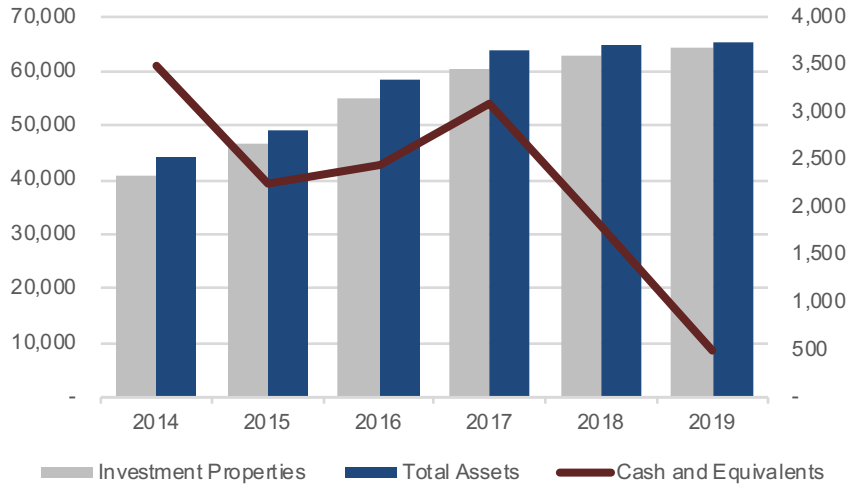
# Financial strategy

- Fibra Danhos has a solid Balance Sheet and a conservative leverage policy.
- Our floating rate bond due on December 2019 was paid with proceeds of undistributed cash flow and from the committed credit facility.
- We have a committed, unsecured credit facility of Ps. 2 bn.
- AAA credit rating on a local scale by Fitch Mexico and HR Ratings.
- Share buy backs not a priority in order not to lower trading liquidity.
- Funding if required would prioritize debt over equity.

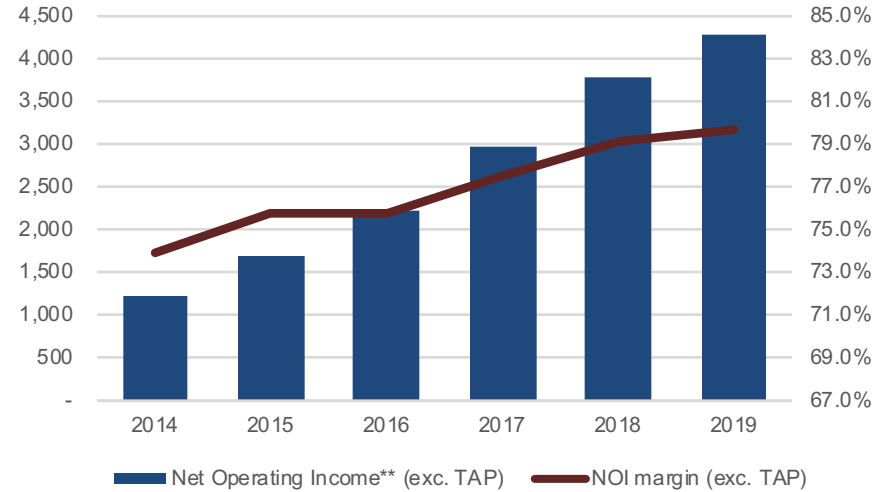
Debt	Institution / Issuance	Currency	Interest Rate	Issuance	Maturity	Tenor (years)	Balance
Bonds	Local (DANHOS 16)	MXN	Fixed 7.80%	11-Jul-16	29-Jun-26	6.52	\$ 3,000,000,000
Bonds	Local (DANHOS 17)	MXN	Fixed 8.54	10-Jul-17	28-Jun-27	7.52	\$ 2,500,000,000
Bank	BBVA BANCOMER	MXN	Variable TIIE + 1.35%	20-Dec-19	20-Dec-22	2.98	\$ 150,000,000
			<b>Avg. 8.16%</b>			<b>Avg. 6.87</b>	<b>\$ 5,650,000,000</b>

