



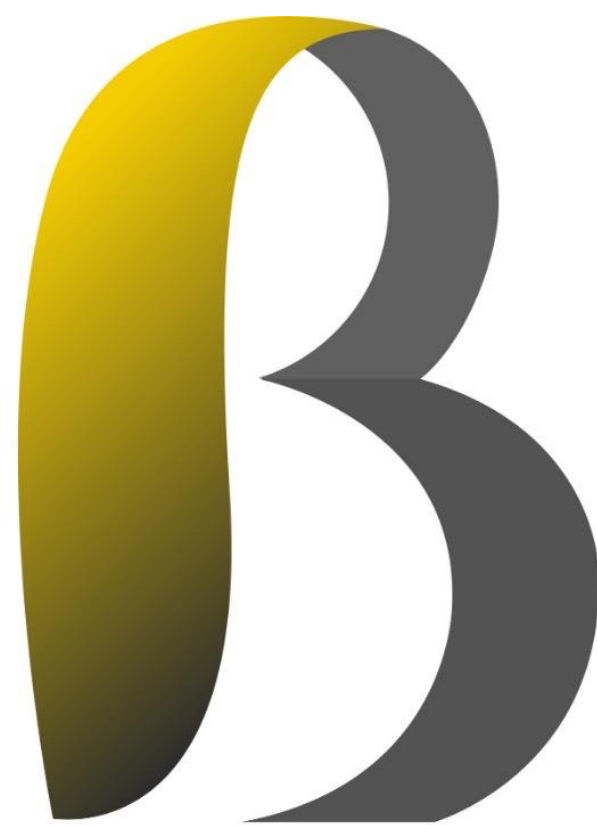
## Program

### **Mexico's Industrial Parks Investment Opportunity**

Wednesday, November 6<sup>th</sup>, 2019

- 15:00-15:30    **Registration**
- 15:30-15:40    **Welcome Remarks:**  
**Mexican Ambassador**, H.E. Melba Pría Olavarrieta
- 15:40-16:30    **Bratus Consultores**, Mr. Francisco N. González Díaz, CEO.  
Topic: Mexico's Economy: Challenges and Opportunities
- 16:30-17:00    **Artha Capital**, Mr. José Pablo Maaquad, Partner.  
Topic: Mexico's Industrial Parks, the Emerging Market for Business Opportunities
- 17:00-17:10    **Closing Remarks:**  
**Bratus Consultores Tokyo**, Aaron Vera Yañez, Director.
- 17:10-17:20    **Q & A**
- 17:20-18:00    **Networking Cocktail**

**Address:** Espacio Mexicano, Mexican Embassy,  
2-15-1, Nagata-cho, Chiyoda-Ku,  
Tokio, 100-0014



BRATUS

CONSULTORES



# WHY MEXICO?

## Business competitiveness:



Mexico is the 8<sup>th</sup> most country attractive to invest.





# WHY MEXICO?

## Business competitiveness:

**3**

EASY TO LAND - START  
INFRA + STRUCTURE  
FRIENDLY POLICES



México

**4**

LOW RISK  
NO RESTRICTIONS  
IMPORTING 40 - 80%



México

**5**

NAFTA REFORM  
+ NAFTA PRODUCTION  
PERFECT TIMING



México







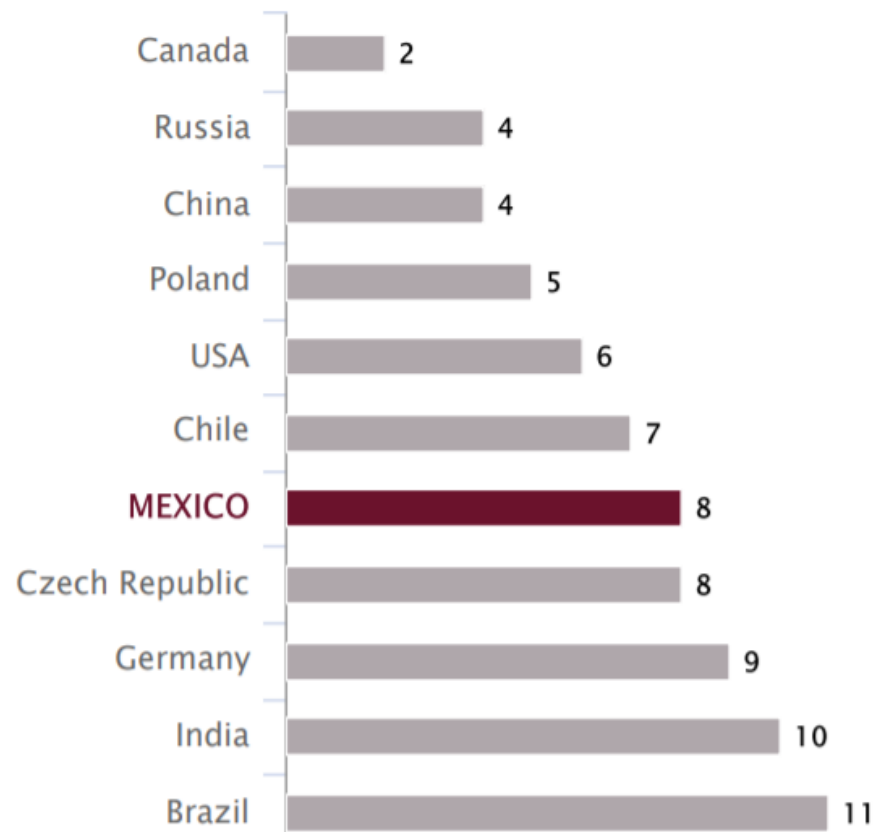
# WHY MEXICO?

## Business competitiveness:

### OPERATION EASE

The time and procedures to open a business, as well as to get construction permits are critical factors for international business success. Likewise, efficiency at international trade procedures are key to take advantage of the opportunities when participating in global business. At the same time, in case of closing a company, the optimal recovery of the investments facilitates the decision making process, since it reduces any risk.

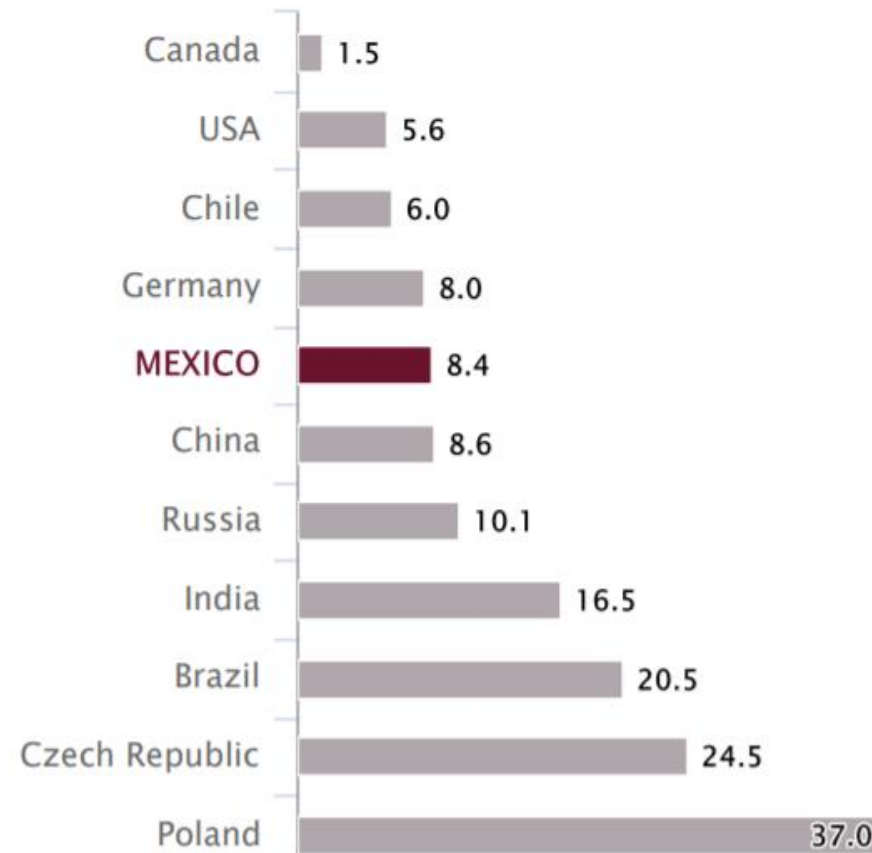
Number of procedures for starting a business



Source: The World Bank, Doing Business 2019.

In Mexico, an investor needs only 8 procedures in order to open a company. This number is significantly lower than in Germany, India or Brazil.

Days needed for starting a business



Source: The World Bank, Doing Business 2019.

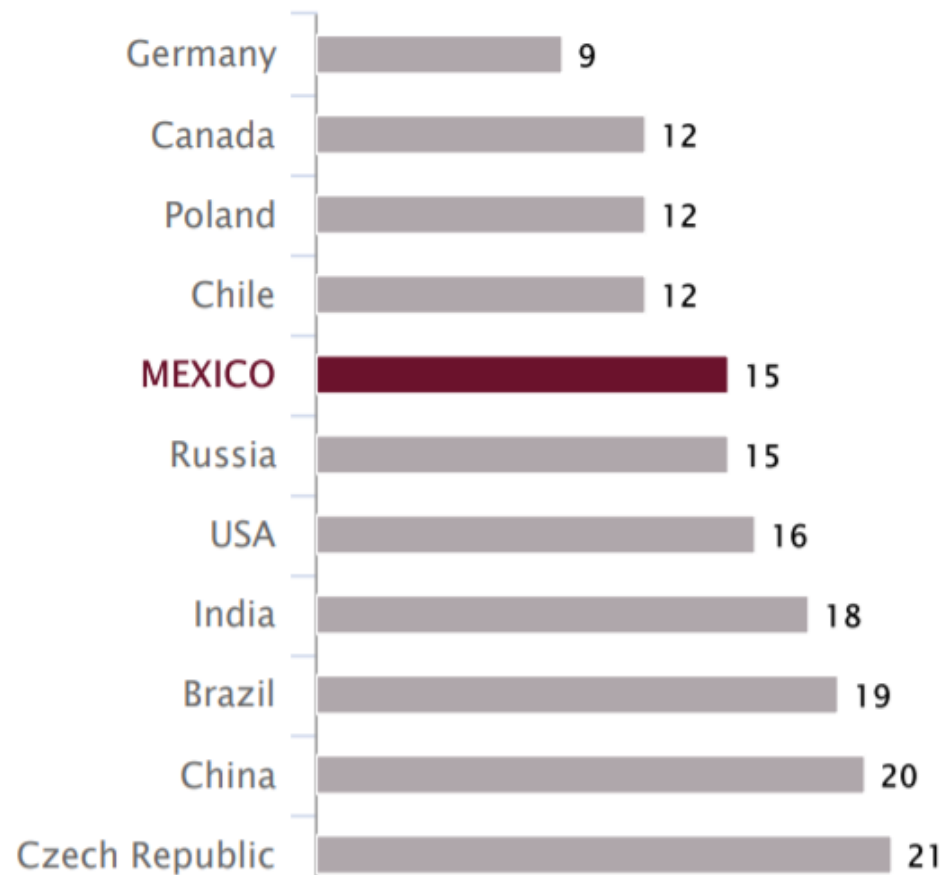
In Mexico, a business can open in 8.4 days, while in China and Brazil 8.6 and 20.5 days are needed, respectively.



# WHY MEXICO?

## Business competitiveness: OPERATION EASE

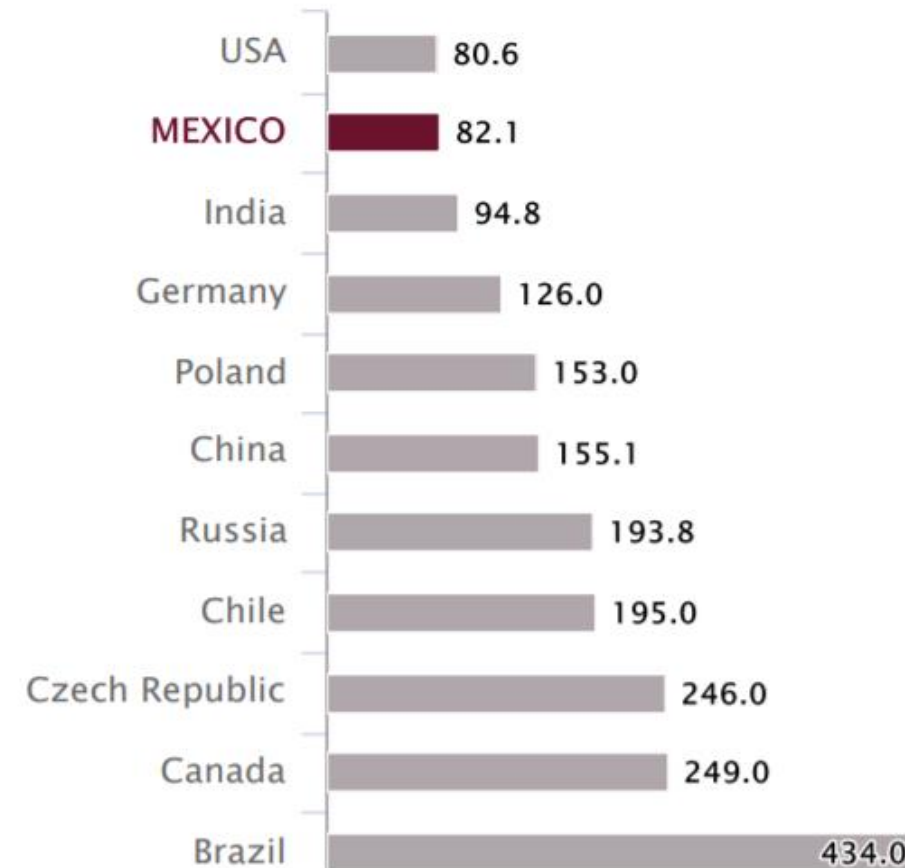
Number of procedures for obtaining a construction permit



Source: The World Bank, Doing Business 2019.

In Mexico 15 procedures are required for construction permits, which means that it is easier to obtain them here than in India, Brazil and China where more of these procedures are required.

Days needed for obtaining a construction permit



Source: The World Bank, Doing Business 2019.

In Mexico, construction permits are much quicker than in India, China and Brazil. While in Mexico it takes 82.1 days, in China investors need 155.1 days or 434.0 days in Brazil.

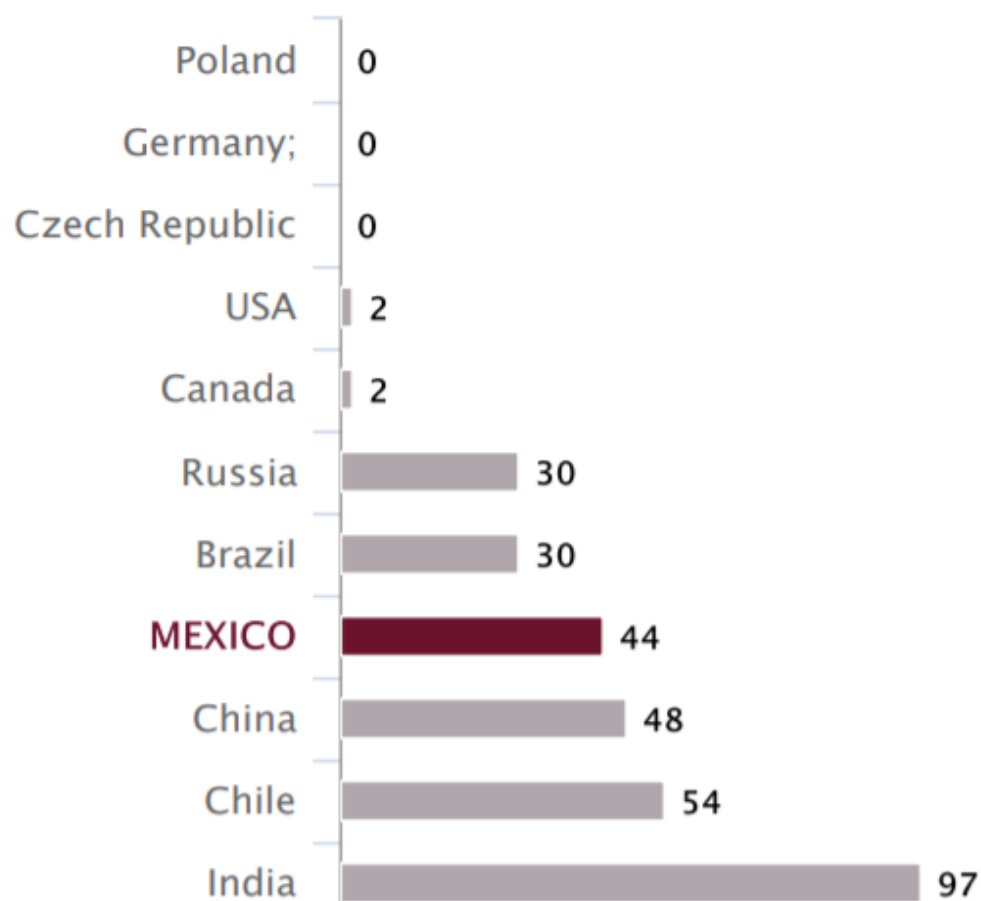
# WHY MEXICO?

## Business competitiveness: OPERATION EASE

To export from Mexico, only 20 hours are required for border compliance. This includes the time for obtaining, preparing and submitting documents during port or border handling, customs clearance and inspection procedures.

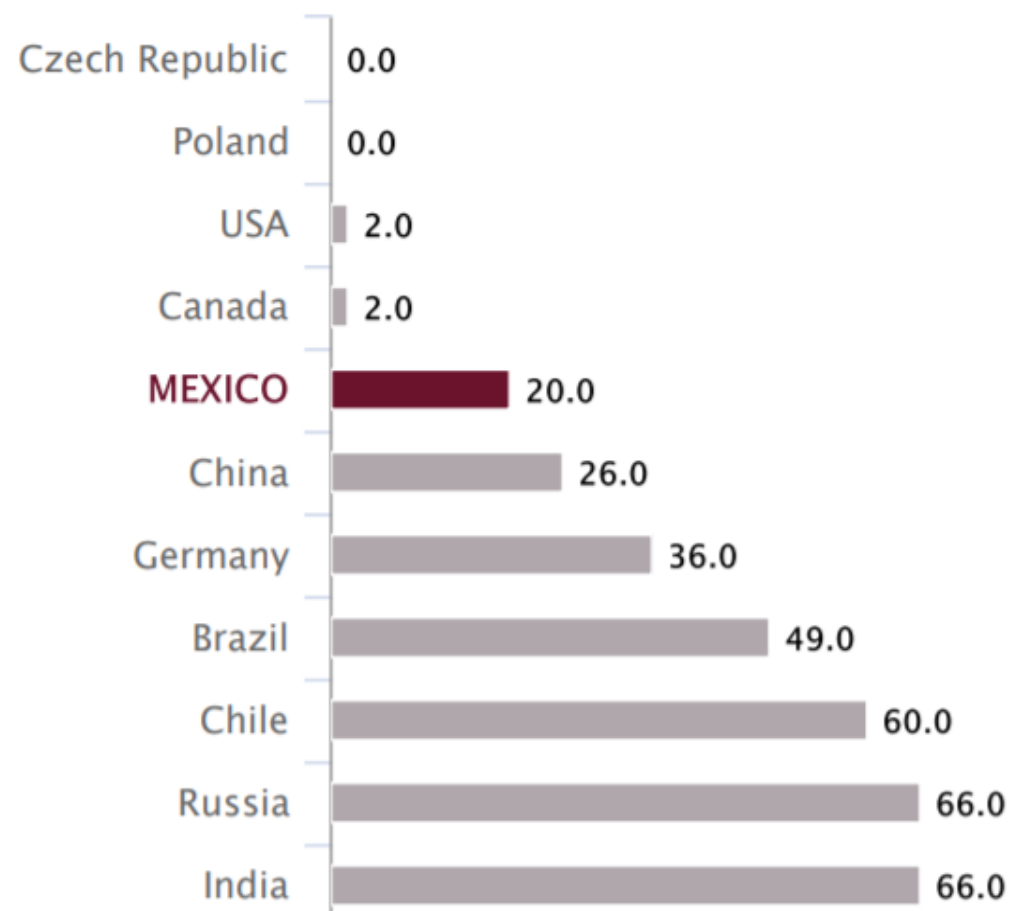
To import to Mexico, only 44 hours are required for border compliance. This includes the time for obtaining, preparing and submitting documents during port or border handling, customs clearance and inspection procedures.

Time to import: Border compliance  
(Hours)



Source: The World Bank, Doing Business 2019.

Time to export: Border compliance  
(Hours)



Source: The World Bank, Doing Business 2019.





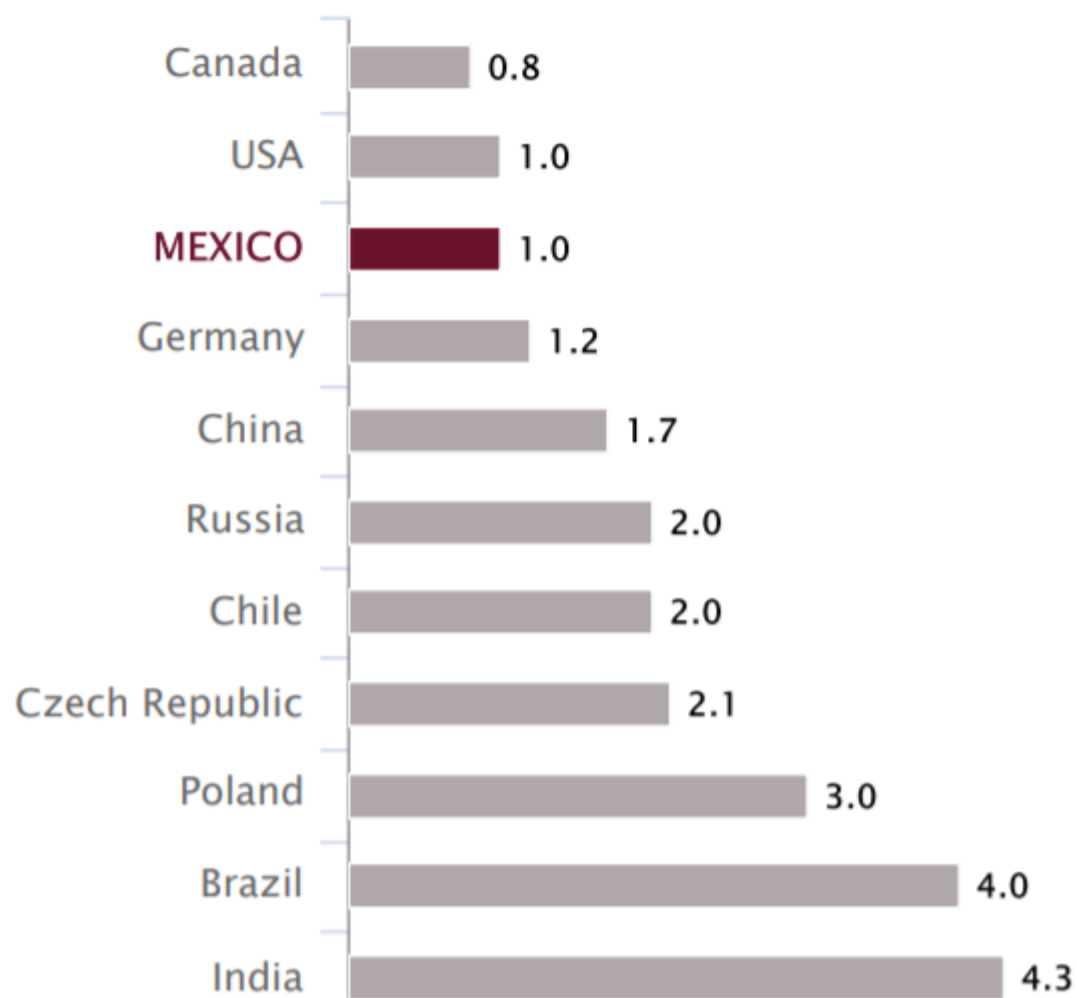
# WHY MEXICO?