# Key Financial Indicators

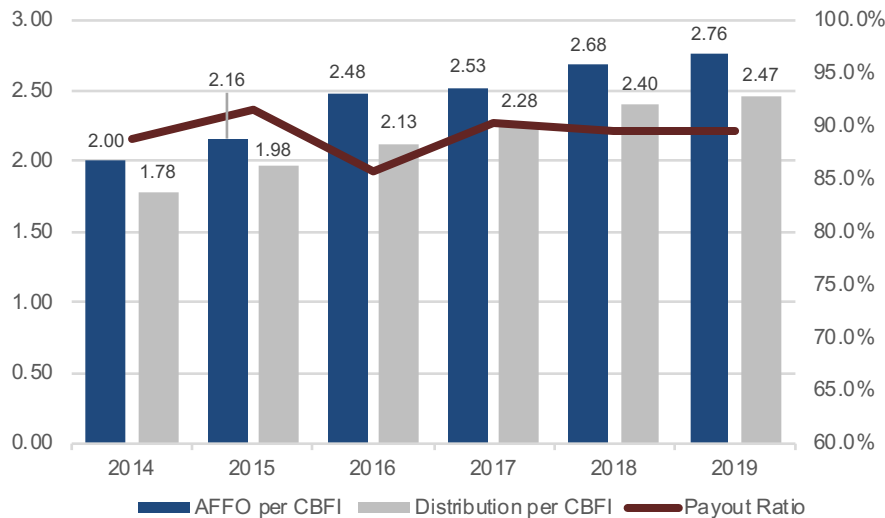
### Total Assets, Investment Properties, Cash & Equivalents



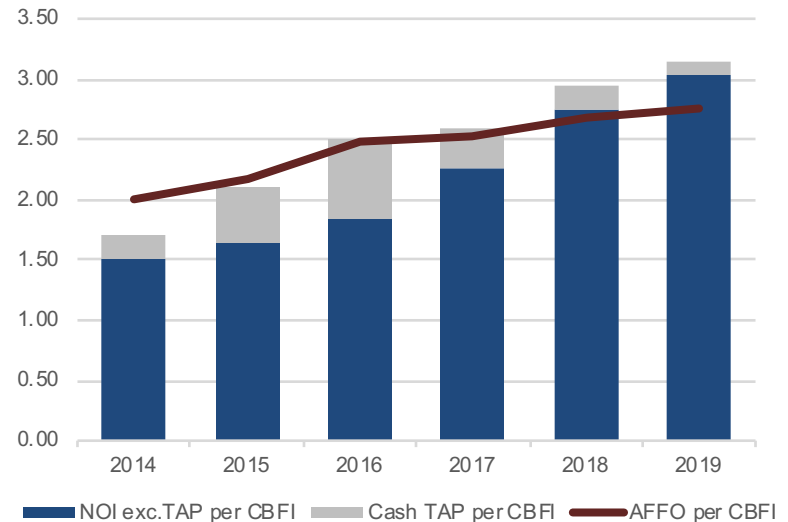
### NOI Margins



### AFFO & Distribution per share

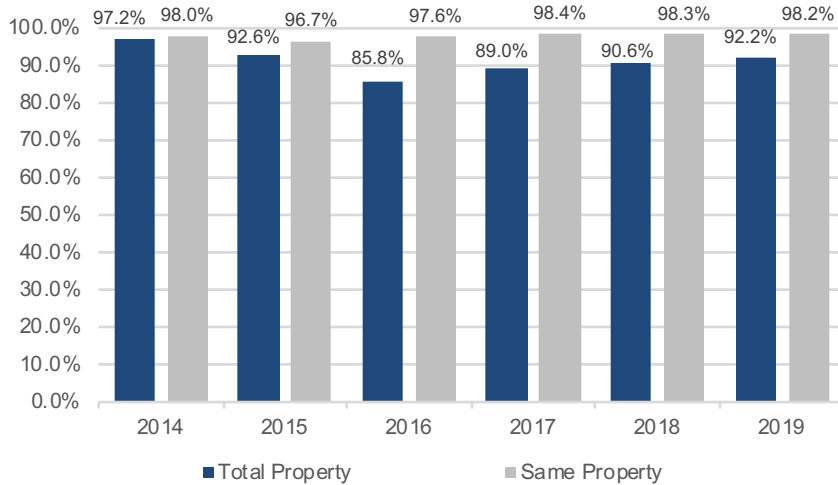


### AFFO, NOI exc. TAP & Cash TAPs per share

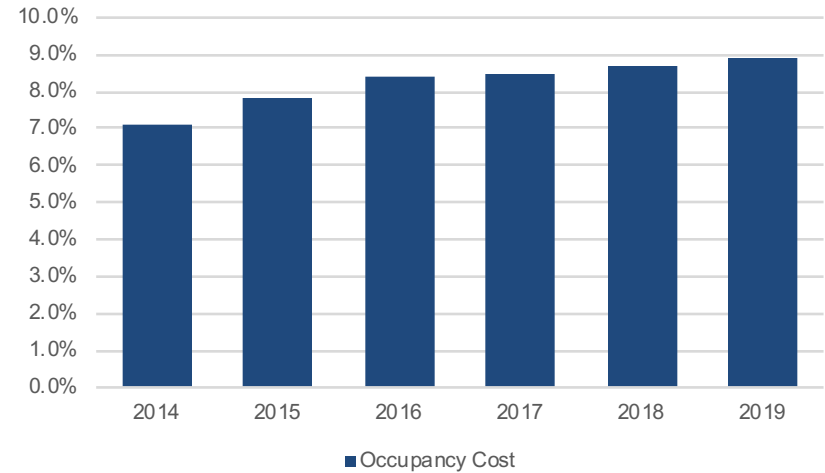


# Key Operating Indicators

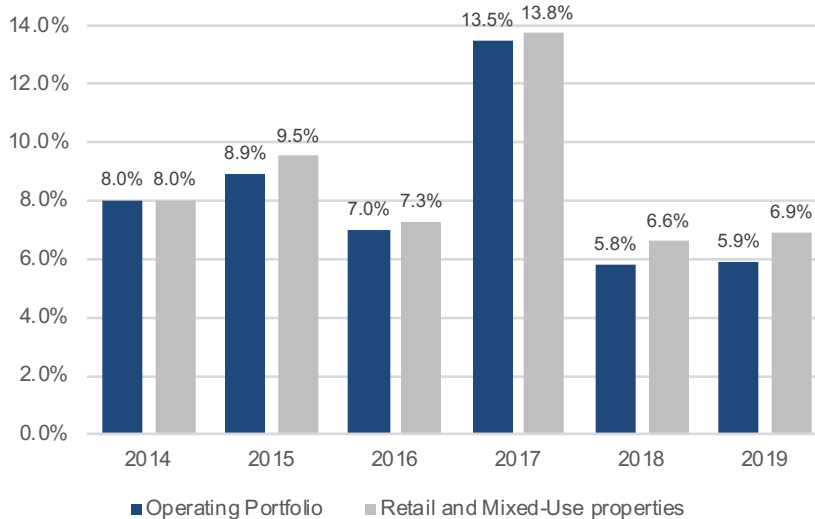
### Same Property & Total Property Occupancy



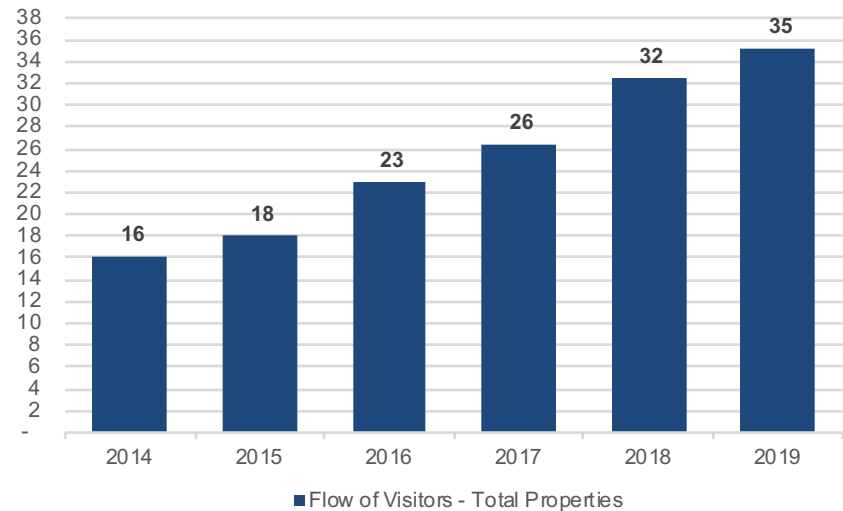
### Occupancy Cost



### Lease Spread



### Flow of Visitors (millions)



# Retail Market Overview

- Our retail portfolio is comprised **exclusively** of urban shopping centers.
- The average population density on a 3 mile radius from our malls is above 1 million inhabitants.
- 14% of the retail area in our portfolio is dedicated to entertainment.
- F&B as a percentage of our total retail area is double than the US mall average.
- Shopping centers in Mexico continue to be the gathering place for families.
- Our centers provide safe and convenient leisure spaces.