## Business competitiveness: OPERATION EASE

In Mexico creditors can recover their credit in 1.0 years, which less time than the one needed in Czech Republic, Brazil and India.

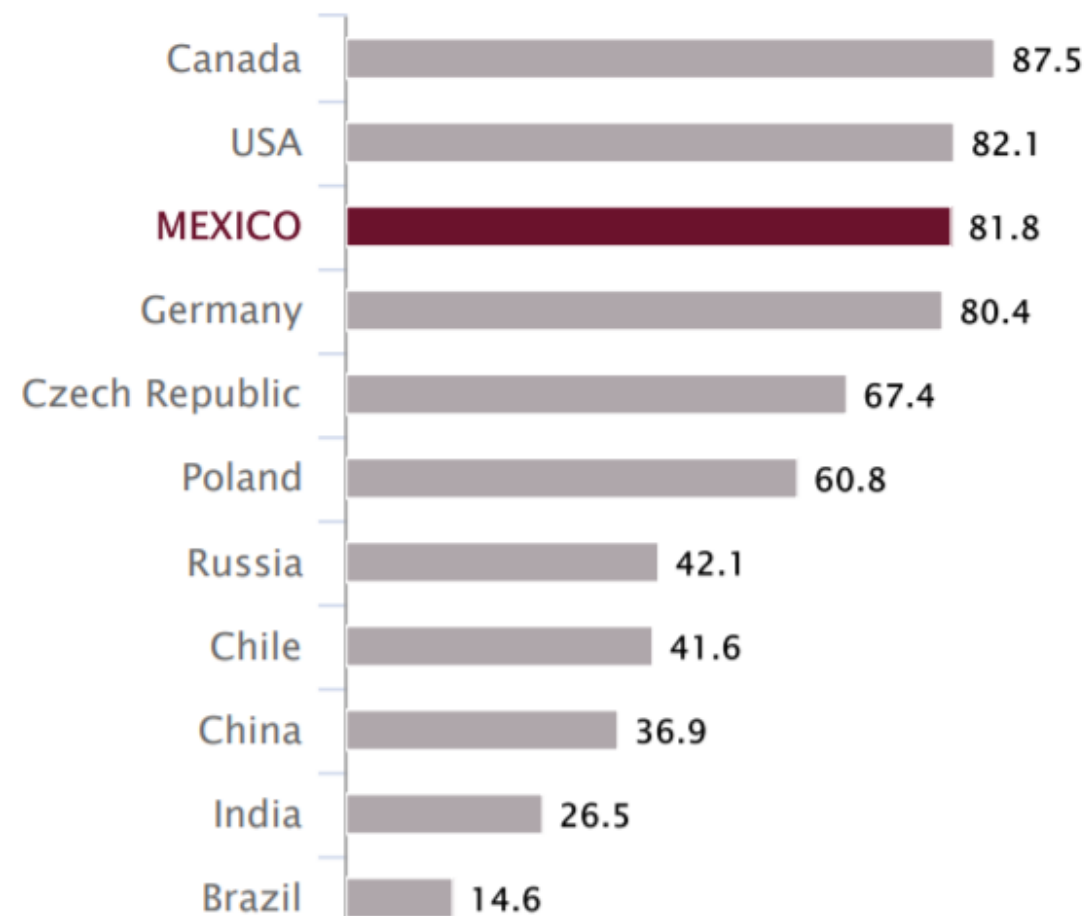
The recovery rate is recorded as cents on the dollar recouped by creditors through the bankruptcy, insolvency or debt enforcement proceedings. Additionally, the recovery rate for closing a business in Mexico is 81.8 cents, 40.2 cents more than Chile and 67.2 cents more than Brazil.

Years for creditors to recover their credit ☰



Source: The World Bank, Doing Business 2019.

Recovery rate  
(Cent / inverted dollar) ☰



Source: The World Bank, Doing Business 2019.



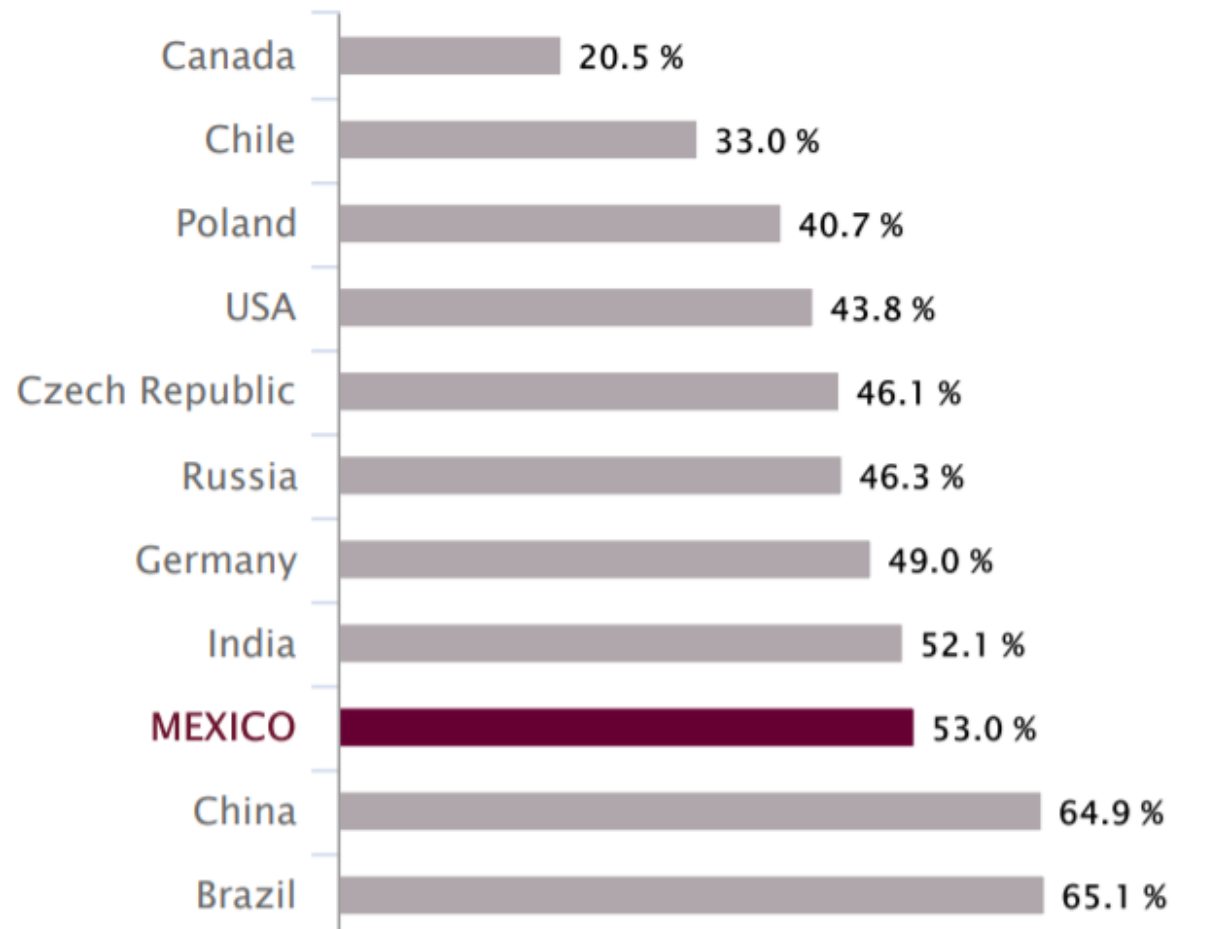
# WHY MEXICO?

## Business competitiveness: WORKFORCE AND OPERATION COSTS

In Mexico requires only six tax payments per year, ranking above countries such as Brazil, USA and India.

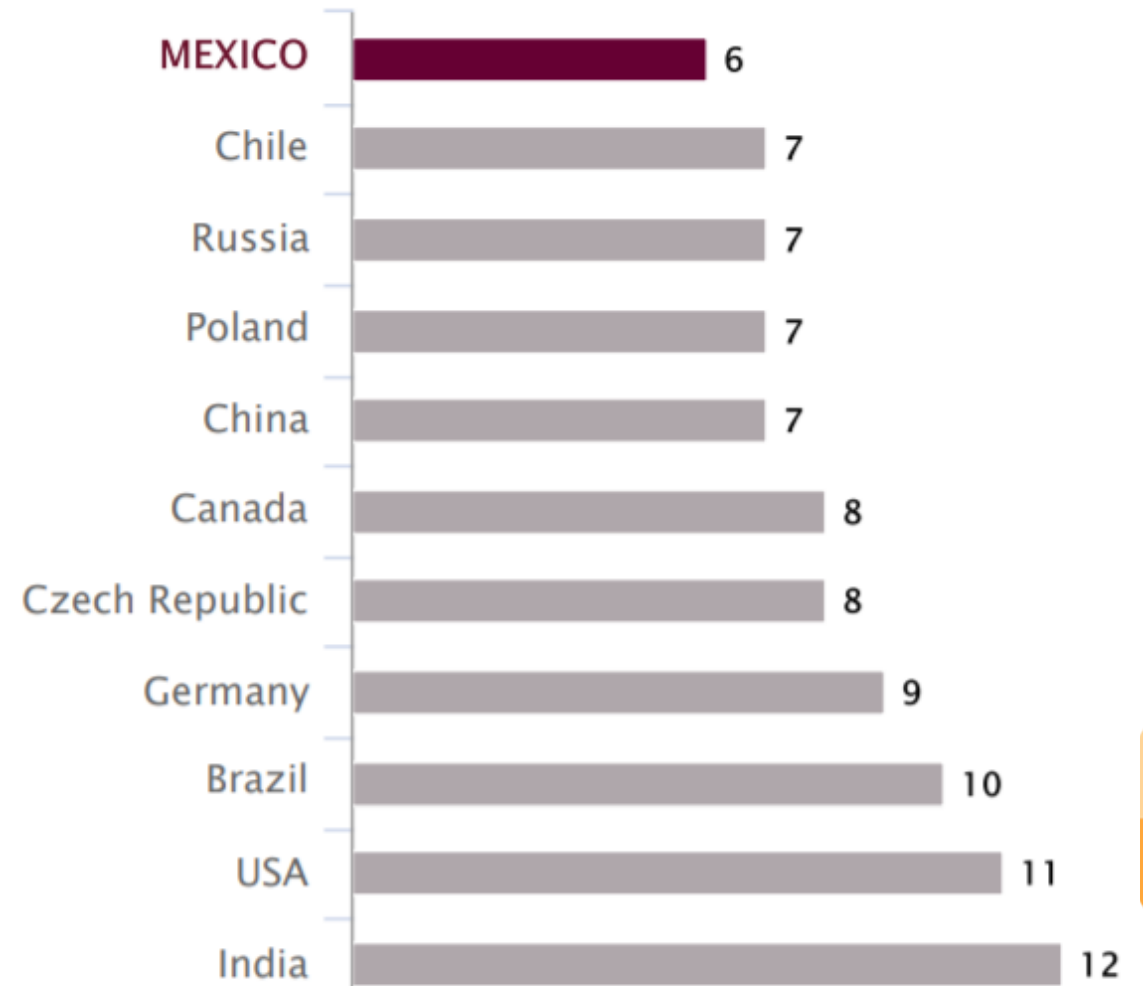
In fiscal matters, Mexico has significant savings compared with India, China and Brazil. Companies with productive activities in China could benefit with a 11.9% tax rate reduction by transferring operations to Mexico.

Total tax rate  
(Percentage of profit)



Source: The World Bank, Doing Business 2019.

Number of tax payments per year



Source: The World Bank, Doing Business 2019.



# WHY MEXICO?

## Business competitiveness: FREIGHT COSTS

Besides the lower freight costs, a smaller distance implies savings on transit inventory and on stock inventory. It also gives great capability to respond to unexpected changes in market conditions.

Mexico is located in between the main global consumer markets. It shares a border with the United States of more than 3,000 km; has quick access to the European market through the Atlantic Ocean and to the Asian market through the Pacific Ocean.

Days of maritime transportation to the main consumer and distribution centers:

C O U N T R I E S O F O R I G I N	D E S T I N A T I O N C I T I E S				
	Nueva York	Los Angeles	Rotterdam	Yokohama	Shanghai
<b>Germany</b>	9.8	22.2	0.8	31.7	29.6
<b>Brazil</b>	13.1	19.9	14.5	31.9	30.1
<b>China</b>	28.7	15.9	28.9	2.8	-
<b>Colombia</b>	6.5	8.4	14.4	21.5	23.5
<b>Korea</b>	14.6	27.7	29.9	2.3	1.3
<b>USA</b>	-	-	9.8	13.4	15.9
<b>India</b>	26.4	25.8	21.9	12.6	10.5
<b>MEXICO</b>	5.4	3.7	14.0	16.9	19.4
<b>Poland</b>	10.5	23.1	1.7	32.6	30.5
<b>Turkey</b>	13.7	25.2	8.7	24.1	22.1







# WHY MEXICO?

## MEXICO INDUSTRIAL MARKETS STATISTICS

Industrial space in Mexico has grown consistently for more than ten years at an compounded average growth rate of 5.34% per year. Some markets have developed at a faster pace such as the Bajío markets.

### Mexico Industrial Markets Statistics

2018 (Year End)	STOCK (m <sup>2</sup> )	AVAILABIITY (m <sup>2</sup> )	NET ABSORPTION YTD (m <sup>2</sup> )	VACANCY RATE %	AVERAGE RENT USD/m <sup>2</sup> /month	GROWTH YTD %	NEW DELIVERIES YTD (m <sup>2</sup> )
<b>TOTAL MEXICO</b>	<b>74,064,973</b>	<b>3,867,067</b>	<b>3,180,301</b>	<b>5.2%</b>	<b>4.30</b>	<b>3.5%</b>	<b>2,527,696</b>
<b>BAJÍO REGION</b>	<b>20,697,892</b>	<b>1,043,450</b>	<b>851,081</b>	<b>5.0%</b>	<b>4.15</b>	<b>3.6%</b>	<b>711,921</b>
Aguascalientes	2,199,864	68,596	46,715	3.1%	3.95	3.1%	66,179
Guadalajara	4,049,080	129,469	198,194	3.2%	4.35	0.5%	19,805
Guanajuato	5,719,195	377,662	263,146	6.6%	4.15	4.6%	252,087
Querétaro	5,504,586	289,087	291,611	5.3%	4.13	4.8%	253,668
San Luis Potosí	3,225,167	178,636	51,414	5.5%	4.16	3.9%	120,181
<b>CENTRAL REGION</b>	<b>14,442,471</b>	<b>447,399</b>	<b>871,431</b>	<b>3.1%</b>	<b>4.56</b>	<b>3.9%</b>	<b>537,616</b>
Mexico City	8,552,516	309,899	750,478	3.6%	5.02	6.7%	537,616
Puebla	2,634,967	101,042	26,022	3.8%	4.00	-	-
Toluca	3,254,989	36,458	94,931	1.1%	4.66	-	-
<b>NORTH REGION</b>	<b>38,924,609</b>	<b>2,376,218</b>	<b>1,457,789</b>	<b>6.1%</b>	<b>4.19</b>	<b>3.4%</b>	<b>1,278,160</b>
Chihuahua	2,159,678	81,136	15,564	3.8%	4.12	-	-
Ciudad Juárez	6,035,754	387,686	282,986	6.4%	4.10	-	-
Matamoros	1,670,122	90,300	34,746	5.4%	4.00	-	-
Mexicali	2,259,801	206,768	97,656	9.1%	3.92	0.7%	16,193
Monterrey	10,757,362	805,441	489,277	7.5%	4.19	6.2%	627,393
Nogales	1,161,272	35,867	21,953	3.1%	4.99	0.9%	10,185
Nuevo Laredo	970,947	78,035	61,752	8.0%	3.80	9.3%	82,736
Reynosa	3,146,108	184,756	93,301	5.9%	4.05	1.0%	31,750
Saltillo - Ramos A.	4,541,615	263,275	65,329	5.8%	4.25	1.8%	81,385
Tijuana	6,221,951	242,953	295,225	3.9%	4.53	7.4%	428,518

Net absorption in 2017 was only 56% of the national net absorption volume of 2016, when markets peaked. For 2018 net absorption grew 3.1% relative to 2017.

Regarding inventory growth rate: In 2018 inventory grew 3.5% (fster than absorption). Developers are well informed and most of them only start spec buildings as they lease up existing inventory.

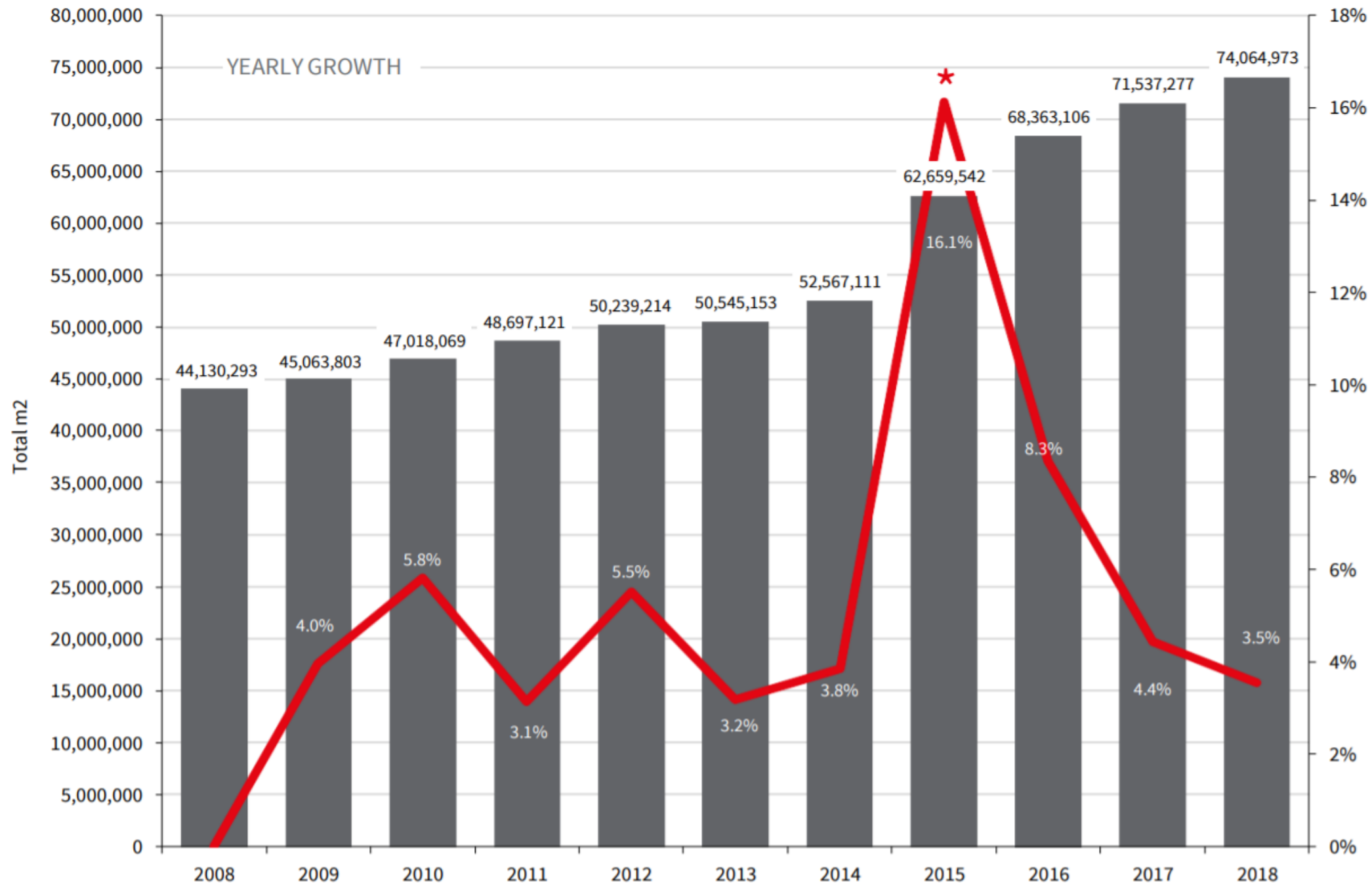




# WHY MEXICO?

## MEXICO INDUSTRIAL MARKETS STATISTICS

Industrial space has grown consistently for more than ten years, it has grown 68% in the last ten years with a compounded annual growth rate of 5.34%.



Source: Mexico Industrial Report, JLL México 2018.

\* The apparent inventory “spikes” that may be observed in the graphic above, particularly apparent from 2014 to 2015, are the result of adding several suburban industrial parks and buildings that were actually developed from 2010 to 2014.



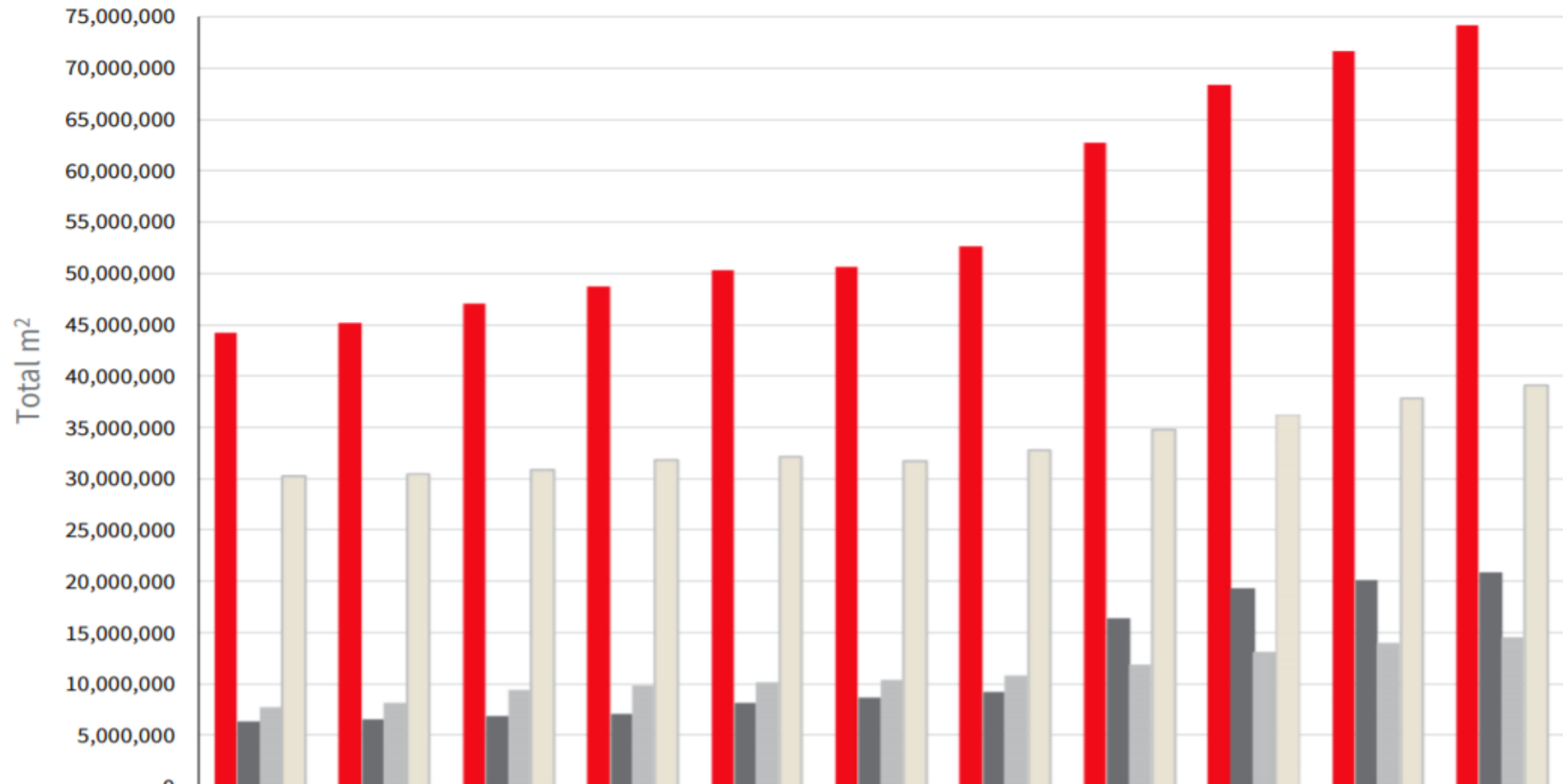


# WHY MEXICO?

## MEXICO INDUSTRIAL MARKETS STATISTICS

Inventory has grown at a compounded annual growth rate of 5.3% for ten years, 1.68X. Growth in the Bajío region has been 3.3X in ten years! The northern region has grown consistently but more slowly.

STOCK BY REGION



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<span style="color: red;">■</span> TOTAL	44,130,293	45,063,803	47,018,069	48,697,121	50,239,214	50,545,153	52,567,111	62,659,542	68,363,106	71,537,277	74,064,973
■ Bajío Markets	6,305,887	6,572,338	6,846,080	7,121,885	8,100,167	8,649,045	9,176,891	16,322,519	19,178,384	19,985,972	20,697,892
■ Central Markets	7,724,238	8,152,892	9,382,991	9,828,917	10,083,702	10,283,043	10,749,175	11,741,837	13,039,636	13,904,855	14,442,471
■ North Markets	30,100,168	30,338,572	30,788,998	31,746,319	32,055,345	31,613,065	32,641,045	34,595,186	36,145,087	37,646,449	38,924,609

Source: Mexico Industrial Report, JLL México 2018.

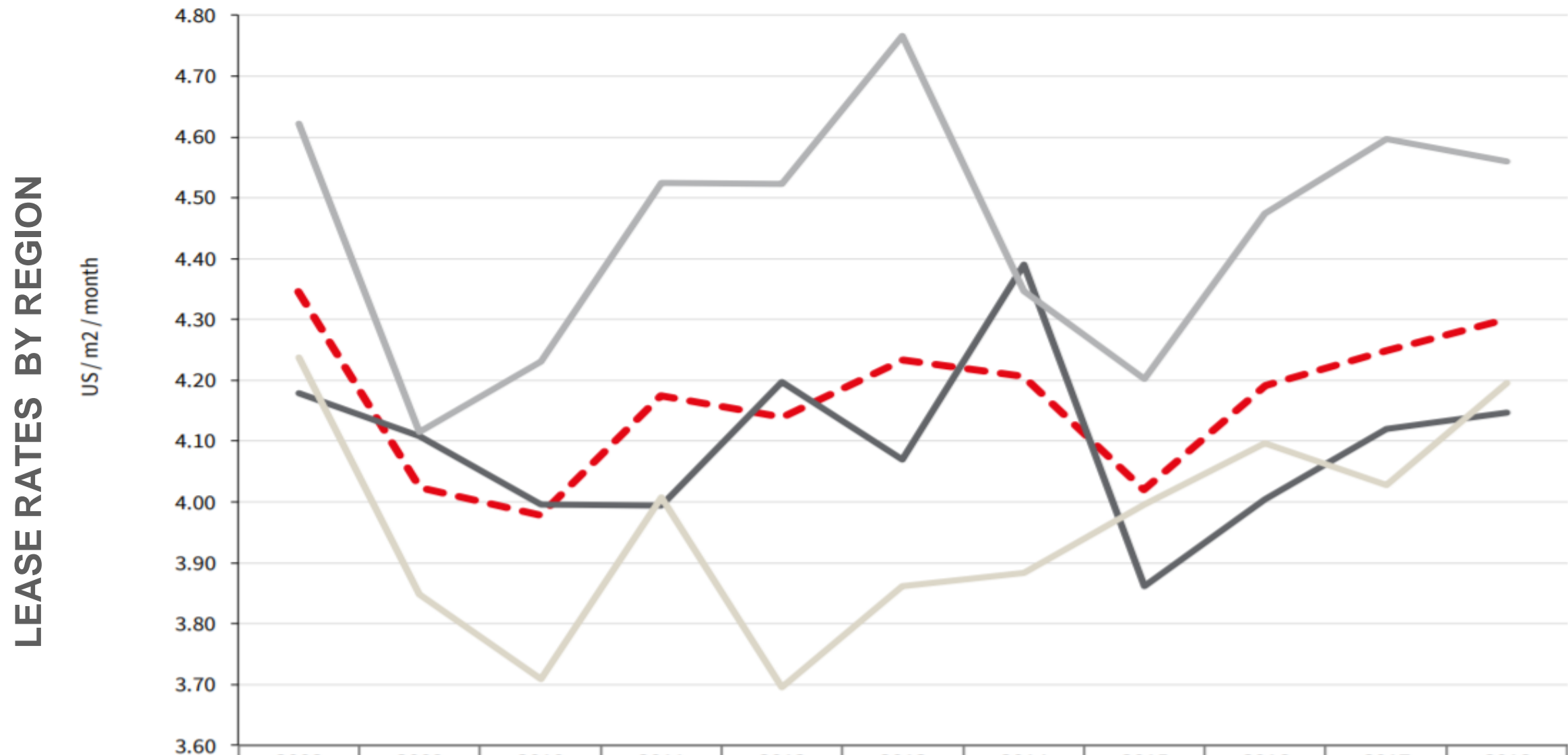




# WHY MEXICO?

## MEXICO INDUSTRIAL MARKETS STATISTICS

Lease rates have grown sustainably since the 2009 recession. The 2015 lease rate dip in the Bajío and Central markets was caused by the addition of sub-urban submarkets projects with lower lease rates. On average rates have remained flat in real terms (adjusted for inflation).



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>--- TOTAL</b>	4.35	4.02	3.98	4.18	4.14	4.23	4.21	4.02	4.19	4.25	4.30
<b>— Bajío Markets</b>	4.18	4.11	4.00	3.99	4.20	4.07	4.39	3.86	4.00	4.12	4.15
<b>— Central Markets</b>	4.62	4.11	4.23	4.52	4.52	4.77	4.35	4.20	4.47	4.60	4.56
<b>— North Markets</b>	4.24	3.85	3.71	4.01	3.70	3.86	3.88	4.00	4.10	4.03	4.19

Source: Mexico Industrial Report, JLL México 2018.

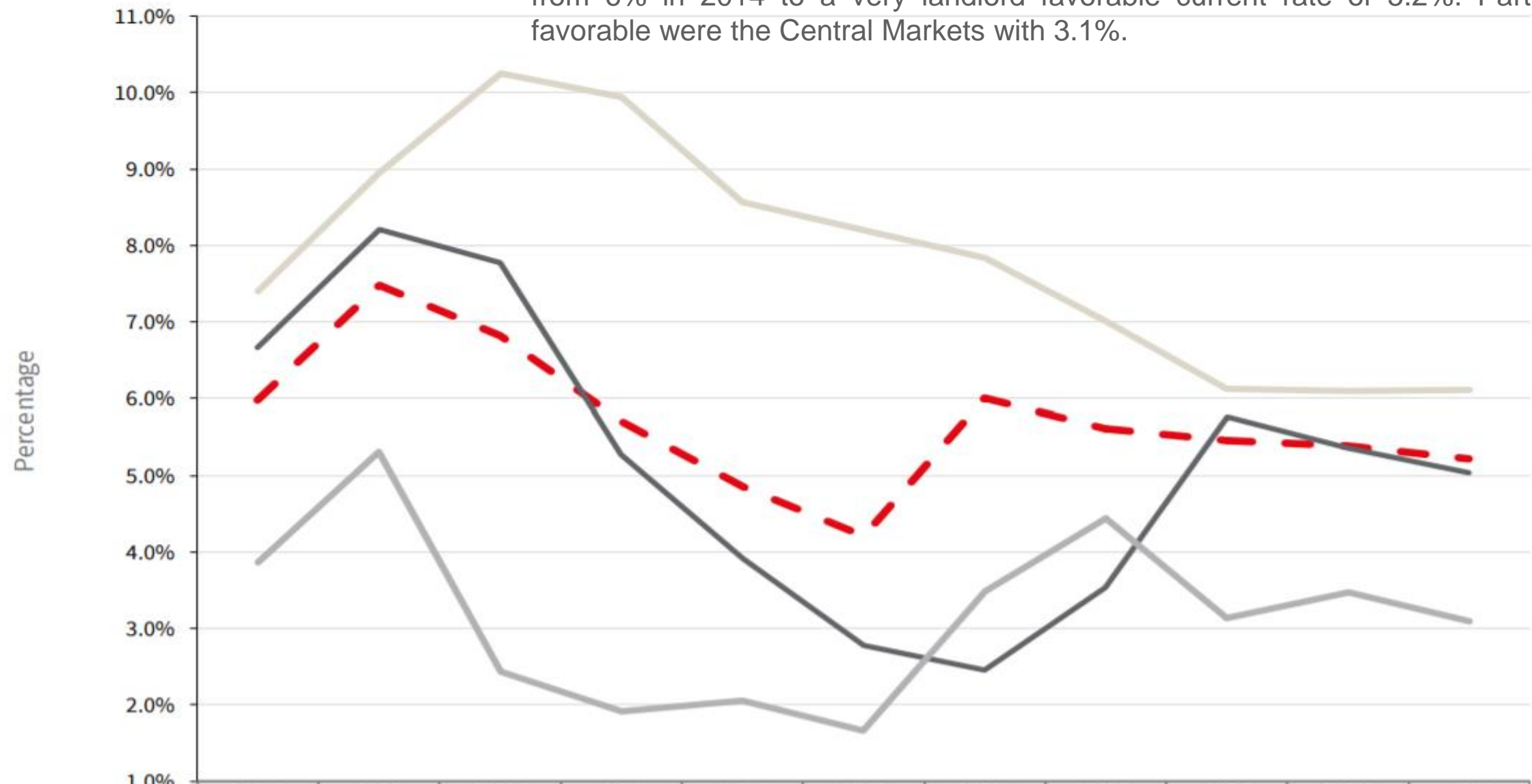


# WHY MEXICO?

## MEXICO INDUSTRIAL MARKETS STATISTICS

Vacancy rates have improved since the 2009 recession. For five years the tendency has been a constant availability decrease, with vacancy rates slowly decreasing from 6% in 2014 to a very landlord favorable current rate of 5.2%. Particularly favorable were the Central Markets with 3.1%.

VACANCY RATES BY REGION



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>- - - TOTAL</b>	6.0%	7.5%	6.8%	5.7%	4.8%	4.2%	6.0%	5.6%	5.5%	5.4%	5.2%
<b>— Bajío Markets</b>	6.7%	8.2%	7.8%	5.3%	3.9%	2.8%	2.5%	3.5%	5.8%	5.4%	5.0%
<b>— Central Markets</b>	3.9%	5.3%	2.4%	1.9%	2.1%	1.7%	3.5%	4.4%	3.1%	3.5%	3.1%
<b>— North Markets</b>	7.4%	8.9%	10.3%	9.9%	8.6%	8.2%	7.8%	7.0%	6.1%	6.1%	6.1%

Source: Mexico Industrial Report, JLL México 2018.







# FRONTIER

INDUSTRIAL & LOGISTICS REAL ESTATE

INVESTMENT OPPORTUNITY

November 2019  
Private & Confidential



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PLATAH

# FRONTIER

INDUSTRIAL & LOGISTICS REAL ESTATE

INVESTMENT GUIDELINES



## OPPORTUNITY TO INVEST IN 5 WORLD-CLASS INDUSTRIAL PARKS WITH GROWTH POTENTIAL AND OPTIMAL CONNECTIONS FOR DISTRIBUTION & LOGISTICS



### RATIONALE<sup>1</sup>

- **Plug & Play investment opportunity** in a world-class industrial portfolio with growth potential
- **Unique opportunity** to acquire five prime located industrial platforms with risk adjusted returns through income producing development



### APPROACH

- **Acquisition of 5 world-class industrial parks** currently in operation for the **development of an industrial income producing** portfolio composed by 1.2 MM SQM
- **Cashflow generating platform** since acquisition through shovel-ready industrial plots for sale



### TARGET

- Consolidate an industrial platform comprised of **1.2 MM SQM generating a NOI +US\$ 61 MM** in the following 6 - 8 years through 5 world-class industrial parks offering attractive risk adjusted returns
- Continue with ongoing sales of **shovel-ready industrial plots to end users**



### LOCATION OF PROPERTIES

- 1) ARCO 57, Estado de México
- 2) PLATAH, Hidalgo
- 3) PILBA, Guanajuato
- 4) CLJ, Jalisco
- 5) LOGISTIK, San Luis Potosi

- Portfolio strategically located in Mexico's most dynamic economic areas and industrial clusters with optimal connections for distribution and logistics ("The industrial triangle"), provides substantial source of demand for industrial properties
- High barriers of entry driven by time requirements to assemble and scarcity of prime land
  - New entrants would require 6+ years to configure a similar portfolio
  - Scarcity of prime land exacerbates difficulties for newcomers



### INVESTMENT

Total Equity requirement: **US\$ 368 mm**  
**Equity at closing: US\$ 329 mm**  
**Working capital: US\$ 39 mm**



### RETURNS

- **Levered IRR: 16-18%**
  - **EM: >2.1x**
- Leverage:  
 Income producing:
  - LTC @ 50%
  - LTV @ 60%
 Land Development
  - 20% Acquisition value



# FRONTIER

INDUSTRIAL & LOGISTICS REAL ESTATE  
OPPORTUNITY



## OPPORTUNITY

- FRONTIER will pursue build-to-suit and inventory industrial building developments in Mexico through the acquisition of five world class industrial parks located in premium markets
- Plug & play industrial platform generating cashflow since initial investment phase
- Create an income producing portfolio of 1.25MM SM
- End user sales through shovel-ready industrial plots for sale
- Achieve potentially risk adjusted returns

## MARKET OPPORTUNITY

- Strong market fundamentals due to growing e-commerce and re-shaping of supply chains in Mexico
- Large institutional investors are increasingly favoring income producing logistics real estate
- Logistics real estate comprises the buildings that accommodate the manufacturing, packaging, storage and delivery of goods
- Institutional investors are increasingly favoring logistics real estate versus office and retail due to its:
  - Potentially attractive relative value
  - Predictable and less volatile
  - Typically lower capex requirements
  - Growing importance in the age of e-commerce (demographic-led demand)<sup>1</sup>

## TRANSACTION USES AND SOURCES

### Sources:



### Uses:



## INDICATIVE TERMS

Target equity size	US\$ 368 MM
Targeted Return	[16-18]% IRR, pretax, net of fees
Leverage	50% LTC
Term	[5-7] years
Development period	5 years
Exit	IPO / Sale to a strategic or financial player

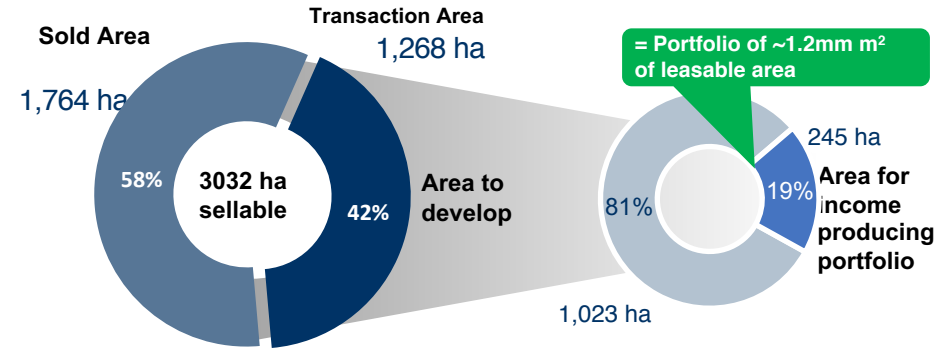


Opportunity to be part of a world class industrial platform and become one of the leading industrial players in Mexico

## OPPORTUNITY

- Unique plug & play opportunity to access five prime industrial projects located in Mexico's largest and most important corridors
- The acquisition is composed by 1268 ha located in five world class industrial platforms that are stabilized and anchored with international end user clients (BMW, Michelin, Saverglass, Molex, Liverpool, among others).
- There is an opportunity in the industrial sector and particularly in these five consolidated industrial parks, as they have a unique scale and location to maximize value focused on two business units:
  - **Industrial buildings for lease:** 245 ha will be used to generate a portfolio of + 1.2mm sqm of GLA (Gross leasable area)
  - Sale of shovel ready lots provided with infrastructure to end users: 1,023ha that are provided to market absorption and Frontier experience will be sold during the following [5-6] years

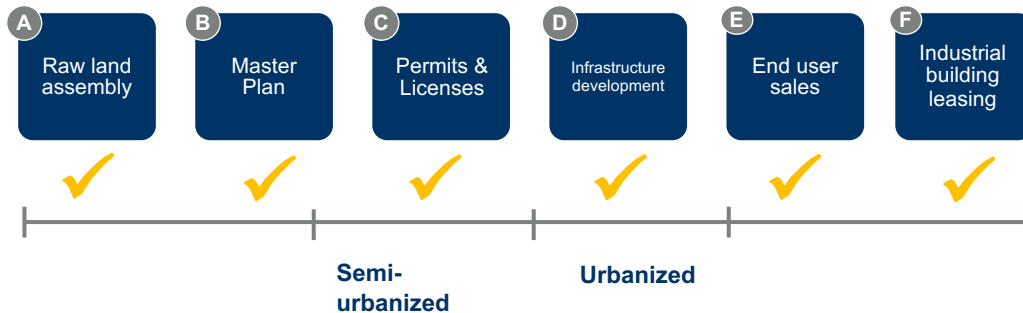
## TRANSACTION PERIMETER



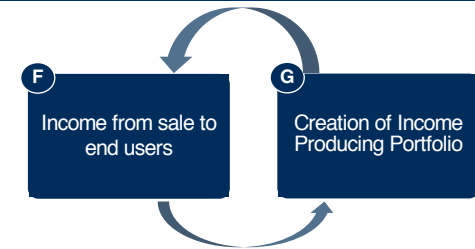
*Absorption for industrial space demand in five consolidated industrial parks*

## VALUE CREATION

High entry barriers for new competitors, assembling similar projects would take + 6 years



*Plug & Play Opportunity*



Industrial platform generating cashflow

Value in million USD dollars

**Asia \$133,504 / 16%**

China	\$ 80,854	61%
Japan	\$ 22,225	17%
Corea	\$ 19,192	14%



**Total \$829,770 / 100%**



## Imports and Exports

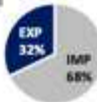
**North America \$542,557 / 65%**

EEUU	\$ 521,410	96%
Canada	\$ 21,148	4%



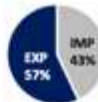
**Europe \$72,040 / 9%**

Germany	\$ 23,398	32%
Spain	\$ 9,246	13%
Italy	\$ 7,433	10%
Belgium	\$ 3,281	5%



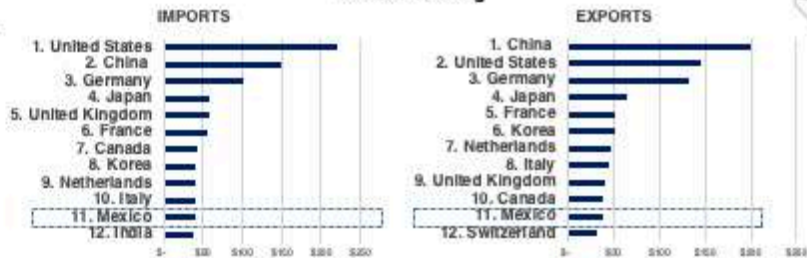
**South America \$24,983 / 3%**

Brazil	\$ 9,121	37%
Colombia	\$ 4,838	19%
Chile	\$ 3,341	13%



- NASCO cities in Mexico
  - NASCO cities in USA and Canada
  - Communication with the principal ports
  - Maritime Route with international markets
  - Joint with NASCO corridor and Nalta
- \* (NASCO: North America's Corridor Coalition) <http://www.nascocorridor.com>

## Global Ranking



SOURCE EXPORTS AND IMPORTS: Secretaría de Economía, Subsecretaría de Comercio exterior. Importaciones y Exportaciones Totales de México 2017. SOURCE RANKING: OECD, 2016.

Mexico is a territory with a strategic geographic location, it connects directly with North and South America and has four important ports that lead to the Atlantic and Pacific Ocean, making it one of the best trade countries in the world.