Danhos' retail distribution

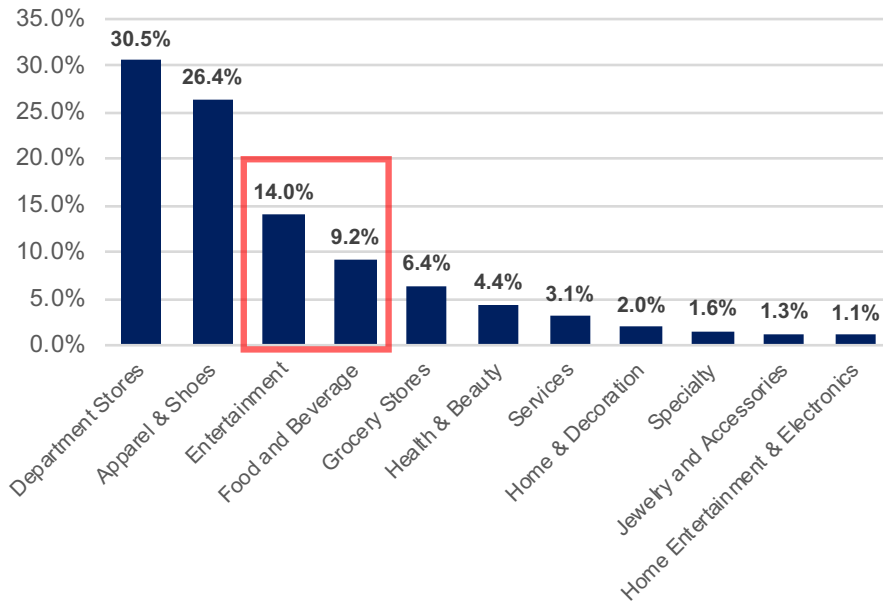
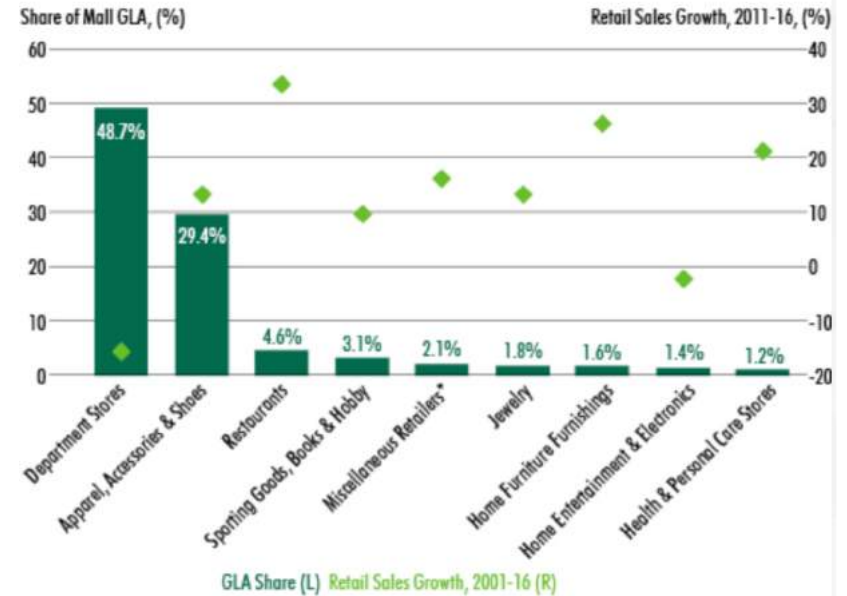


Figure 1: The disconnect between merchandise mix and sales growth—distribution of mall GLA vs. national sales growth for key retail categories



Source: CBRE Research, U.S. Census Bureau, ICSC, August 2017.

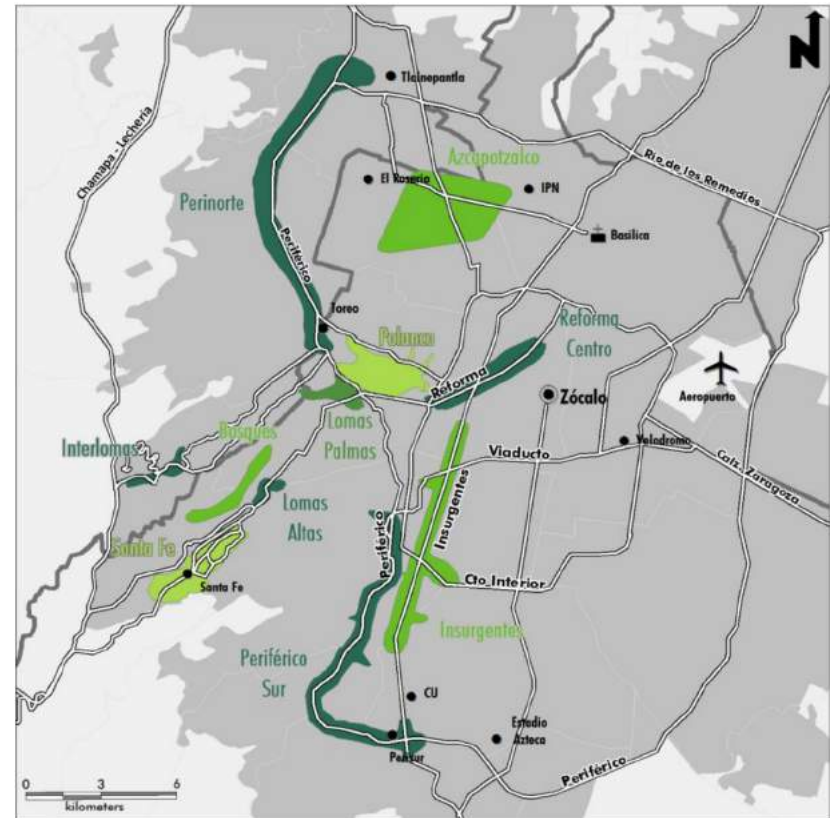
Note: Categories shown above do not sum to 100% of mall GLA; Theaters, Personal Services, and Miscellaneous non-GAFO retail are excluded because they do not have corresponding Census categories to compare retail sales growth.