Direct connection to North America through NAFTA highway and to the rest of the world including Asia, Europe and South America through main roads and ports. Mexico is the 11th largest exporter in the world with US\$ 409bn annually

**1,268 ha**  
AVAILABLE  
INDUSTRIAL LOTS

**80**  
CLIENTS

**35** PLANNING  
**19** CONSTRUCTION  
**26** OPERATION

**0%**  
LEVERAGE

## MAIN CLIENTS



## DIVERSIFICATION: KEY INDUSTRIES

-  **Logistics & Distribution**
-  **Manufacturing**
-  **Automotive**
-  **Food & Beverage**

## 5 INDUSTRIAL & LOGISTICS PLATFORMS FINANCIALLY SELF-SUFFICIENT



## STRATEGIC LOCATION

- ✓ Homogeneous product offering for marketing synergies
- ✓ Industrial parks located in the most dynamic industrial corridors in Mexico
- ✓ Optimal connectivity for diverse industries
- ✓ Unique scale
- ✓ Solid industrial sector fundamentals
- ✓ High entry barriers

### “Golden Triangle”

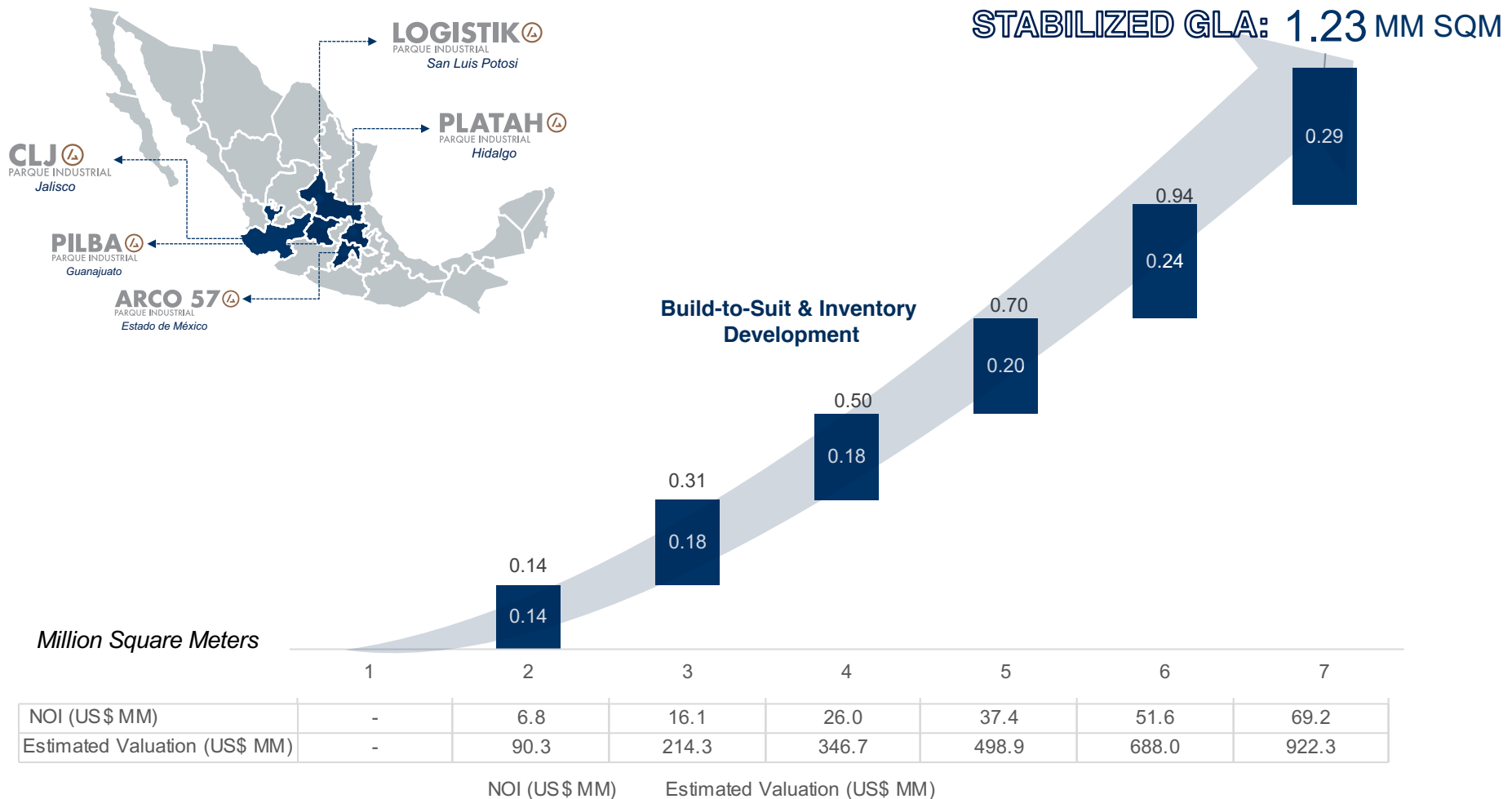
- 27 OEMs
- 75% national GDP
- 70% of trade México
- Direct access to USA
- 60% total population
- Direct connection to Europe & Asia through the main ports



Stage	Risk	Mitigant		Years								
				0	1	2	3	4	5	6	7	
Aquisition	Competition Risk	Prime located and anchored industrial parks		◆	◆							
Raw land assembly	N/A	N/A	✓									
Permits & Licenses	N/A	N/A	✓									
Main Infrastructure in place	N/A	N/A	✓									
Project anchoring	N/A	N/A	✓									
Industrial parks operations	N/A	N/A	✓									
Urbanization	Cost	Project Monitoring	In progress		URBANIZATION COMPLETION IN LINE WITH END USER SALES ABSORPTION							
End user sales	End User sales	Strategic planning & sales force			ENS USER SALES RE-INVESTMENT							
Industrial building development	Cost	Project Monitoring GMP Contracts			GMP BASED CONTRACTS TO MITIGATE DEVELOPMENT RISK							
Income Producing Portfolio	Leasing	Focus on primary markets Product - Market strategy			13 MM SF PORTFOLIO							
Asset Management	Vacancy	Strategy WALT > 3 years Strong tenant relations			<ul style="list-style-type: none"> <li>▪ PROPERTY MANAGEMENT</li> <li>▪ FINANCIAL MONITORING</li> <li>▪ CLIENT RELATIONS</li> <li>▪ FINANCING</li> <li>▪ LEASING</li> <li>▪ FINANCIAL STRUCTURING</li> </ul>							
Exit	Terminal value	Liquid industrial market									EXIT	

## PLUG & PLAY OPPORTUNITY TO DEVELOP A CLASS A 1.2MM SQM INDUSTRIAL INCOME PRODUCING PORTFOLIO

- 1) Stabilized industrial parks acquisition
- 2) End user sales re-investment
- 3) 1.2 MM SQM Income producing portfolio development
- 4) Asset management to maximize portfolio value
- 5) Exit regarding the most appropriate market conditions at that time



*Through the development of inventory and Build-to-Suit industrial buildings, Frontier has managed to create a value-add portfolio with potential to continue growing in the most important industrial markets in Mexico*

## INDUSTRIAL PARKS DEVELOPMENT

Strategic land extension to develop inventory and build-to-suit buildings to capitalize opportunities in consolidated industrial parks with industrial building for lease demand uncovered

### Industrial Building Development



Stabilized Properties

Cash Flow Generation

Controlled Risk

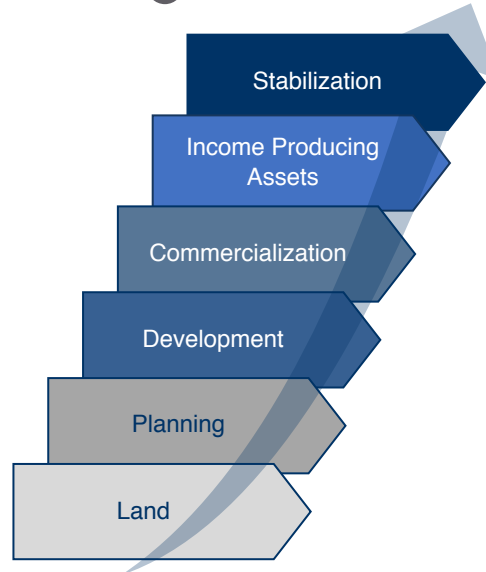


## INVENTORY & BUILD TO SUIT

Strategic development of build-to-suit in current negotiations and future opportunities; as well as inventory buildings in strategic, key and dynamic markets and submarkets to capitalize the opportunities of the industrial and logistic markets in Mexico.

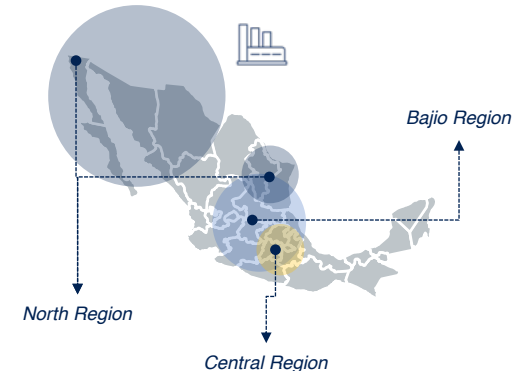
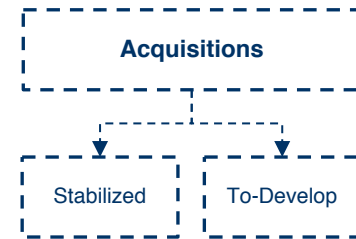
### Markets

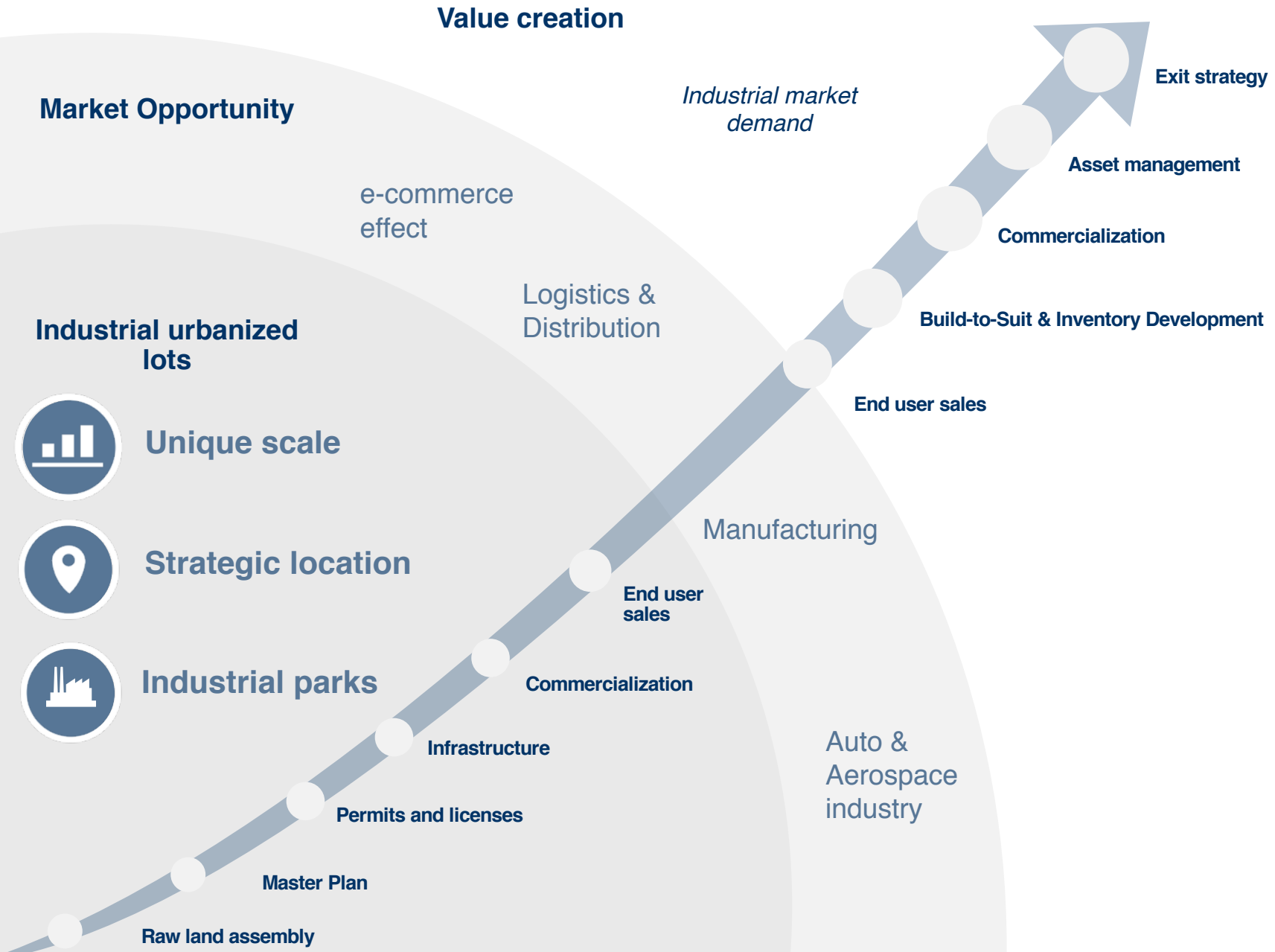
- 1 CDMX
- 2 Toluca
- 3 Bajio
- 4 Tijuana
- 5 Monterrey



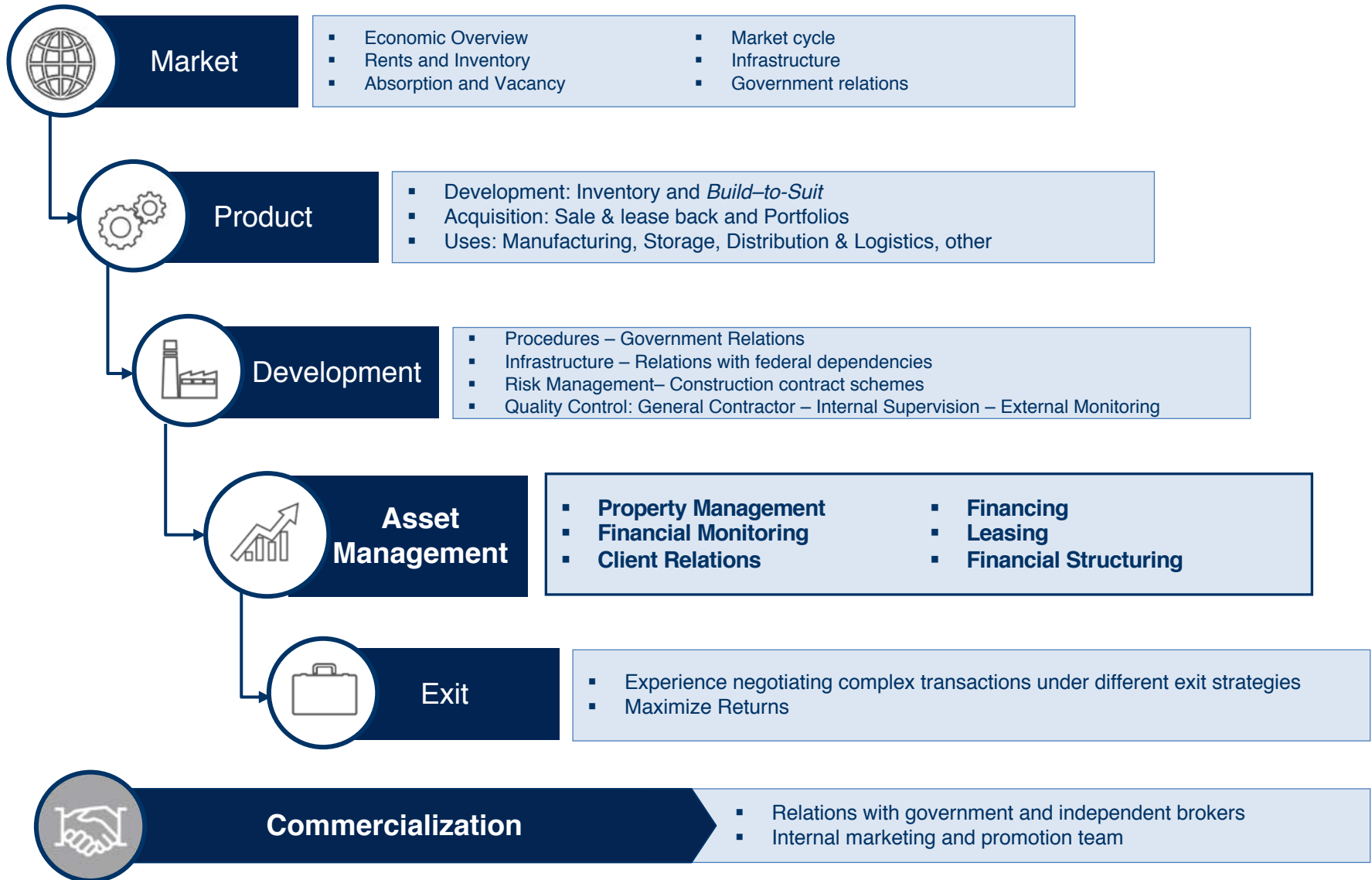
## STRATEGIC ACQUISITIONS

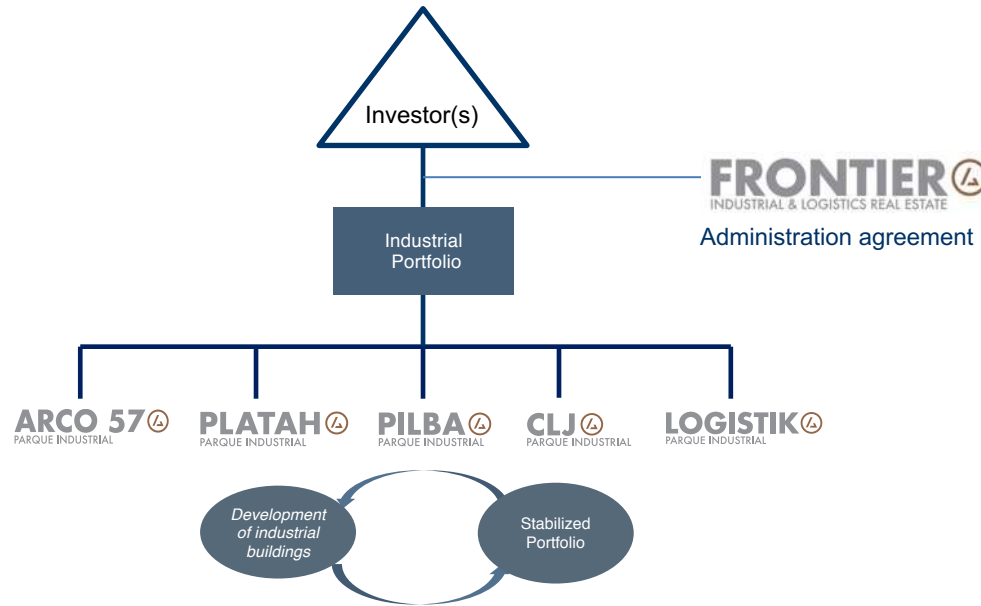
Strategic value add transactions of portfolios and/or developed industrial buildings provided they generate value and diversify the industrial platform's risk, with attractive returns.









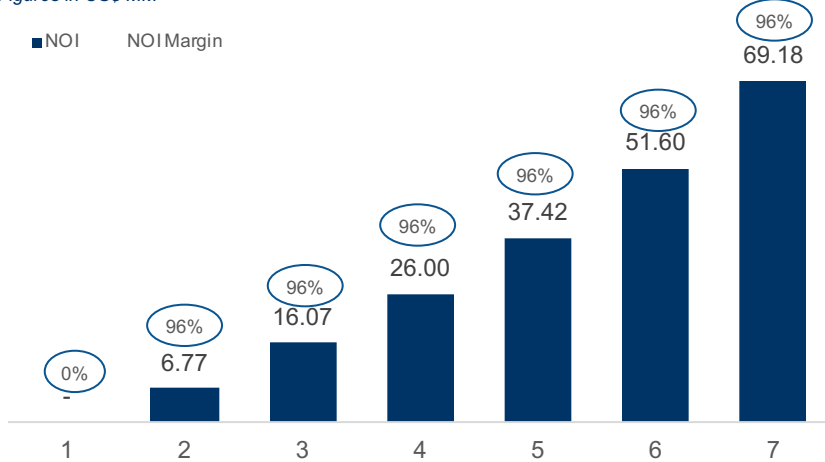


	ARCO 57 State of Mexico	PLATAH Hidalgo	PILBA Guanajuato	CLJ Jalisco	LOGISTIK San Luis Potosi	TOTAL
<b>LAND</b>	65 ha	65 ha	65 ha	35 ha	15 ha	245 ha
<b>GLA</b>	325,000 SQM	325,000 SQM	325,000 SQM	175,000 SQM	75,000 SQM	1,225,000 SQM
	22 buildings	22 buildings	22 buildings	12 buildings	5 buildings	82 buildings
<b>NOI</b>	\$18.0 MM	\$15.5 MM	\$16.1 MM	\$8.1 MM	\$3.7 MM	\$61.4 MM
<b>SHOVEL READY LOTS (TO BE SOLD)</b>	251 ha	264 ha	96 ha	414 ha	0 ha	1,023 ha
<b>POTENTIAL REVENUES</b>	\$173 MM	\$170 MM	US\$ 52 MM	\$213 MM	\$0 MM	\$ 608 MM

Business plan to be executed during the following 5-6 years in five premium industrial parks

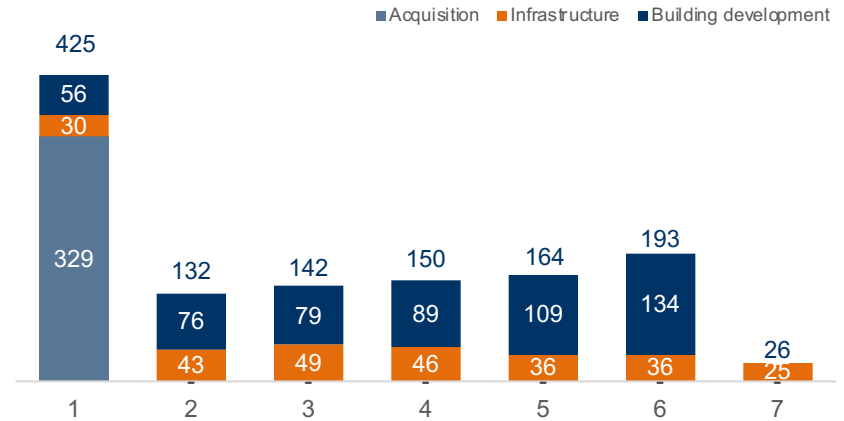
## RENTAL NOI & NOI MARGIN

Figures in US\$ MM



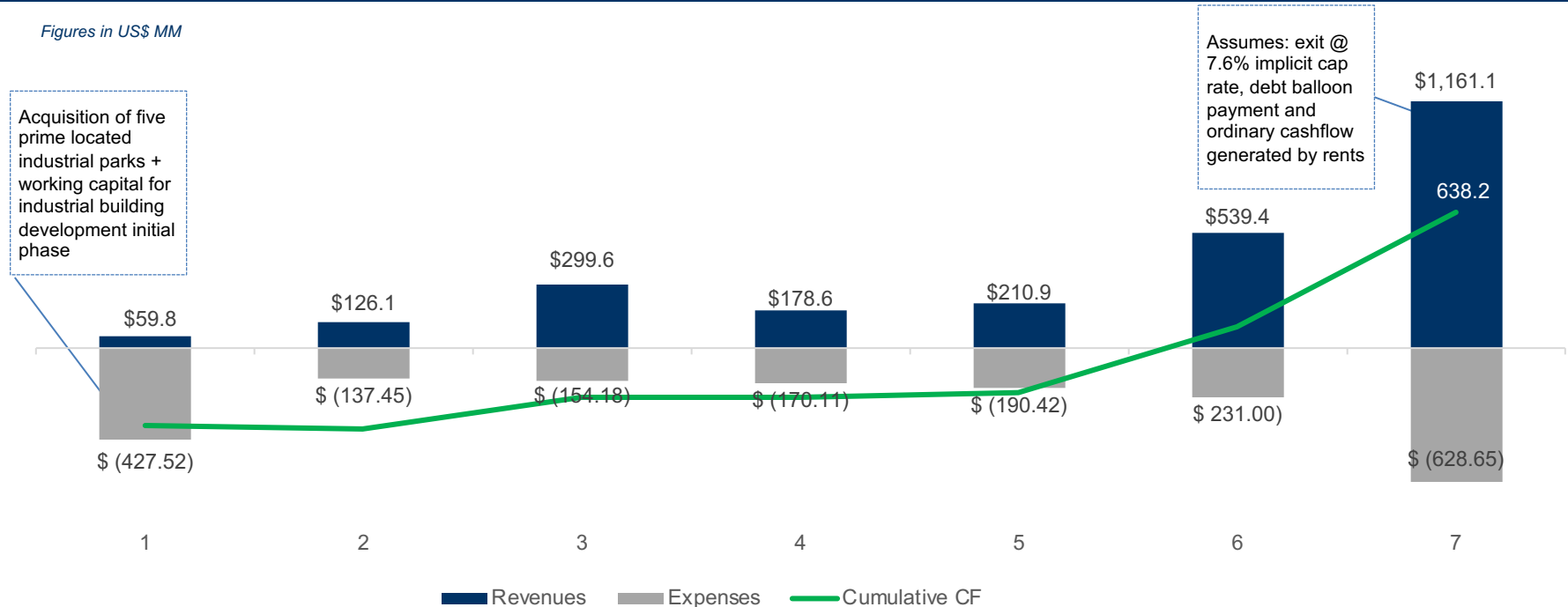
## TOTAL COSTS

Figures in US\$ MM



## LEVERED FREE CASHFLOW

Figures in US\$ MM





## INCOME PRODUCING INDUSTRIAL PLATFORM WITH GROWTH POTENTIAL

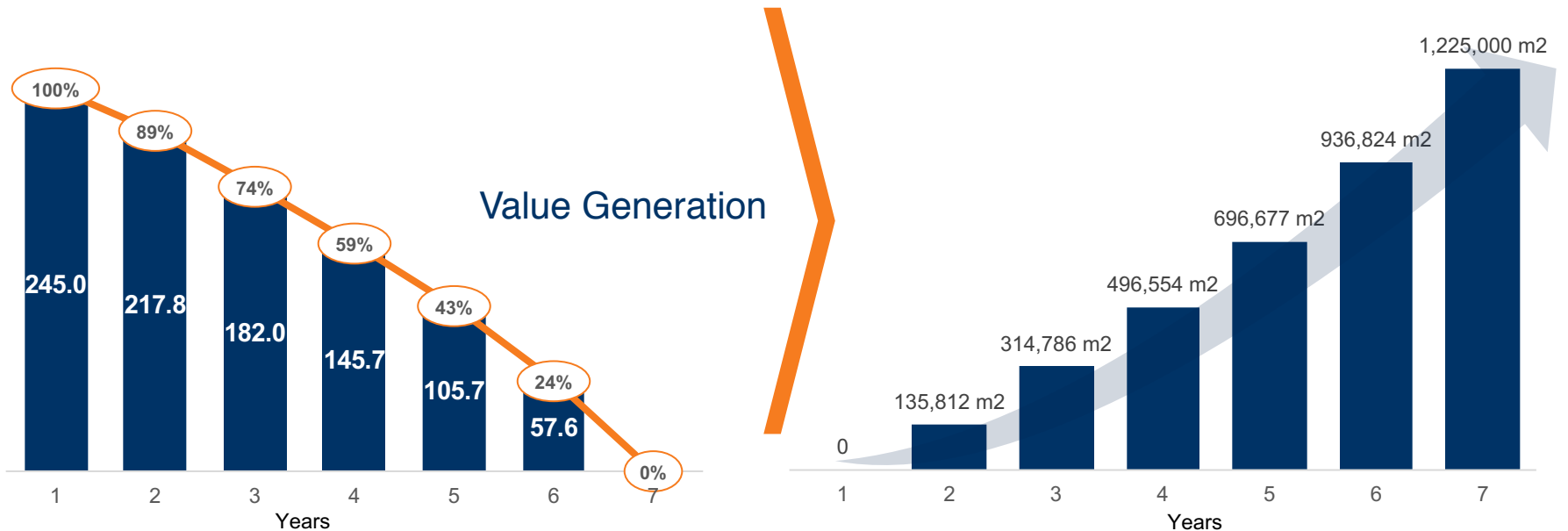
Figures in US\$ mm

	1	2	3	4	5	6	7
GLA in operation (sqm)	1,225,000 m2	135,812 m2	314,786 m2	496,554 m2	696,677 m2	936,824 m2	1,225,000 m2
Average rent (US\$/sqm)		4.5	4.6	4.7	4.8	4.9	5.1
Occupancy	97%	97%	97%	97%	97%	97%	97%
Revenues	222.62	7.28	17.28	27.96	40.24	55.48	74.38
NOI	207.04	6.77	16.07	26.00	37.42	51.60	69.18
NOI Margin	82%	96%	96%	96%	96%	96%	96%
EBITDA	195.90	6.41	15.21	24.60	35.41	48.82	65.46
EBITDA Margin	78%	91%	91%	91%	91%	91%	91%

## LAND ABSORPTION FOR BUILDING DEVELOPMENT (HA)

## CUMULATIVE GLA GENERATED (SQM)

Figures in US\$ MM



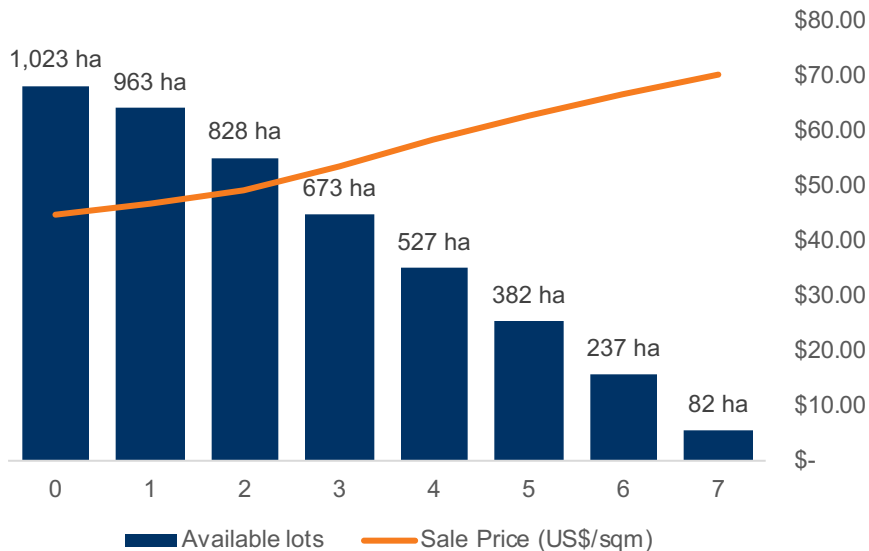
## FUNDAMENTALS OF END USERS SALES BUSINESS

- Sale of industrial lots provided with infrastructure including electricity, sewage, water and gas. Urbanization, main entrances, open spaces and support services areas will be developed to provide a high quality product to end users
- Sale of Industrial Land to end users: **1,023 ha**.
- Average initial sale price: **US \$45/m<sup>2</sup>**
- Annual increments based on demand, land availability, changes in the market and level of progress of the project.
- Generation of cumulative sales for: **US\$ 590 mm**.

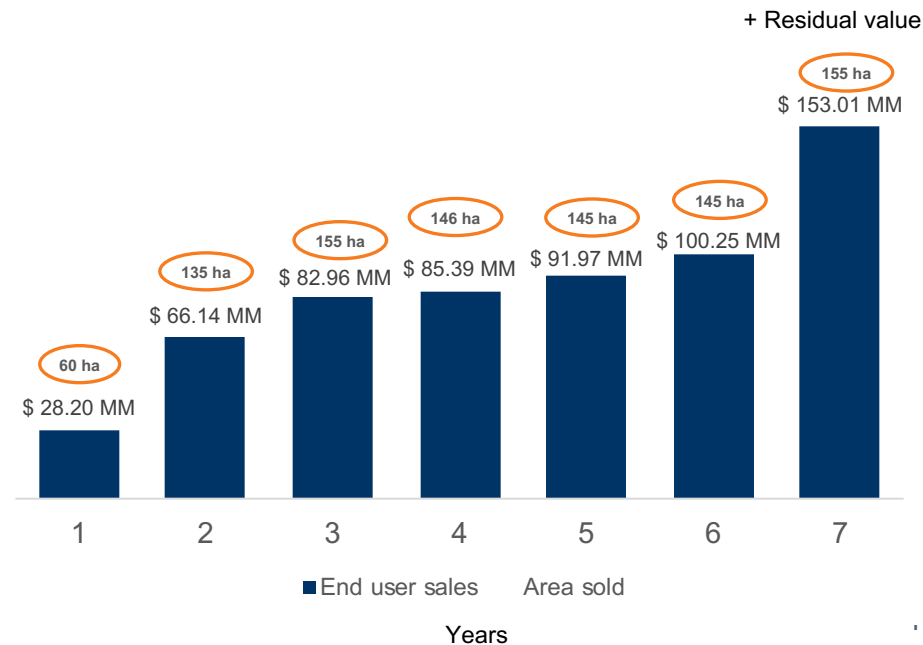
- World class industrial park master plan
- Permits and licenses for industrial use
- Connectivity: Entrance to main roads
- Infrastructure
  - ✓ Electric substation
  - ✓ Water
  - ✓ Sewage
  - ✓ Natural Gas
- Urbanization
- Controlled Access – 24/7 Security

## ANNUAL INDUSTRIAL END USERS SALES

Figures in US\$ MM



## REVENUES FROM END USERS SALES





# FRONTIER



INDUSTRIAL & LOGISTICS REAL ESTATE

MARKET OVERVIEW

## ECONOMIC HIGHLIGHTS

### LOCATION



Between the Atlantic and Pacific oceans, in addition to the proximity to the United States.

### DEMOGRAPHIC



11th most populous country, with **123.9 million habitants.**

### ECONOMIC EXPOSURE



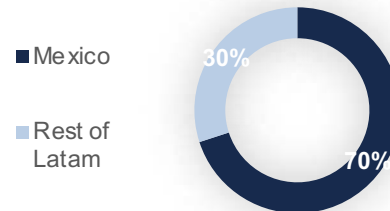
**12 TLC's** = 46 countries  
**6 ACE's** = South American Countries  
**CPTPP** = trade with the main Asian markets

### INFRASTRUCTURE



2nd country in Latin America with **more infrastructure**, 2nd with more roads and 3rd with more railways.

### MANUFACTURING POWER



More than 70% of Latin American exports in high technology originates in Mexico.

### EXPORT PLATFORM



13th largest world exporter with \$409 billion and **main exporter in Latin America**

*In conclusion Mexico it's an attractive world-class logistic platform, with a broad network of free trade agreements, competitive productive sectors and a low cost profile, and important advances in infrastructure*

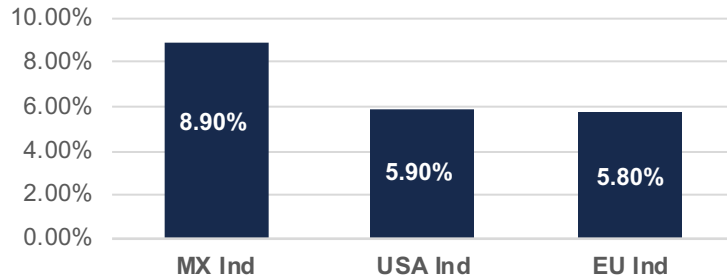


## PRIVATE MARKET – LOCAL CURRENCY RETURNS

Industrial real estate in Mexico is priced to deliver an absolute return well above returns available in US or European industrial real estate.

	Cap rate	Estimated Inflation	Long term NOI Growth
<b>MX Ind</b>	7.50%	4.20%	2.00%
<b>USA Ind</b>	4.90%	2.00%	1.00%
<b>EU Ind</b>	4.30%	2.00%	1.70%

### Returns

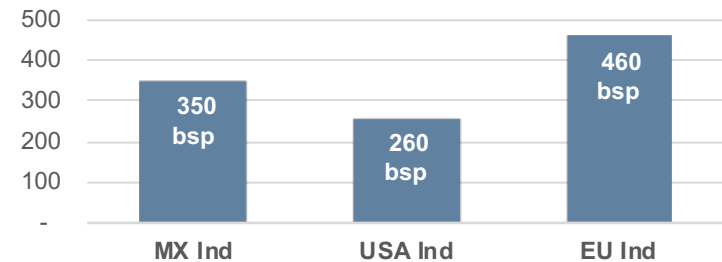


## PUBLIC MARKET – LOCAL CURRENCY RETURNS

Projected total returns in Mexico appear in-line with the US and Europe after adjusting for sovereign risk.

	Private Mkt Return	Public Mkt Return	10 yr Gov Bond
<b>MX Ind</b>	8.90%	11.40%	7.90%
<b>USA Ind</b>	5.90%	5.10%	2.50%
<b>EU Ind</b>	5.80%	5.60%	1.10%

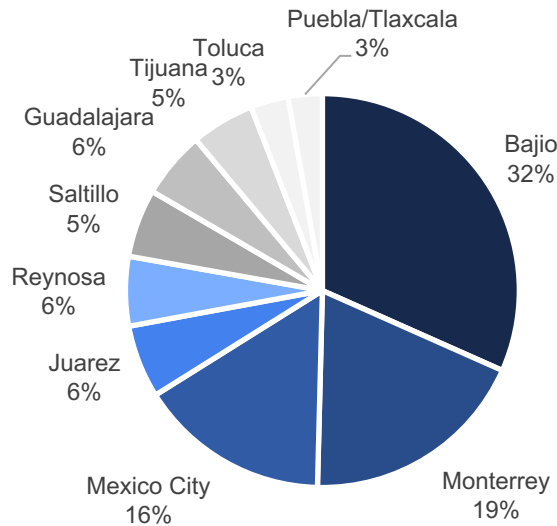
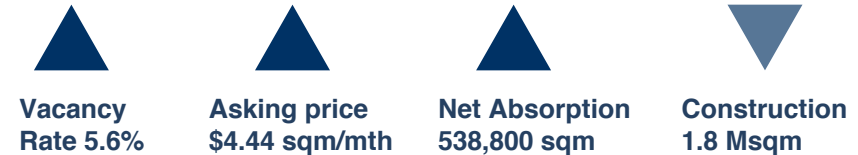
### Returns over Gov Bond



*However, Mexico industrial assets that collect rent in US dollars avoid significant currency risk leading to an outsized risk-adjusted return profile*

## MEXICO INDUSTRIAL REAL ESTATE, Q2 2019

- The main market indicators remained stable, stock experienced an annual increase of 5.5% (**2.6 M additional sqm**). The vacancy rate increased due to **new supply of speculative industrial spaces**, while prices underwent an annual increase of 4.0% (**\$4.44 sqm/mth**)



### Stock Share

- Bajio
- Monterrey
- Mexico City
- Juarez
- Reynosa
- Saltillo
- Guadalajara
- Tijuana
- Toluca
- Puebla/Tlaxcala

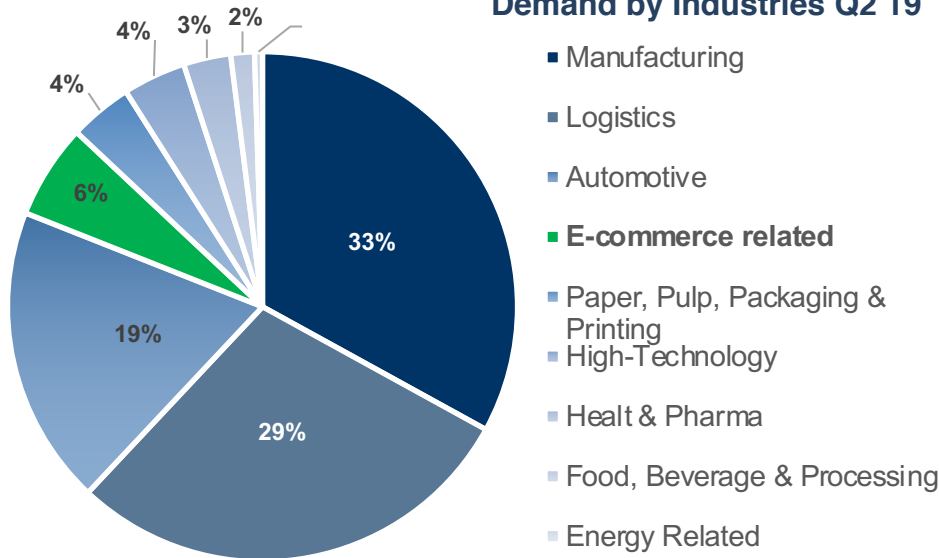
- The slowdown in construction of new spaces is due to the **shortage of land with infrastructure** in several of the country's main markets.
- This is a great opportunity for the markets close to the main markets of Mexico to provide land with infrastructure or BTS & Inventory buildings to supply the demand.

*Frontier portfolio has a the opportunity to supply this crecent demand for land with infrastructure and spaces near Mexico City, Metro Area and Bajio.*

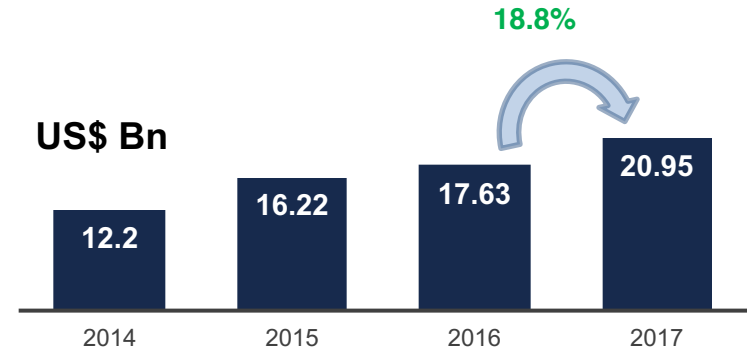
## MEXICO INDUSTRIAL REAL ESTATE, Q2 2019

- **Manufacturing, Logistics & Automotive** remain as the principal industries in Mexico.
- **Automotive market share has decreased** due to a greater demand of new spaces for **logistics and e-commerce**

Demand by Industries Q2 19



## E- Commerce Sales



- The demand for e-commerce spaces has grown in the recent years, especially in Mexico City and the Metropolitan area.
- “Mercado Libre” closed a new lease in Mexico State for a 97,800 sqm building (2018).
- Amazon inaugurated their new Distribution Center in Tepotzotlan, State of Mexico, a building of 100,000 sqm approximately (2019).

*E-commerce business it's starting to grow in Mexico, and there is a large area of opportunity for this industry to approach.*

## LOGISTICS / E-COMMERCE VS OFFICE & RETAIL

- Institutional investors have **increasingly targeted logistics** in recent years due to its **appealing investment characteristics**.



- Potentially attractive relative value



- Typically **lower CAPEX** requirements



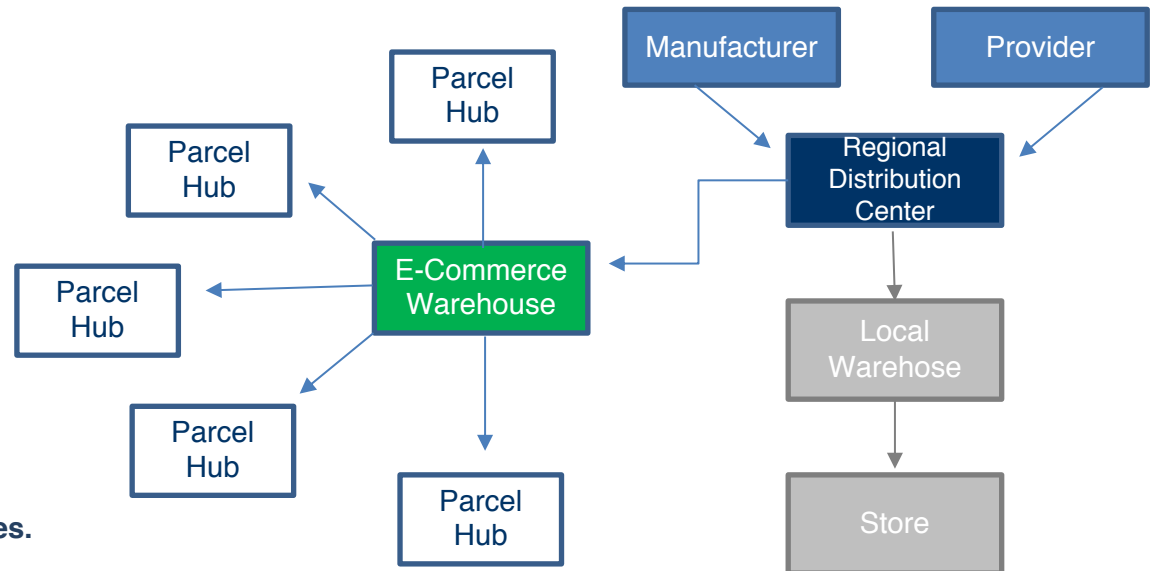
- Predictable and **less volatile cash flows**



- **Growing importance in the age of e-commerce**

## THE SUPPLY CHAIN OF THE FUTURE

- Retailers and third party logistics providers continue to optimize their supply chains.



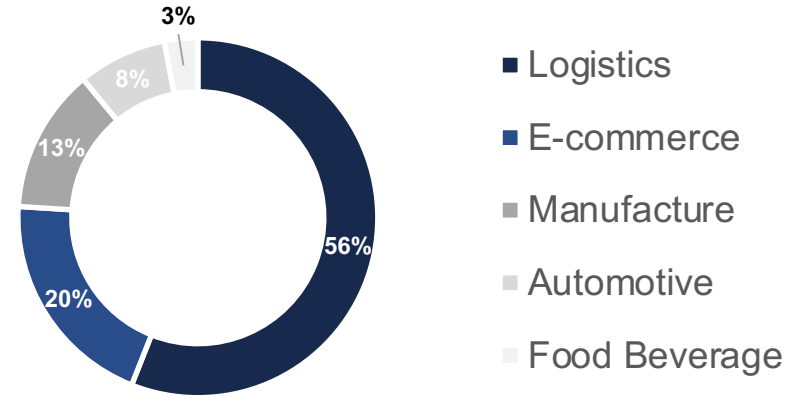
- **Multiple local facilities served by a single larger e- fulfilment warehouses.**



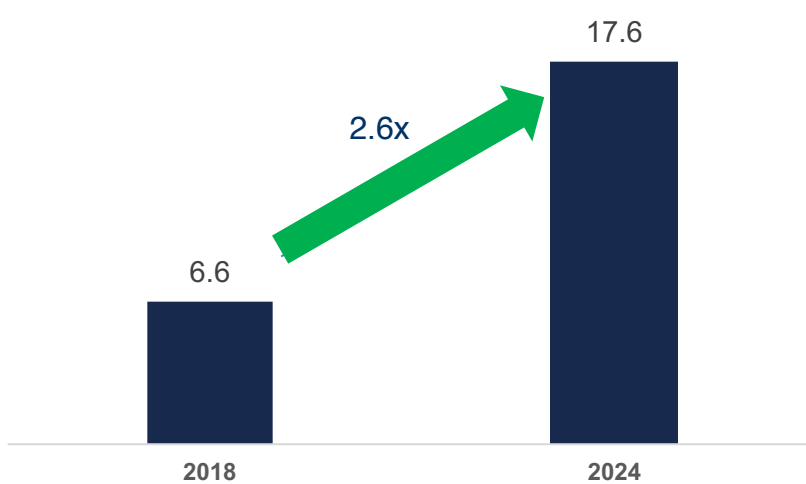
## E-COMMERCE AS AN IMPORTANT MARKET DRIVER

- **Growing e-commerce** is expected to require an additional **1.5 M sqm** of Mexican warehouse space over the next 5 years .
- Most of the Logistics and E-commerce demand is focused on the Mexico City and Metro Area of the country.

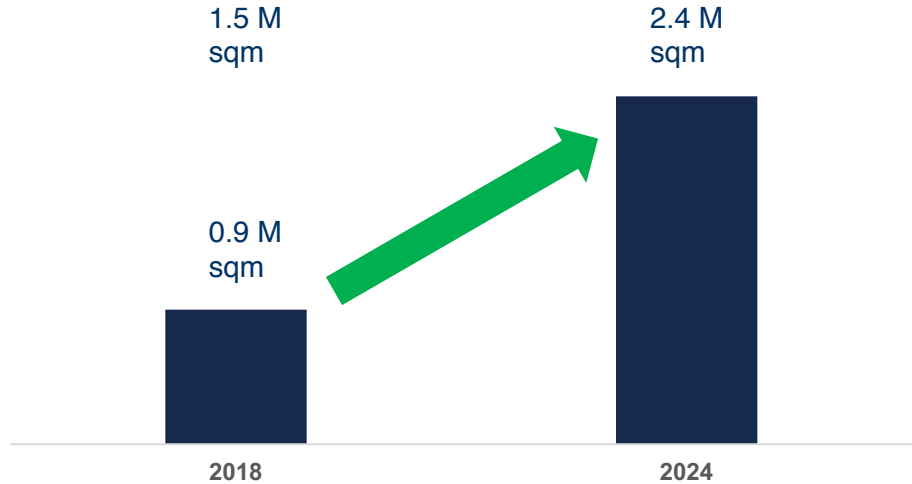
Mexico City & Metro Area Demand



E-commerce Sales (US\$Bn)



E-commerce space (Million sqm)



1. A ratio of 1.5 M SF demanded by each 1 B US\$ of e-commerce sales was assumed to estimate the total e-commerce GLA demand. Sources: Euromonitor, Prologis Research, INEGI, LENS analysis.