# Mexico City Office Market Overview

- Our same property office occupancy was 98.2% as of YE 2019.
- Total property occupancy was 87.6% as of YE 2019.
- Torre Virreyes (25% of our office portfolio), commands among the highest rents per sqm in Mexico City for an office building.
- In Toreo we have leased over 96,000 sqm of office space (76% of GLA) with pricing in line with expectations.
- The office component of Reforma 222 has an occupancy rate of 95.5%.

Submarket	Stock Million (sq. m.)	Vacancy (sq.m.)	Vacancy Rate (%)	Asking Rent (US\$ sq. m. per month)
Azcapotzalco	0.13	33,970	25.3	19.00
Bosques	0.30	37,022	12.0	28.42
Insurgentes	1.03	134,583	13.0	26.21
Interlomas	0.13	48,207	35.4	21.10
Lomas Altas	0.09	20,449	22.5	22.81
Lomas Palmas	0.68	75,728	10.1	30.00
Periférico Sur	0.59	27,406	4.6	21.53
Perinorte	0.51	251,866	48.6	17.76
Polanco	1.23	158,423	12.8	24.84
Reforma Centro	0.78	75,548	9.6	31.41
Santa Fe	1.30	221,071	16.9	22.56
<b>Total</b>	<b>6.83</b>	<b>1,084,273</b>	<b>15.87</b>	<b>23.47</b>

Source: CBRE Research, Q4 2019.

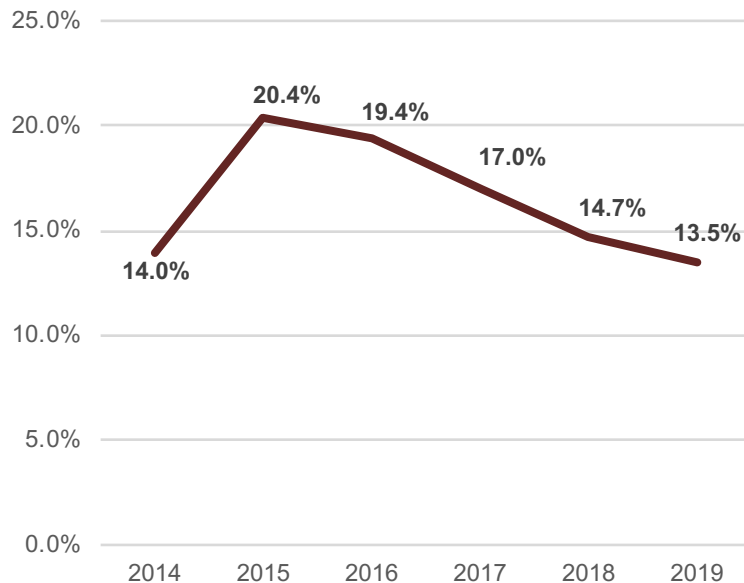




# Corporate Governance

- Highest alignment of incentives with minority shareholders. Our Control Trust holds ~40% of the Outstanding CBFIs.
- Our fee structure is among the simplest.
- Corporate governance best practices. We were the first Fibra in Mexico to pay our Advisor’s fees with CBFIs.
- Fibra Danhos has reinvested/distributed ~ Ps. 2,400 mn in cash over the past 5 years with the Advisory Fee payment in CBFIs.
- The annual dilution from fee payments is approximately 1%.
- Independent members represent 27.3% of our Technical Committee.