# FRONTIER

INDUSTRIAL & LOGISTICS REAL ESTATE

FRONTIER – PROVEN INDUSTRIAL DEVELOPER

## CAPITAL ALLOCATOR



Capital allocation process that follows a strict investment thesis to accomplish a predetermined business model of portfolio growth

## VALUE-ADD ACQUISITIONS



Acquisition of value-add properties combined with the development component generates attractive returns with controlled risk

## INDUSTRIAL DEVELOPER



Proven developer of inventory and Build-to-Suit buildings in Mexico's top industrial and logistics market, driven by customer demand

## ASSET MANAGER



Wide experience in asset management to maximize a property's value through market research, data analysis and revenue forecasting



Frontier is an **institutional industrial & logistics developer and asset manager** sponsored by Artha Capital



**Expertise** in deal origination, underwriting, deal structuring, development plans, and monetization strategies



Long term platform with **high quality assets** with **scale** to generate attractive value to investors



Extensive **network** of industry relationships to continually pursue a steady flow of **differentiated opportunities**

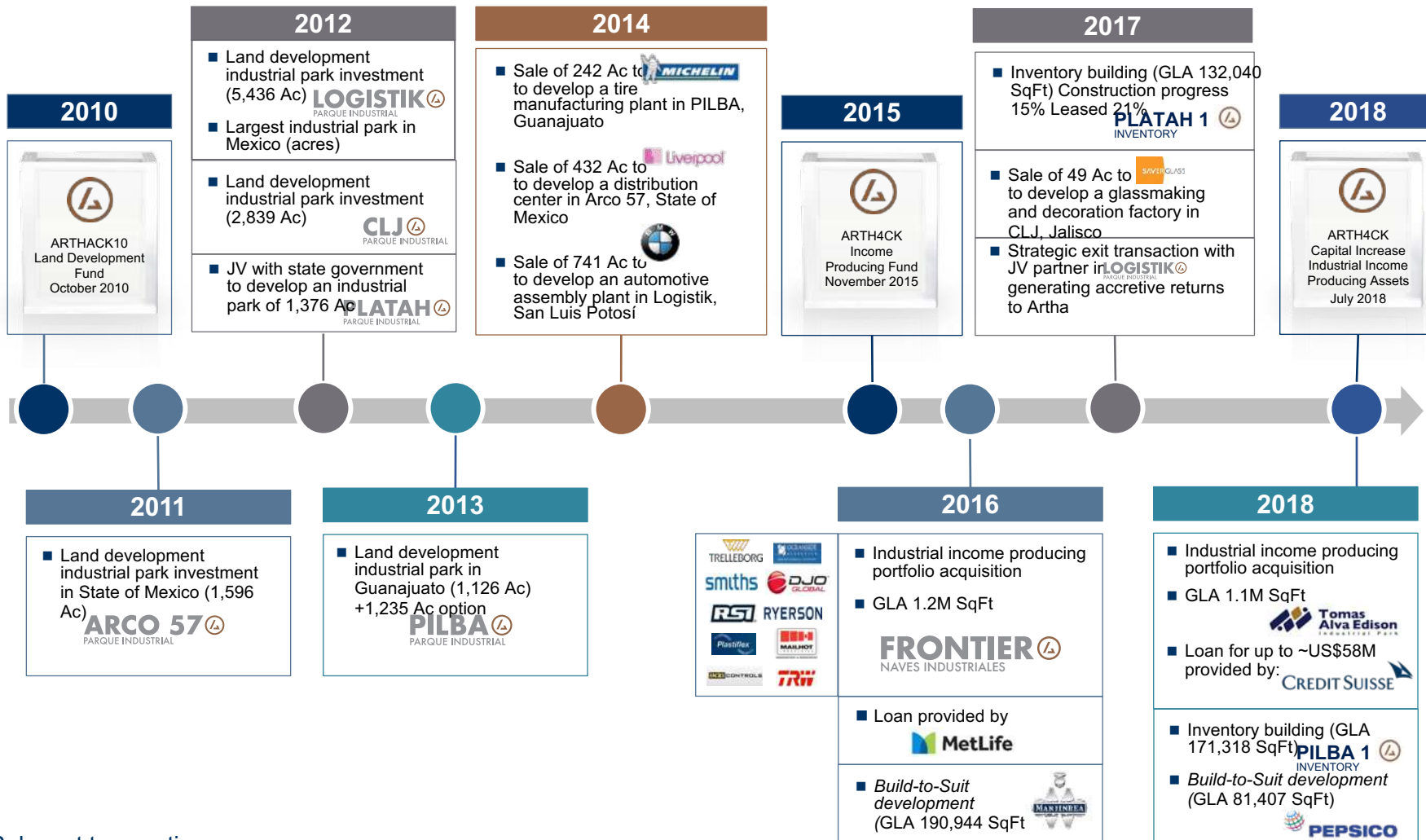


Insights to **anticipate** industrial and logistics sectors **future market trends**



Focus on **logistics and manufacturing sectors** in low vacancy premium markets





## Relevant transactions



Board of Directors

Executive Committee



Accounting

Legal

Talent Management

Treasury/Finance

- Multidisciplinary team with a solid professional background
- Solid corporate structure with an agile decision making process
- Rigorous risk management process in the approval of new investments in order to reach targeted returns
- We employ a systematic approach to originating, underwriting, investing and optimizing compelling real estate opportunities

Name	Position	Experience	Years of experience
<b>Patricio Gutiérrez</b>	CEO	<ul style="list-style-type: none"> <li>Specialized in the planning, development, operation and management of projects and investments in various sectors.</li> <li>Oversees the planning, development, operation and management of all projects and portfolios. Has been following the industrial investment strategy and execution of both development and income generating assets since their inception.</li> <li>Member of AMPIP Board (Mexican Association of Industrial Parks)</li> </ul>	Years in RE +28  Years in Artha +9
<b>Federico Mendoza</b>	Asset Management	<ul style="list-style-type: none"> <li>Wide experience in real estate and finance, with participation in structuring, management, valuation, acquisition and disposition of real estate and credit assets in Mexico, USA, Central America and the Caribbean.</li> <li>In charge of asset and property management of the portfolio.</li> </ul>	Years in RE +24  Years in Artha +2
<b>Verónica Pérez</b>	Development Infrastructure	<ul style="list-style-type: none"> <li>Focus on strategic project development, including planning, licensing, budgeting, and construction management.</li> <li>In charge of infrastructure and urbanization development including planning, development, licensing, and construction management of industrial parks</li> </ul>	Years in RE +21  Years in Artha +7
<b>Ángelo Reyes</b>	Development Industrial Buildings	<ul style="list-style-type: none"> <li>Focus on project development, including planning, licensing, budgeting, infrastructure, development and construction management</li> <li>In charge of industrial building development</li> </ul>	Years in RE +8  Years in Artha +1
<b>Itzayana Llórens</b>	Promotion / PR / commercialization	<ul style="list-style-type: none"> <li>Promotion, marketing and institutional relations.</li> <li>In charge of commercialization of industrial buildings for lease across all our portfolios Responsible of the portfolio's marketing and promotion strategy; as well as keeping close relations with all related parties and entities (government, brokers, embassies and associations, etc.)</li> <li>Current Promotion Committee President at AMPIP (Mexican Association of Industrial Parks)</li> </ul>	Years in RE +21  Years in Artha +4
<b>Eduardo Vergara</b>	Industrial Investments	<ul style="list-style-type: none"> <li>Ample experience in the analysis, valuation, monitoring and financial planning of industrial real estate assets.</li> <li>In charge of current and new industrial investments and Frontier strategy.</li> </ul>	Years in RE +7  Years at Artha +5



# ARTHA CAPITAL

ARTHA CAPITAL – PRIVATE EQUITY FIRM



Established in 2010, Artha Capital is a private equity and asset management company, dedicated to bringing to its investors a wide range of products in real assets, aiming to satisfy diverse investment needs and risk profiles for institutional and private investors.



## REAL ESATE

### FRONTIER INDUSTRIAL



### MIXED USE - RESIDENTIAL



LA VICTORIA BOSQUE REAL PLAZA CONDESA ÁLVARO OBREGÓN



### TOURISM



## ENERGY AND INFRASTRUCTURE

### ENERGY



Co-generation, renewable, combined cycle

Industrial and commercial scale

FEMSA co-generation La Pasión Iturbide Solar Tampico Proteus 9 on-site solar systems



### GAS



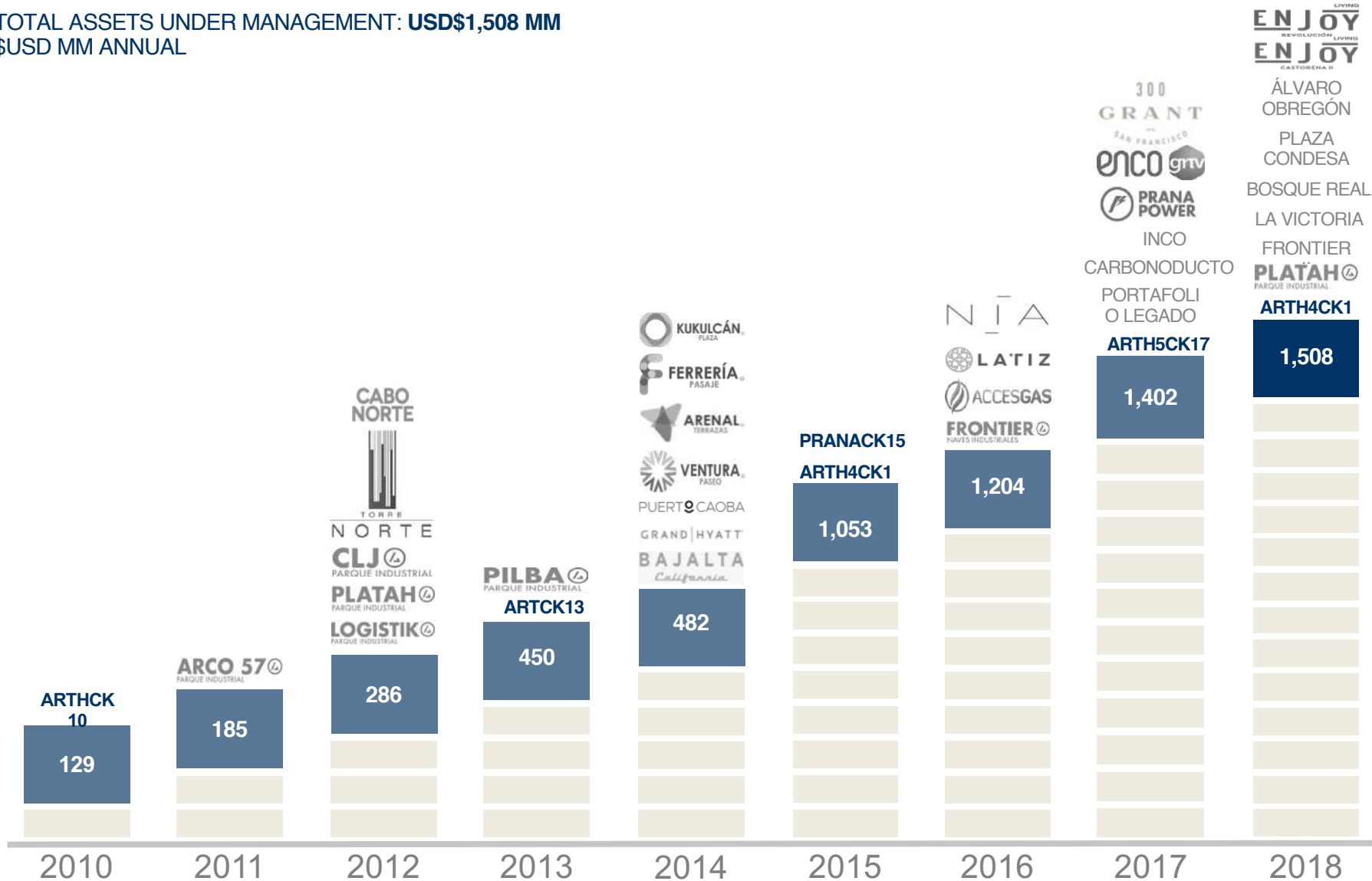
Natural gas distribution

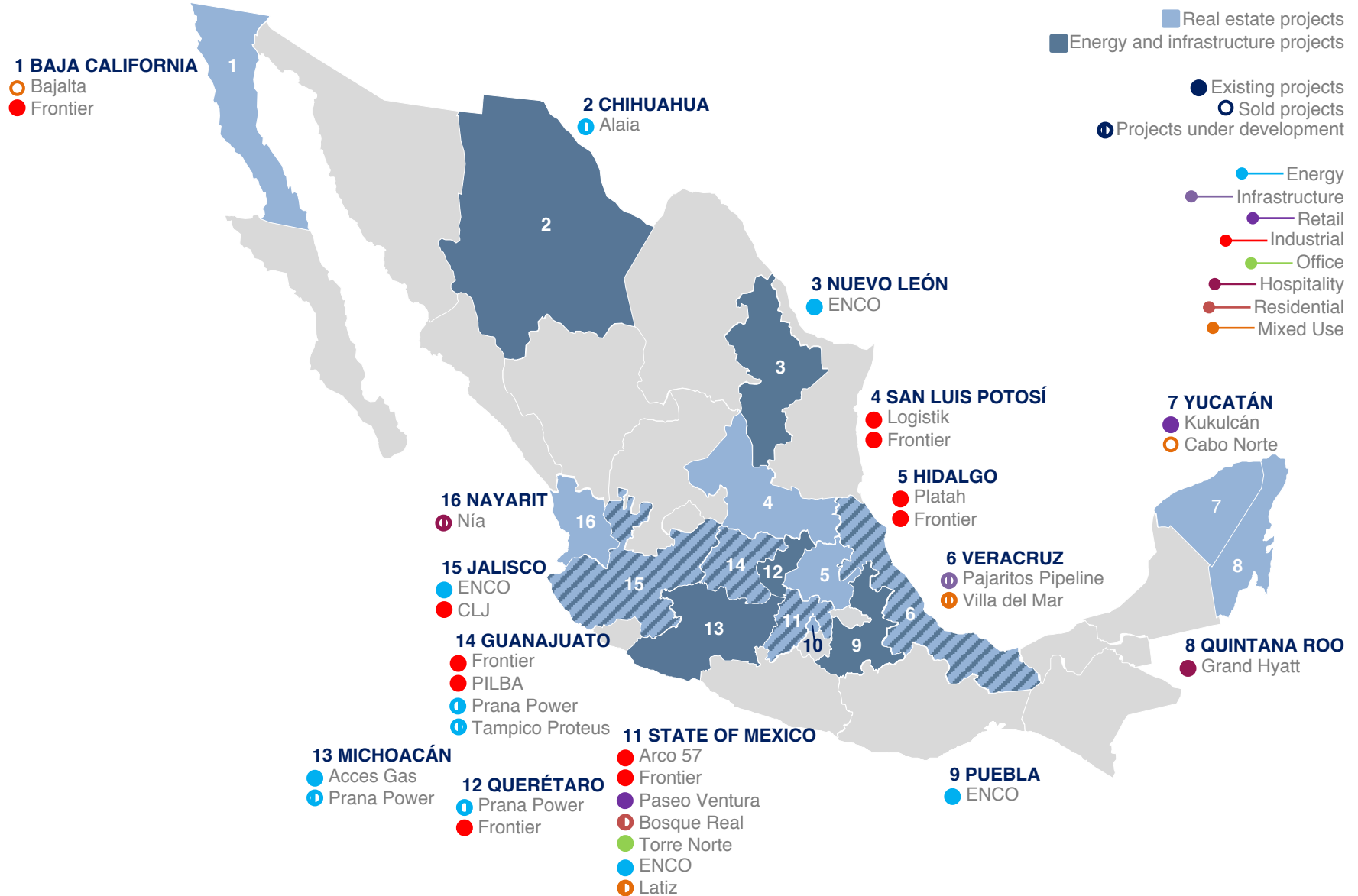
Vehicular gas network in Mexico

2 stations and 4 pipelines ACCESGAS 13 ENCO stations enco gtv CO2 Pipeline, Veracruz



TOTAL ASSETS UNDER MANAGEMENT: **USD\$1,508 MM**  
 \$USD MM ANNUAL









**FRONTIER**   
INDUSTRIAL & LOGISTICS REAL ESTATE  
APPENDIX





# ARCO 57

INDUSTRIAL PARK



## PROJECT OVERVIEW

Available Area	316 ha
Area for end user sales	251 ha
Area for income producing development	65 ha (GLA: 325,000 sqm)

## DEMAND DRIVERS

- Direct connection to NAFTA Highway and Arco Norte, which connects five major states that surround Mexico City and that together account for more than a third of the country's GDP
- 50 minute drive from Mexico City, the nation's political and largest domestic market
- 1<sup>st</sup> national manufacturing state** by its number of assembly companies in the area
- 1<sup>st</sup> national state for logistics and transportation** by its number of storage and service companies
- High scarcity value in the Mexico City metropolitan area for end-users that require large land plots

- Location: State of Mexico**
- Competition:** limited supply in the area with only five industrial parks within a ~50km radius, accumulating less than 100 ha. all together

- Competitors: CTT Corridor  
Key Clients:



34% of the total sellable land (Distribution)



Food & Beverages

## INFRASTRUCTURE IN PLACE



**World class industrial park master plan**



**Private property with permits and licenses in place for industrial use**



**Connectivity: Main entrance to NAFTA Highway**



- Infrastructure:**
- ✓ **Electric Substation of 39 MVAs, medium tension line of 23 KV**
  - ✓ **Water: 2 extraction grounds with capacity of 60 lps, wastewater treatment plant of 42 lps**
  - ✓ **Natural Gas: CNG available**

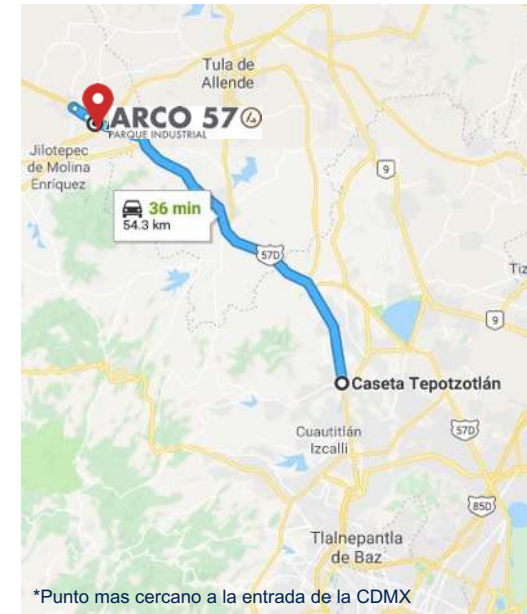
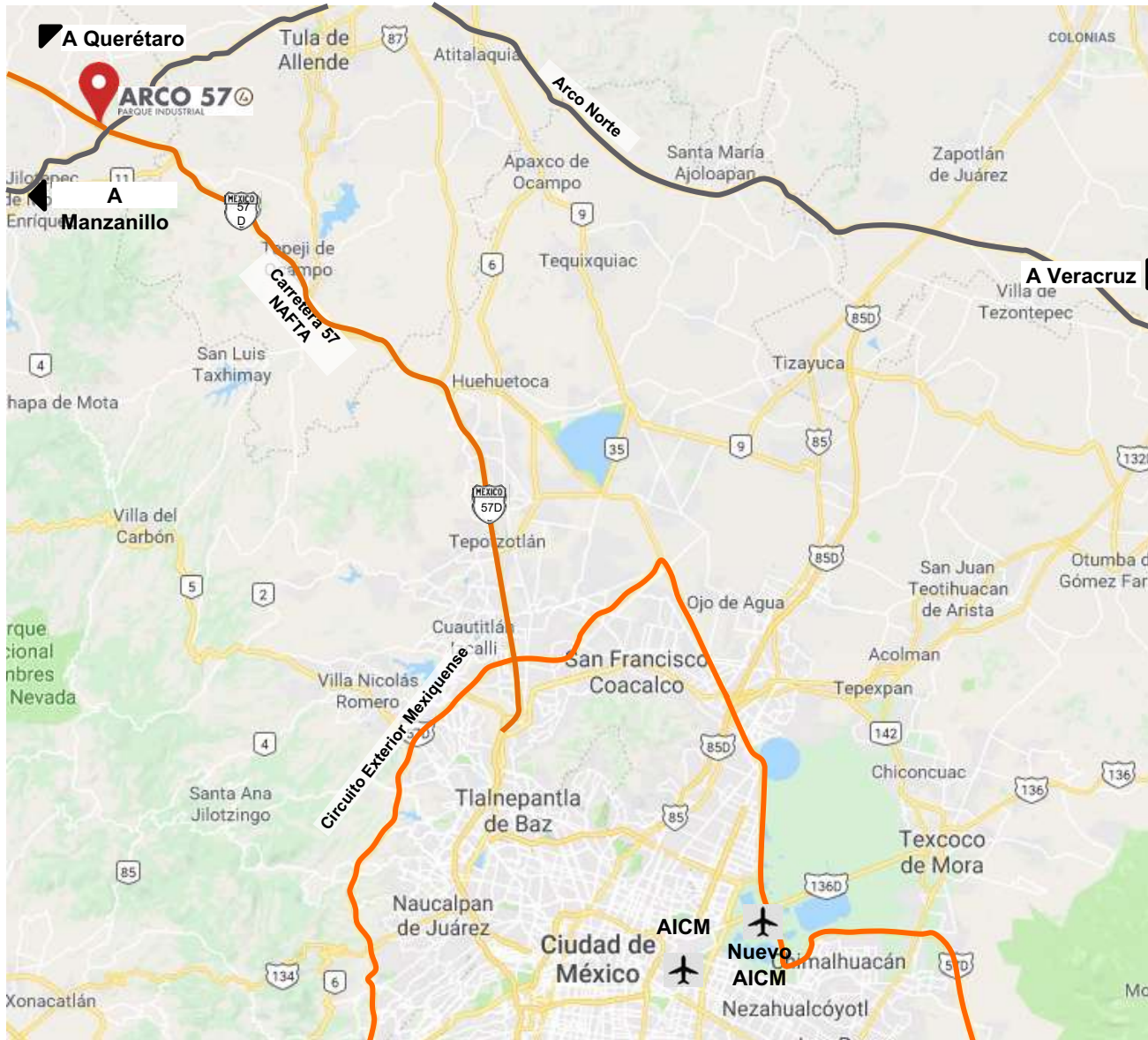


Access control with security 24/7

## MASTER PLAN







- 

From Parque Arco 57 to:

  - ✓ Tepozotlán toll booth - 54.37 km / 36 min
  - ✓ Mexico City International Airport – 103 km / 90 min
  - ✓ Querétaro – 120 km / 85 min
- 

Direct access to NAFTA highway and Arco Norte tollway
- 

Park main vocation:

  - ✓ Light and medium manufacturing
  - ✓ Distribution and logistics
  - ✓ Food & beverage industry









# PLATAH

INDUSTRIAL PARK



PLATAH

## PROJECT OVERVIEW

Available Area	329 ha
Area for end user sales	264 ha
Area for income producing development	65 ha (GLA: 325,000 sqm)

## DEMAND DRIVERS

- Only major park in Hidalgo with a JV with the state government
- 50 minute drive from Mexico City metropolitan area and direct connection to Arco Norte & Mexico City highway
- Its location and connectivity make the industrial park particularly attractive to firms in the following industries: **aerospace, automotive, electronics, household appliances, medical devices, textile and transportation.**

- **Location:** Hidalgo
- **Competition:** limited supply in the area with only five industrial parks within a ~50km radius, accumulating less than 100 ha. all together
- **Competitors:** CTT Corridor, PIS CDMX, Puebla/Bajío

Key Clients:



## INFRASTRUCTURE IN PLACE



World class industrial park master plan



Private property with permits and licenses in place for industrial use



Direct connection to Gulf & Pacific ports, connection to Arco Norte, Circuito Mexiquense & Mexico – Pachuca highways



**Infrastructure:**

- ✓ Medium tension line of 23 KV
- ✓ Water: Water storage tank of 1,200 m<sup>3</sup> on each phase, wastewater treatment plant of 12.5-25 lps
- ✓ Natural Gas: CNG available

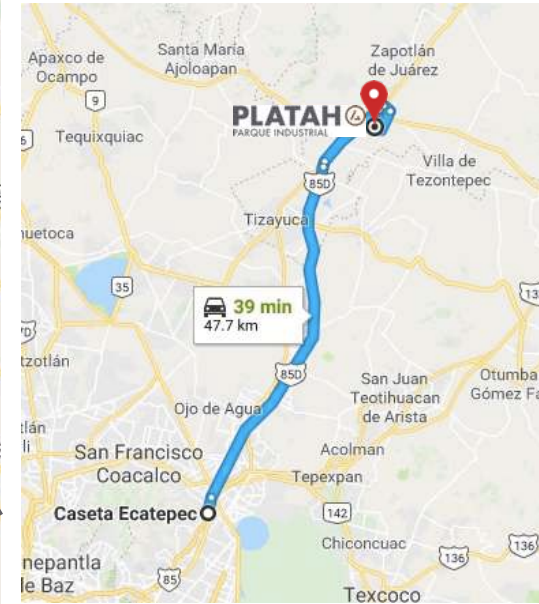
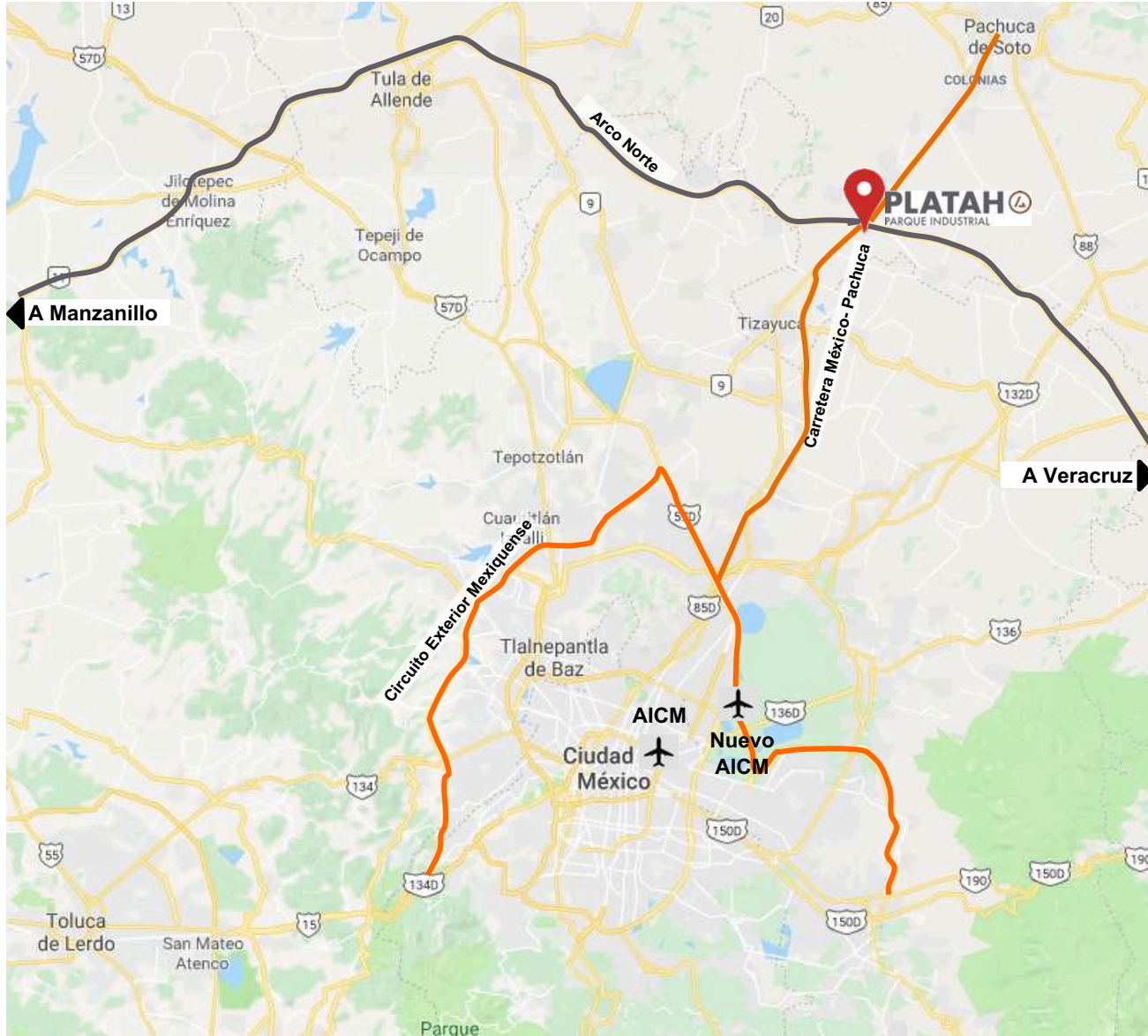





Access control with security 24/7

## MASTER PLAN







-  From PLATAH to:
  - ✓ Arco Norte - 6.8 km / 6 min
  - ✓ Mexico city – 48.9 km / 47 min
  - ✓ Direct access to Arco Norte tollway
  - ✓ Closest access point to central Mexico City
  
-  Direct access to railroad
  
-  Park main vocation:
  - ✓ Automotive industry
  - ✓ Light and medium manufacturing
  - ✓ Distribution and logistics
  - ✓ Textile Industry









**PILBA**   
INDUSTRIAL PARK



## PROJECT OVERVIEW

Available Area	161 ha
Area for end user sales	96 ha
Area for income producing development	65 ha (GLA: 325,000 sqm)

## DEMAND DRIVERS

- **Largest master plan industrial project for future industrial developments in the area**
- Connected to the **highway and rail network** to optimize logistics costs for firms
- Integrated to Leon's **public transportation network** to reduce commuting times for workers
- Only major industrial park in Leon, optimal access to **skilled and affordable labor**
- 7<sup>th</sup> national manufacturing state by its number of assembly companies in the area
- Its location and connectivity make the industrial park particularly attractive to firms in the following industries: **auto assemblers and auto parts, food processing, aerospace, plastics, chemicals, logistics and leather**

- **Location: León, Guanajuato**
- **Competition:** Industrial parks within metropolitan area of Leon, Gto. And Bajío Region in general. Nevertheless, 5 main players have low inventories and are not expected to expand

Key Clients:



30% of the total sellable land (Automotive)



Logistics



Automotive

## INFRASTRUCTURE IN PLACE



**World class industrial park master plan**



**Private property with permits and licenses in place for industrial use**



**Connectivity: Entrance to Federal Highway 45**, most dynamic automotive and auto parts conglomerate in the country



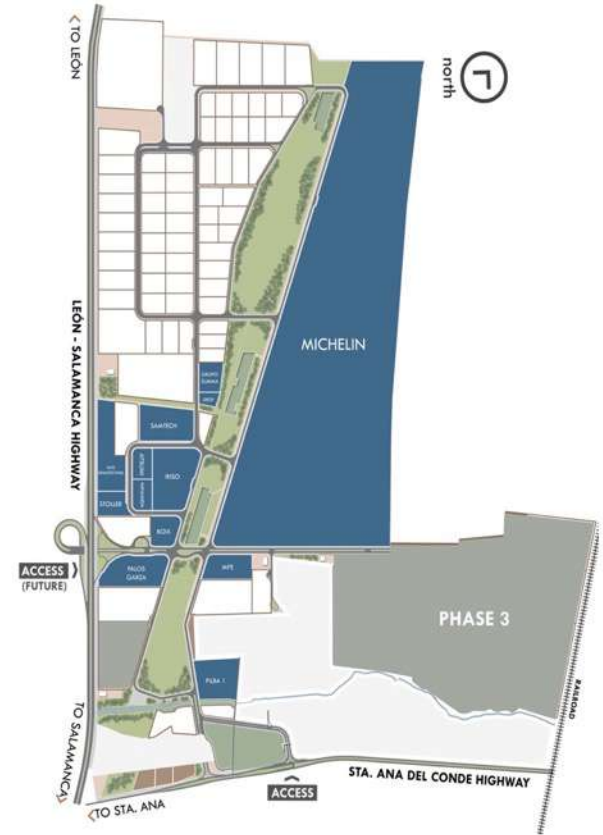
Infrastructure:

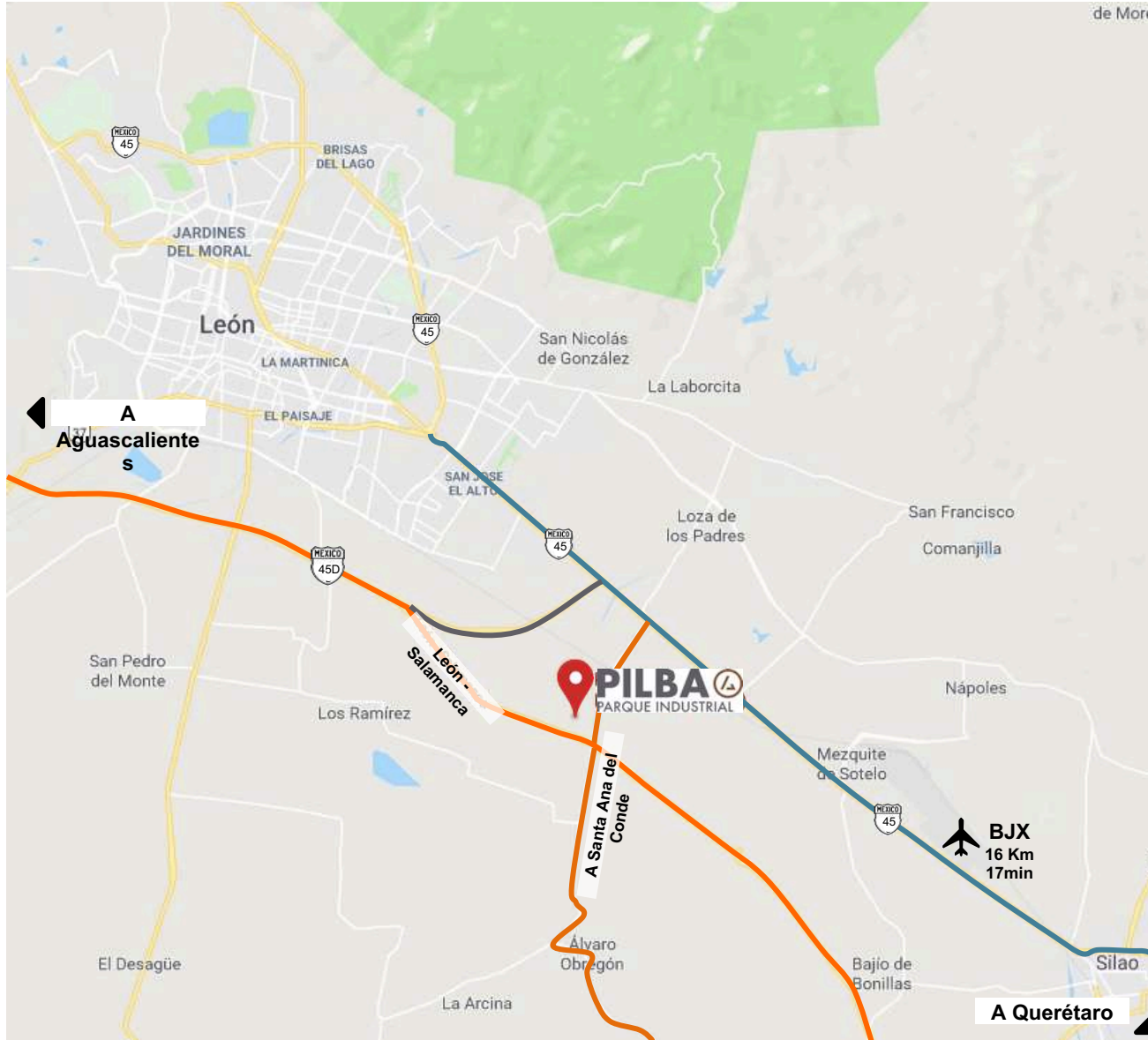
- ✓ Electric Substation of 30-60 MVAs, medium tension line of 34.5 KV, high voltage network of 115 KV
- ✓ Water: extraction grounds with capacity of 100 lps, water storage tank of 700 m<sup>3</sup>
- ✓ Natural Gas
- ✓ Fire system network



Access control with security 24/7

## MASTER PLAN





- From PILBA to:
- ✓ León city - 12.7 km / 15 min
  - ✓ Bajío International Airport – 15.9 km / 17min
  - ✓ Direct access to León-Salamanca tollway and freeway 45



- Direct Access to railroad
- Fire protection system complying with NFPA and FM



- Park main vocation:
- ✓ Automotive industry
  - ✓ Light and medium manufacturing
  - ✓ Distribution and logistics









**CLJ**   
INDUSTRIAL PARK

## PROJECT OVERVIEW

Available Area	447 ha
Area for end user sales	412 ha
Area for income producing development	35 ha (GLA: 175,000 sqm)

- **Location:** Jalisco
- **Competition:** Competitors are mainly located in Guadalajara, there are no relevant competitors within a 20km radius

Key Clients:



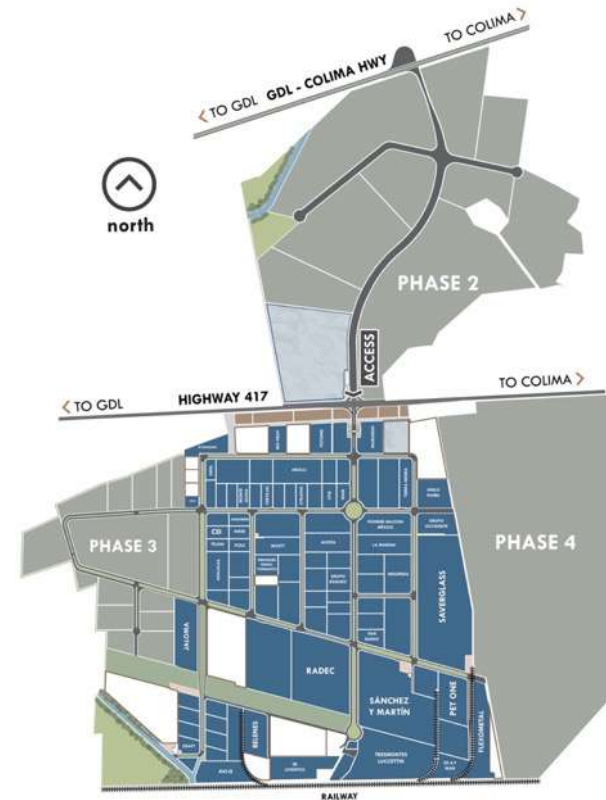
## DEMAND DRIVERS

- **Direct access to the railway via a on-site cargo terminal** and an on-site customs facilities (inland port)
- **Strategically connected to the Port of Manzanillo**, the key entry point for imports incoming from China and rest of Asia
- High efficiency through strong access to **skilled labor and education**
- Railway terminal substantially **reduces freight and logistic costs**
- 4<sup>th</sup> national manufacturing state by its number of assembly companies in the area
- 2<sup>nd</sup> national state for logistics and transportation by its number of storage and service companies
- Its location and connectivity make the industrial park particularly attractive to firms in the following industries: **auto-parts, electronics, metals, plastics and chemicals**

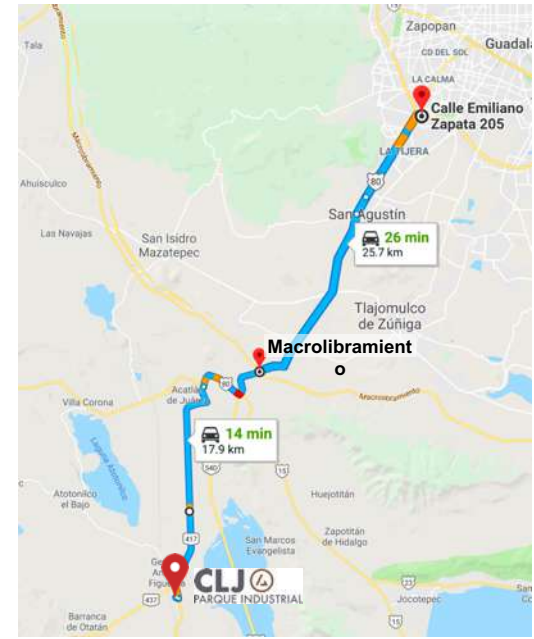
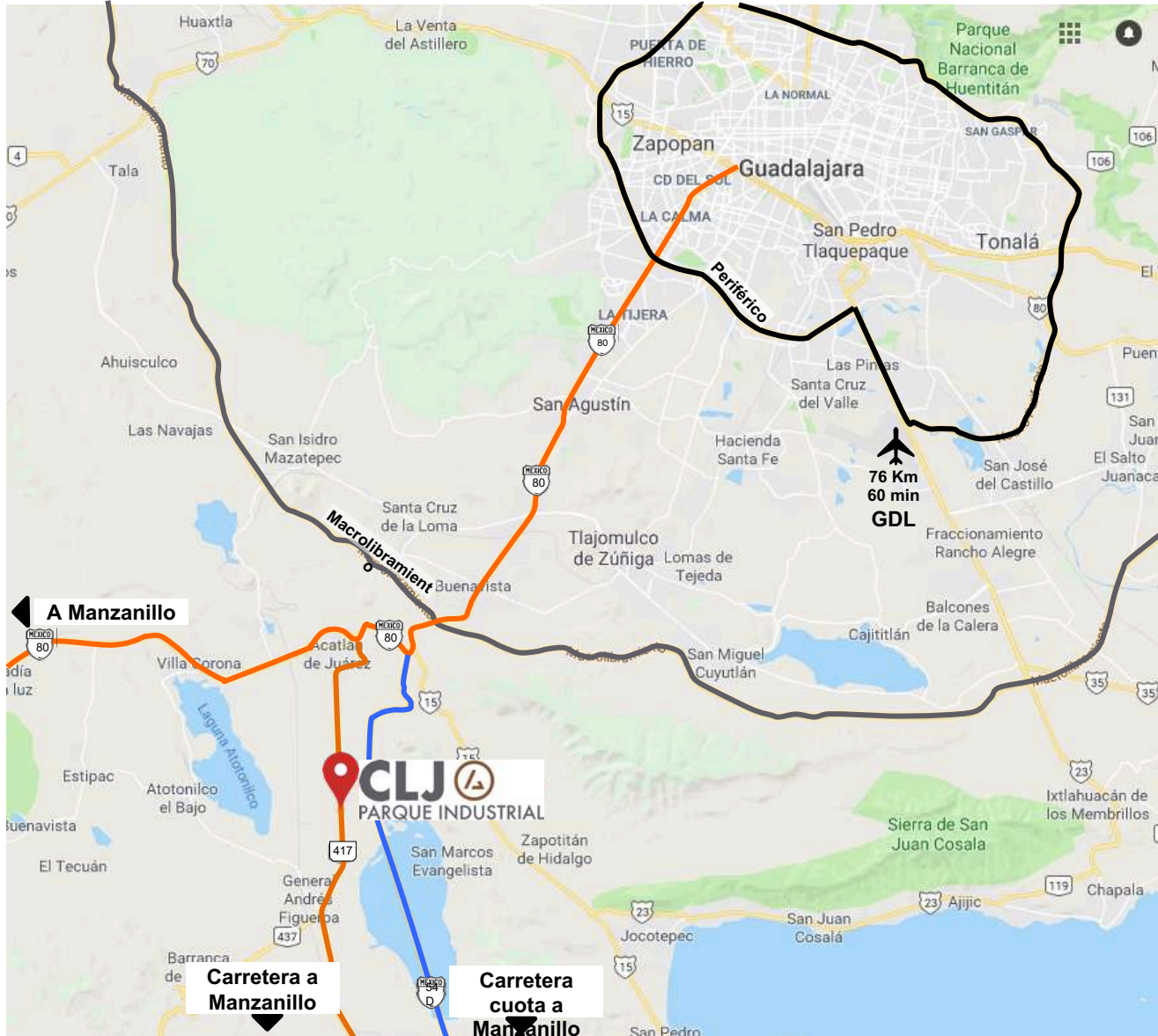
## INFRASTRUCTURE IN PLACE






-  **World class industrial park master plan**
-  **Private property with permits and licenses in place for industrial use**
-  **Connectivity: Entrance to main railway networks and highways, with proximity to Manzanillo port (Pacific's most important port)**
-  **Infrastructure:**
  - ✓ Electric Substation of 30-60 MVAs, medium tension line of 23 KV, high voltage network of 115 KV
  - ✓ Water: 2 extraction grounds with capacity of 120 lps
  - ✓ Natural Gas: CNG available
-  **Access control with security 24/7**

## MASTER PLAN







-  From Centro Logístico Jalisco to:
  - ✓ Macrolibramiento - 19 km / 15 min
  - ✓ Periferico connection- 45 km / 39 min
  - ✓ Access to both freeway and tollway to/from Guadalajara and Manzanillo
-  Direct access to railroad
-  Proximity to Manzanillo Port
-  Suitable for users with high energy and water consumption requirements
-  Park main vocation:
  - ✓ Distribution and logistics
  - ✓ Food & beverage industry









# LOGISTIK

INDUSTRIAL PARK

## PROJECT OVERVIEW

Available Area	15 ha
Area for end user sales	0 ha
Area for income producing development	15 ha (GLA: 75,000 sqm)

- **Location:** San Luis Potosi
- **Competition:** WTC

Key Clients:



30% of the total sellable land (Automotive)



General Motors (Automotive)



Construction machinery & mining equipment manufacturer

## DEMAND DRIVERS

- **High scarcity value**
- Interconnected to the US and other Mexican cities through the **Kansas City Southern Rail network, NAFTA Highway 57, Highway 80** (Guadalajara-Aguascalientes) and **Highway 37** (Silao)
- Centrally exposed to the **automotive boom with BMW as an key client**
- Expected to attract significant investment
- Located in **one of the fastest growing manufacturing states** of Mexico
- Its location and connectivity make the industrial park particularly attractive to firms in the following industries: **auto-parts, electrical appliances, machinery, metal products, logistics and warehousing**