**Advisory Fee as a percentage of NOI**



**Advisory and Leasing Administration Fees**

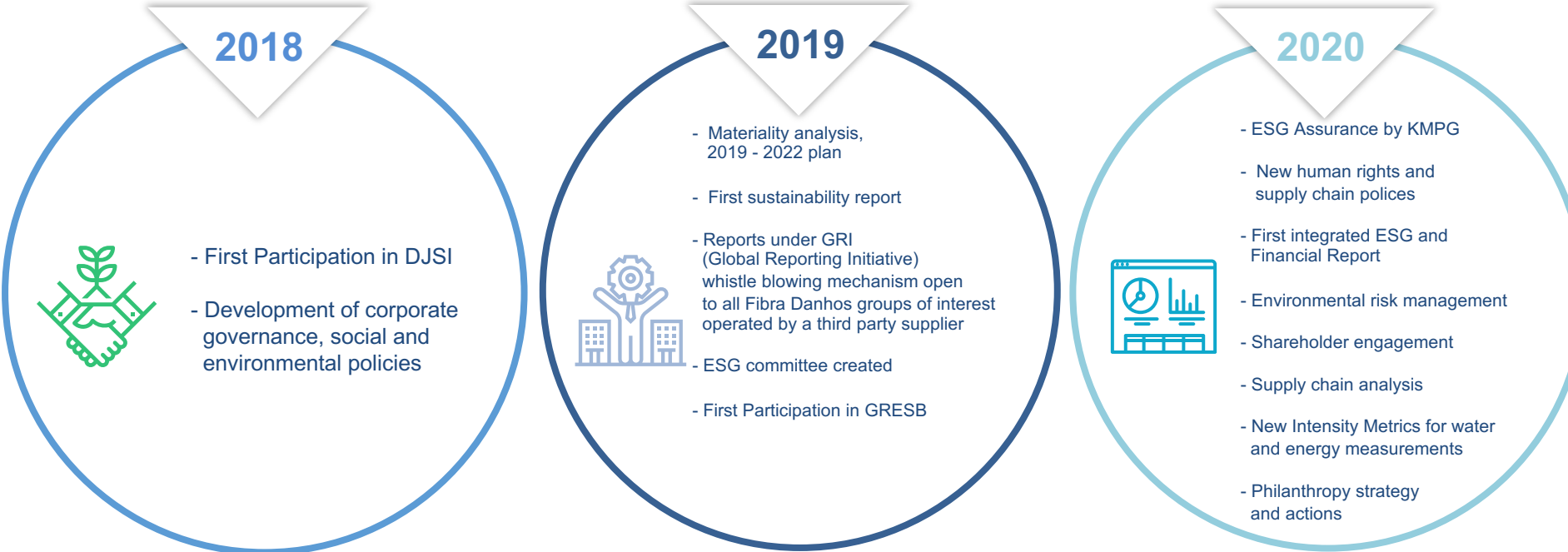
**Advisory Fee**

- Externally advised but “synthetically internalized”
- First Fibra to pay Advisor’s Fees with CBFIs at period’s VWAP
- Our Advisor is exclusive to Fibra Danhos
- 1.0% of Investment Properties

**Leasing Adm. Fee**

- 2.0% of total invoiced revenues
- Deducted from NOI, operating cost
- Historical occupancy levels above 97% for the past 8 years