## INFRASTRUCTURE IN PLACE



**World class industrial park master plan**



**Private property with permits and licenses in place for industrial use**



**Connectivity: Close entrance to Federal Highway 80 and Nafta 57, backbone of the road network in Mexico**



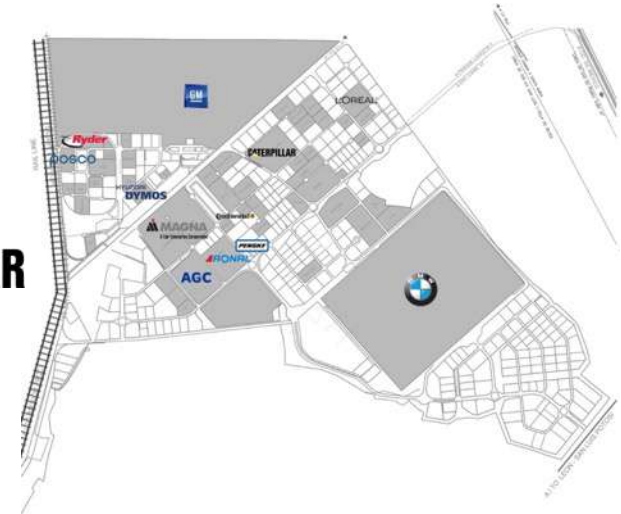
Infrastructure:

- ✓ Electric Substation of 50 MVAs, medium tension line of 23 KV, high voltage network of 115 KV
- ✓ Water: extraction ground with capacity of 50 lps,
- ✓ Natural Gas

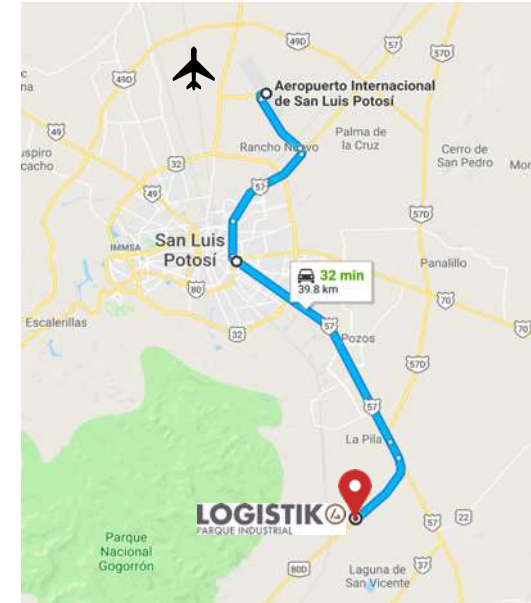
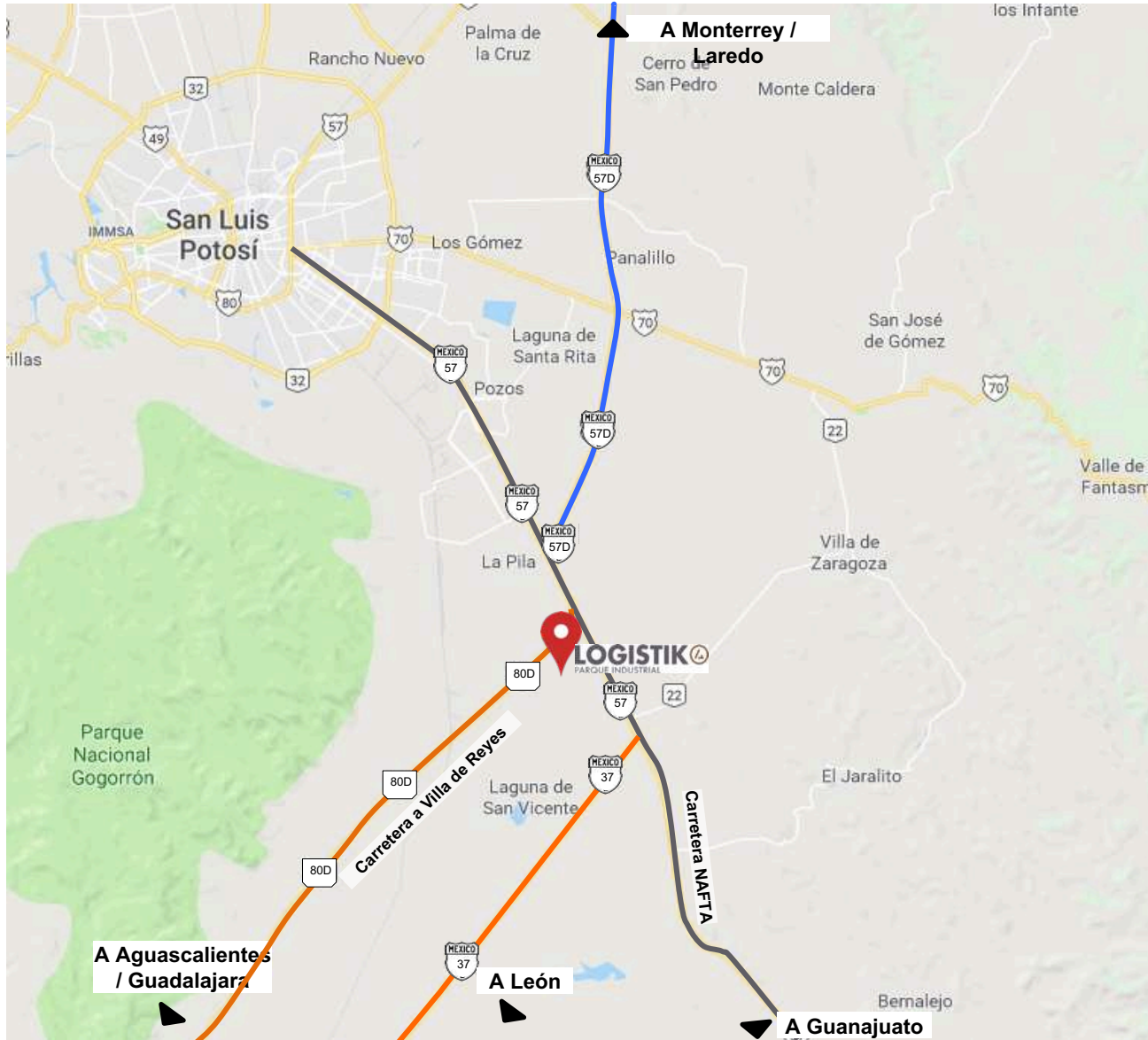


Access control with security 24/7

## MASTER PLAN







-  From LOGISTIK to:
  - ✓ San Luis Potosí - 18 km / 30 min
  - ✓ SL International Airport- 37 km / 47 min
  - ✓ Access to NAFTA freeway
  - ✓ Access to highway 37 Leon-Silao
  
-  Direct access to railroad
  
-  Park main vocation:
  - ✓ Automotive industry
  - ✓ Light and medium manufacturing
  - ✓ Distribution and logistics



# FRONTIER

## INDUSTRIAL & LOGISTICS REAL ESTATE

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# FRONTIER

INDUSTRIAL & LOGISTICS REAL ESTATE

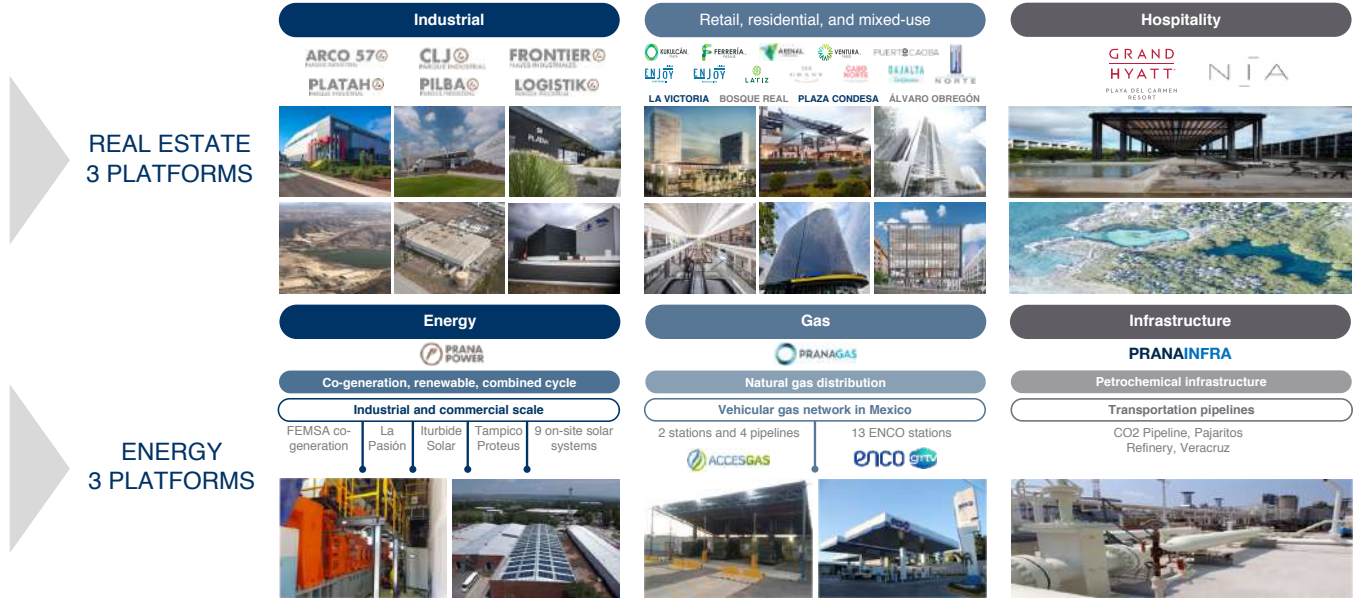


Investment Opportunity  
Income Producing Industrial Platform

## ARTHA CAPITAL: Best-in-class local PE partner with proven track record

Established in 2010, **Artha Capital** is a private equity and asset management firm committed to provide investors with a **broad range of real investment products** to meet the varying investing needs and risk profiles of both institutional and retail investors.

Artha Capital's range of alternative investments is managed by **dedicated specialists in their respective asset classes** and underpinned by an infrastructure that combines strong operations, stringent corporate governance and a successful track record.

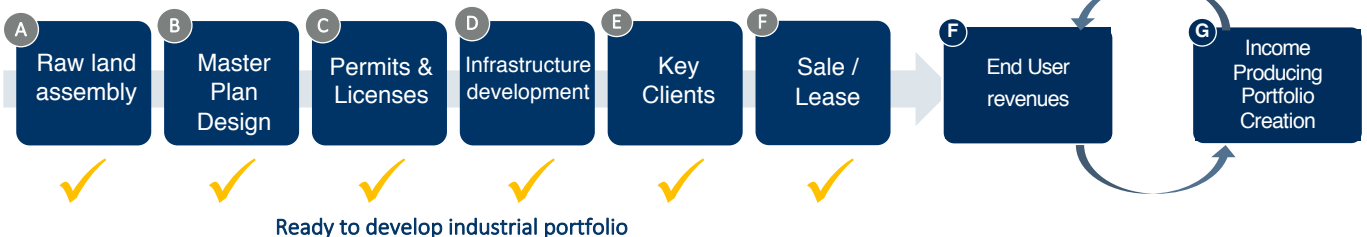


## FRONTIER: INDUSTRIAL OPPORTUNITY OVERVIEW

- Unique **“plug and play”** opportunity to access five prime industrial projects located in Mexico’s largest and most important industrial corridors. Frontier is currently the gatekeeper to a **sizable industrial income producing platform** through which a potential investor(s) can become one of the leading industrial real estate players in Mexico.
- **World class industrial platform** in attractive locations and scale are not available in Mexico; moreover, inventory of master plan industrial projects and class A buildings is also limited, hence the only alternative to own a prime industrial portfolio in Mexico is through development.
- Frontier, sponsored by Artha Capital is seeking to raise **US\$368mm from selected investor(s)**; US\$329mm would be used to fund the acquisition of an industrial Master Plan Portfolio and US\$39 mm would be used as working capital to develop the initial phase of an industrial income producing portfolio.

Five prime industrial projects with high entry barriers

Plug & Play Opportunity



## WHO IS FRONTIER

CAPITAL  
ALLOCATOR

Capital allocation process that follows a strict investment thesis to accomplish a predetermined business model of portfolio growth

VALUE-ADD  
ACQUISITIONS

Acquisition of value-add properties combined with the development component generates attractive returns with controlled risk

INDUSTRIAL  
DEVELOPER

Proven developer of industrial parks, inventory and Build-to-Suit buildings in Mexico's top industrial and logistics market, driven by customer demand

ASSET  
MANAGER

Wide experience in asset management to maximize a property's value through market research, data analysis and revenue forecasting

## WHY FRONTIER



Frontier is an **institutional industrial & logistics developer and asset manager** sponsored by Artha Capital



**Expertise** in deal origination, underwriting, deal structuring, development plans, and monetization strategies



Long term platform with **high quality assets** with **scale** to generate attractive value to investors



Extensive **network** of industry relationships to continually pursue a steady flow of **differentiated opportunities**








Insights to **anticipate** industrial and logistics sectors **future market trends**



Focus on **logistics and manufacturing sectors** in low vacancy premium markets



## PORTFOLIO SUMMARY: Unique scale and location

	<b>ARCO 57</b> PARQUE INDUSTRIAL	<b>PLATAH</b> PARQUE INDUSTRIAL	<b>PILBA</b> PARQUE INDUSTRIAL	<b>CLJ</b> PARQUE INDUSTRIAL	<b>LOGISTIK</b> PARQUE INDUSTRIAL	Total	
Sellable area <sup>(1)</sup>	520 ha. (100%)	385 ha. (100%)	317 ha. (100%)	819 ha. (100%)	992 ha. (100%)	3,032 ha.	
Sold area	204 ha. (39%)	57 ha. (15%)	155 ha. (49%)	372 ha. (35%)	992 ha. (100%)	1,779 ha. (58%)	
Key Clients	 177 ha. (34%)	 11 ha. (3%)	 121 ha. (38%)	 18 ha. (2%)	 300 ha. (30%)		
Transaction perimeter	Sellable area <sup>(2)</sup>	316ha. (61%)	329 ha. (85%)	161 ha. (51%)	447 ha. (55%)	15 ha. (2%)	1,268 ha. (42%)
	Sale to end users	251 ha	264 ha	96 ha	412 ha	0 ha	1,023 ha
	Building development	65 ha	65 ha	65 ha	35 ha	15 ha	245 ha
	Leasable area	325k m <sup>2</sup>	325k m <sup>2</sup>	325k m <sup>2</sup>	175k m <sup>2</sup>	75k m <sup>2</sup>	1,225,000 m <sup>2</sup>

(1) The total area is 3,984 ha of which 3,032 ha are sellable

Arco 57

Platah

Pilba

CLJ

Logistik



## LOCATION – Five unique master plan industrial projects in Mexico’s key industrial corridors

### “Industrial triangle”

- 27 auto assembly plants
- 70% of Mexico’s commerce
- 60% of Mexico’s population
- 75% of Mexico’s GDP
- 80% of US\$800bn Mexican consumer market
- Direct access to US\$18tn US market
- Access to Asia and Europe through main ports

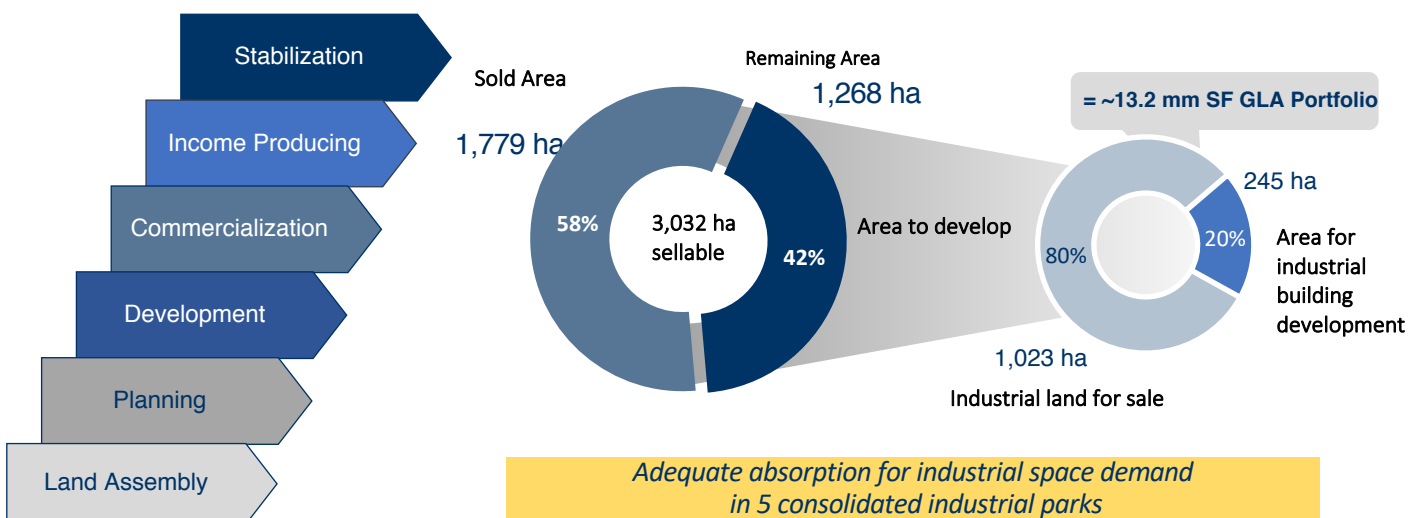


### CLIENTS



## “PLUG & PLAY” OPPORTUNITY: World-class industrial platform in Mexico

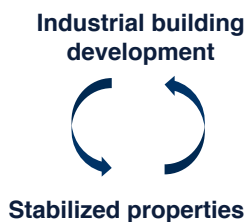
- The five prime industrial projects located strategically in the Central and Bajío regions of México, of which 58% (1,779 sellable ha) has already been sold to a broad range of local and international high-quality end-users, 1,268 remaining ha
- Attractive opportunity in the industrial real estate sector, to maximize value creation through two main business units:
  - ✓ **Industrial building development for lease:** 245 ha will be used to generate **+13.2 mm SF leasable area** Portfolio with a potential **NOI of US\$ 67.5 mm**
  - ✓ **Industrial land sales to end-users:** **1,023ha** with cumulative sales of **US\$ 538 mm**.
- High barriers of entry driven by time requirements to assemble and scarcity of prime land: New entrants would require 5+ years to configure a similar portfolio of strategic land reserves



## INDUSTRIAL PLATFORM STRATEGY: Value creation and attractive risk-adjusted returns

### Access to ready-to-develop land

Maximize industrial parks potential value through industrial building for lease development portfolio and land sales to end-users based on the market absorption in each location



### Build-to-Suit & Inventory

Strategic development of build-to-suit in current negotiations and future opportunities; as well as inventory buildings in strategic, key and dynamic markets to capitalize opportunities of the industrial and logistic markets in Mexico

**Markets**

- 1 CDMX
- 2 Toluca
- 3 Bajío
- 4 Tijuana
- 5 Monterrey

### Strategic Acquisitions

Strategic value add transactions of portfolios and/or sale & lease back acquisitions to generate value and diversify the industrial platform's risk, with attractive returns.

Cashflow generation

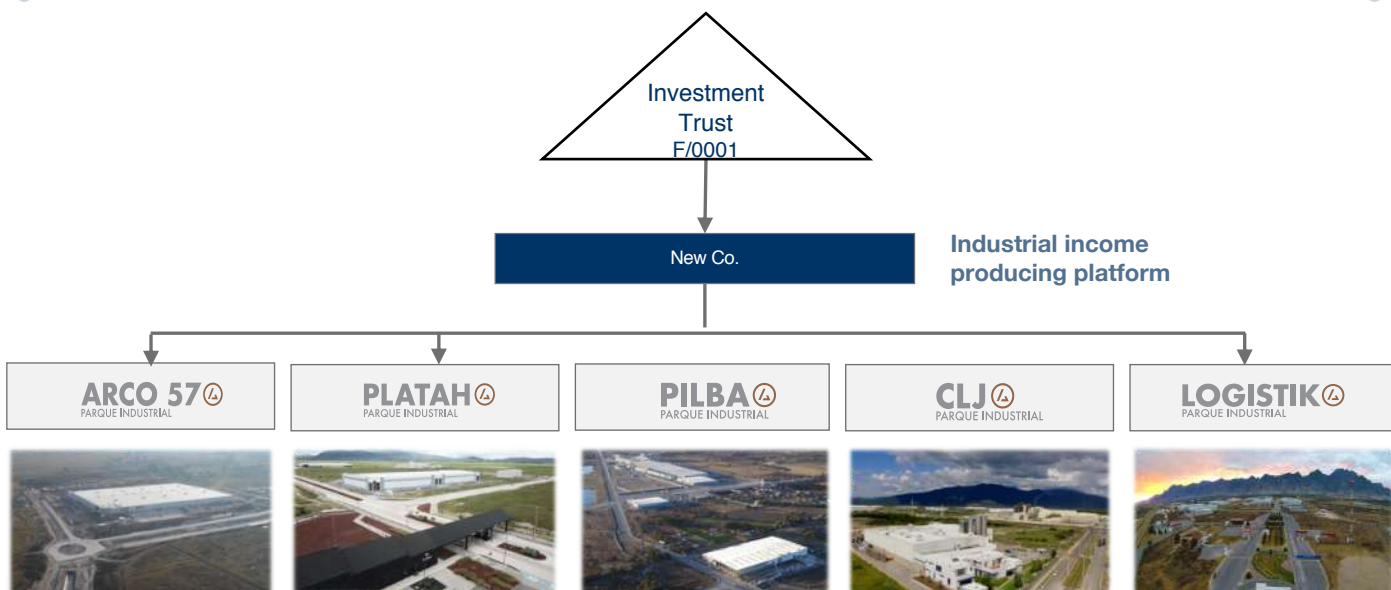
Controlled Risk

## INDICATIVE TERMSHEET

FRONTIER, SPONSORED BY ARTHA CAPITAL IS WILLING TO RAISE EQUITY TO MAXIMIZE VALUE IN A **UNIQUE PORTFOLIO** IN FIVE PRIME INDUSTRIAL PROJECTS IN MEXICO'S LARGEST AND MOST IMPORTANT INDUSTRIAL CORRIDORS

<b>Opportunity</b>	<ul style="list-style-type: none"> <li>“Plug and Play” Opportunity comprised of the acquisition of an industrial portfolio for the development of an income producing industrial platform</li> </ul>
<b>Equity Required</b>	<ul style="list-style-type: none"> <li>US\$ 368 mm</li> </ul>
<b>Uses</b>	<ul style="list-style-type: none"> <li>US\$ 329mm for strategic industrial portfolio acquisition                             <ol style="list-style-type: none"> <li>1) ARCO 57, Estado de México</li> <li>2) PLATAH, Hidalgo</li> <li>3) PILBA, Guanajuato</li> <li>4) CLJ, Jalisco</li> <li>5) LOGISTIK, San Luis Potosí</li> </ol> </li> <li>US\$ 39mm as working capital for the initial phase of the development of 1.2mm sqm Income producing industrial building Class A Portfolio</li> </ul>
<b>Estimated EBITDA</b>	<ul style="list-style-type: none"> <li>US\$ 60mm in 6-8 years</li> </ul>
<b>Target Leverage</b>	<ul style="list-style-type: none"> <li>[50-60]% Loan-to-Cost</li> </ul>
<b>Target</b>	<ul style="list-style-type: none"> <li>Consolidate an industrial platform of scale in the following 6 - 8 years through 4 world-class industrial parks, offering <b>risk adjusted returns</b> for investors</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>IRR [16-18]% USD 6 years, EM 2.1x</li> </ul>

## PRELIMINARY STRUCTURE



Development of industrial buildings for lease & industrial land provided with infrastructure for sale



## KEY CONTACT DETAILS

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# FRONTIER

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