# ESG Development



## ACHIEVEMENTS

- Green Star recognition in GRESB

# Fibra Danhos Portfolio



Fibra Danhos Portfolio	Opening Year	State / Municipality	GLA	% of GLA	Occupancy	Parking Spaces
<b>Current Operating Portfolio</b>						
<i>Retail</i>						
1. Parque Alameda	2003	Cuauhtémoc, Ciudad de México	15,755	1.7%	99.2%	308
2. Parque Delta	2005/2016 (expansion)	Benito Juárez, Ciudad de México	70,831	7.6%	99.8%	2,999
3. Parque Duraznos	2000	Miguel Hidalgo, Ciudad de México	16,389	1.8%	93.7%	1,002
4. Parque Las Antenas	2018	Iztapalapa, Ciudad de México	108,830	11.7%	88.3%	4,351
5. Parque Lindavista	2006	Gustavo A. Madero, Ciudad de México	41,550	4.5%	99.5%	2,254
6.1 Reforma 222 (Retail)	2007	Cuauhtémoc, Ciudad de México	24,291	2.6%	99.0%	1,438
7.1 Parque Puebla	2017	Puebla, Puebla	71,362	7.7%	78.5%	3,404
8. Parque Tezontle	2007/2015 (expansion)	Iztapalapa, Ciudad de México	68,318	7.4%	99.0%	3,045
9.1 Toreo Parque Central (Retail)	2014	Naucalpan, Estado de México	92,707	10.0%	98.1%	3,400
10. Vía Vallejo	2016	Iztapalapa, Ciudad de México	84,619	9.1%	95.5%	4,499
<b>Subtotal Retail</b>			<b>594,652</b>	<b>64.2%</b>	<b>93.9%</b>	<b>26,700</b>
<i>Office</i>						
6.2 Reforma 222 (Office)	2007	Cuauhtémoc, Ciudad de México	20,397	2.2%	95.5%	288
9.2 Toreo (Towers B&C)	2016	Naucalpan, Estado de México	64,432	7.0%	84.7%	1,314
9.3 Toreo (Tower A)	2017	Naucalpan, Estado de México	62,605	6.8%	66.5%	1,315
9.4 Toreo (Hotel)	2016	Naucalpan, Estado de México	17,297	1.9%	100.0%	400
11. Parque Esmeralda	2000	Tlalpan, Ciudad de México	34,151	3.7%	100.0%	1,636
12. Torre Virreyes	2015	Miguel Hidalgo, Ciudad de México	67,878	7.3%	100.0%	2,251
13. Urbitec	2009	Miguel Hidalgo, Ciudad de México	12,912	1.4%	87.4%	316
14. Parque Virreyes	1989	Miguel Hidalgo, Ciudad de México	7,783	0.8%	97.6%	251
<b>Subtotal Office</b>			<b>297,051</b>	<b>32.1%</b>	<b>88.7%</b>	<b>7,841</b>
<b>Total Current Operating Portfolio</b>			<b>891,703</b>	<b>96.2%</b>	<b>92.2%</b>	<b>34,541</b>
<b>Current Development Portfolio</b>						
<i>Retail</i>						
15. Parque Tepeyac	2021e	Gustavo A. Madero, Ciudad de México	35,000	3.8%	NA	2,000
<b>Sub total Retail</b>			<b>35,000</b>	<b>3.8%</b>	<b>NA</b>	<b>2,000</b>
<b>Total Current Development Portfolio</b>			<b>35,000</b>	<b>3.8%</b>	<b>NA</b>	<b>2,000</b>
<b>Total Portfolio</b>			<b>926,703</b>	<b>100.0%</b>	<b>92.2%</b>	<b>36,541</b>
<i>Sub total/ Weighted Avg. Retail</i>			<i>629,652</i>	<i>67.9%</i>	<i>93.9%</i>	<i>28,700</i>
<i>Sub total/ Weighted Avg. Office</i>			<i>297,051</i>	<i>32.1%</i>	<i>88.7%</i>	<i>7,841</i>

## Goals for following quarters

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- Maximize AFFO per CBF1 while maintaining a stable distribution per CBF1 trend.
- Consolidate and stabilize operation of Parque Las Antenas, Parque Puebla and Toreo Office Towers.
- Conservation and maintenance program for our Operating Portfolio.
- Continue with the development at Parque Tepeyac.
- Implement renewable energy program and optimize consumption.
- ESG development.
- Innovation committee.
- Cautiously analyze potential investment opportunities to unlock value in our portfolio.

# Parque Puebla: Michín Aquarium

- The opening of the Michín Aquarium was held on December 13th, 2019.
- During its first month of operation we received more than 100,000 visitors.



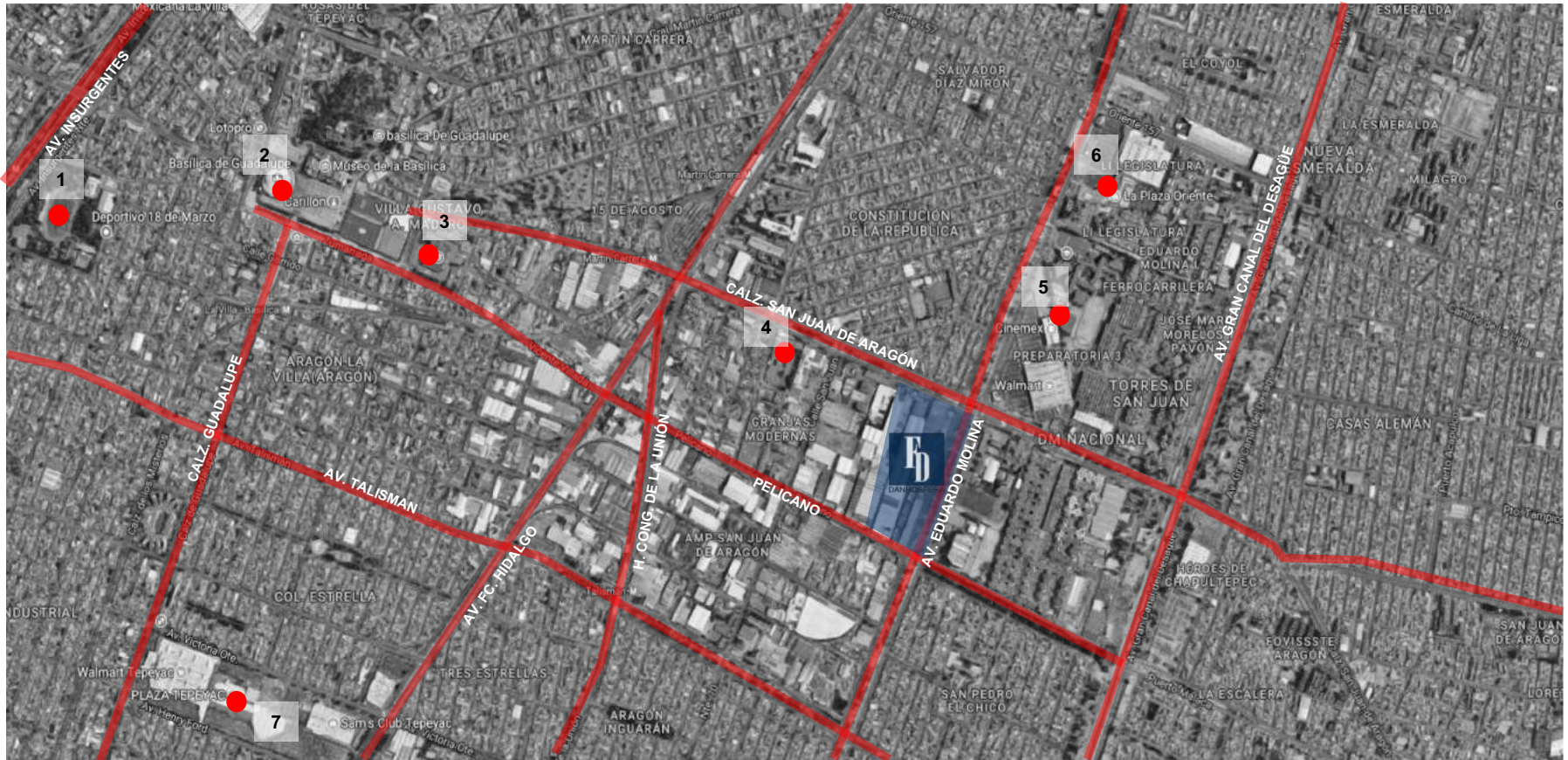
# Development Portfolio: Parque Tepeyac

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- In the Technical Committee session held on July 21, 2016, Fibra Danhos' participation in a new mixed-use development in the northeast area of Mexico City was approved.
- The area is heavily populated and with residential and commercial vocation. On December 21, 2017, we executed a binding partnership agreement with unrelated third parties to participate in the development of a shopping and entertainment center in the north-east of Mexico City called Parque Tepeyac. The participation of Fibra Danhos in the project is 50%.
- The project will be developed in several plots of land with a total combined area of approximately 51,700 sqm. Fibra Danhos will be in charge of the design, construction, marketing and operation of the project.
- The shopping center will have more than 120,000 sqm of retail area including Liverpool, Sears, Cinépolis, a self-service store and we are in the process of defining the anchor entertainment concept.
- There is a great interest on the part of our business partners to participate in the project and we continue making progress in the execution of lease agreements.
- To date, we have a global work progress of 21.6% and we are working on the excavation, foundation and civil works.
- The shopping center is scheduled to open during the last quarter of 2021.
- The estimated net investment of Fibra Danhos will be approximately 1.8 billion pesos, including land. To date, we have invested close to 800 million pesos.

# Development Portfolio: Parque Tepeyac

- Land Area: 51,578 sqm
- Expected Built Area: 265,000 sqm



- |                              |                             |
|------------------------------|-----------------------------|
| 1. Deportivo 18 de marzo     | 5. UNAM High School # 3     |
| 2. Basílica de Guadalupe     | 6. Plaza Oriente (a 1.6 km) |
| 3. G.A.M Mayorship           | 7. Plaza Tepeyac (a 3.2 km) |
| 4. La Villa General Hospital |                             |

# Development Portfolio: Parque Tepeyac

