LatAm Logistic Properties Announces Second Quarter 2021 Earnings Release

SAN JOSÉ, Costa Rica (July 30, 2021) – LatAm Logistic Properties, S.A. ("LLP"), the leading developer, owner, and operator of modern sustainable logistic real estate in the Andean region and Central America, today reported results for the second quarter of 2021. All figures included herein are stated in U.S. dollars, unless otherwise noted.

"We have exceeded expectations and delivered 97 percent of our 2021 business plan of 135,000 square meters of new leased area during the first half of the year. We signed around 51,300 square meters of new leases and have close to 74,100 square meters of acquisitions under due diligence, for a total leased portfolio of 430,800 square meters once the acquisitions are closed during the second half of the year," commented Mike Fangman, Founder and CEO, LatAm Logistic Properties.

HIGHLIGHTS FROM THE QUARTER

- Rental revenues increased 37.3 percent when compared with the same period of last year
- Net operating income increased 46.7 percent when compared with the same period of last year
- Operating portfolio period-end occupancy remained elevated at 98.3 percent
- Signed U.S. dollar denominated leases totaled 79.8 percent of all the contracted leases
- Leased net rentable area totaled 356,727 square meters, an increase of 53.9 percent when compared to 2Q 2020

Net earnings attributable to shareholders was US$5.3 million or US$0.0313 per share for the second quarter compared with US$0.6 million or US$0.0034 per share for the same period in 2020.

In the second quarter of 2021, and following market best practices, LatAm Logistic Properties started third-party appraisal cycles every six months and recognized a non-cash gain on valuation of investment properties of US$13.7 million (US$7.6 million net of deferred taxes), primarily driven by development starts, pre-leasing activity, and accretive building acquisitions closed in the last twelve months.

Adjusted EBITDA was US$4.4 million or US$0.0260 per share for the second quarter compared with US$3.3 million or US$0.0197 per share for the same period in 2020.

Funds from operations (FFO), as calculated by LLP, was US$2.0 million or US$0.0119 per share for the quarter compared with US$1.6 million or US$0.0096 per share for the same period in 2020.

"Our strong and solid financial and operational performance in the second quarter and first half of the year reflects the quality and resiliency of our regional portfolio, executable business plan, deep customer relationships and strong performance by the team," said Mike Fangman, Founder and CEO, LatAm Logistic Properties. "In this current atmosphere of pandemic recovery and economic reopening, market conditions remain favorable with a robust and diverse demand for logistics space, fueled by the increase in the adoption of e-commerce, while construction of new modern warehouse spaces was mostly muted. Vacancies in class-A warehouses in our markets are at all-time lows, contributing to a strong pre-leased activity in our development projects."

OPERATING RESULTS

Owned and Managed Portfolio	2Q 2021	2Q 2020	Notes
Net rentable area (SM)	400,116	304,908	32% Colombia, 23% Peru, 45% Costa Rica
Number of buildings	26	19	
Leased area (SM)	356,727	231,828	28% Colombia, 26% Peru, 46% Costa Rica
Period-end leased %	89.2%	76.0%	Includes development portfolio
New lease commenced (SM)	44,139	17,561	Excludes short-term leases

Signed U.S dollar denominated leases	79.8%	83.4%	Based on annualized net effective rent
Number of clients	36	22	
Weighted avg net effective rent (NER) rate	US$6.46	US$6.48	Signed lease contracts
Quarter to date:			
Rental revenues	US$6.2M	US$4.5M	
U.S. dollar denominated rental revenues	82.6%	88.8%	
Net operating income (NOI)	US$5.6M	US$3.8M	21% Colombia, 18% Perú, 61% Costa Rica
Net operating margin	90.2%	84.4%	% of rental revenue
Trailing twelve months:			
Rental revenues	US$21.4M	US$15.9M	
U.S. dollar denominated rental revenues	84.3%	90.4%	
Net operating income (NOI)	US$18.5M	US$14.0M	
Net operating margin	86.4%	88.1%	% of rental revenue

Operating Portfolio	**2Q 2021**	**2Q 2020**	**Notes**
Net rentable area (SM)	267,437	173,321	28% Colombia, 17% Perú, 55% Costa Rica
Number of buildings	19	13	
Period-end occupancy %	98.3%	98.2%	Colombia and Peru at 100% occupancy

Development Portfolio	**2Q 2021**	**2Q 2020**	**Notes**
Net rentable area (SM)	132,679	131,542	39% Colombia, 37% Perú, 24% Costa Rica
Number of buildings	7	6	
Leased net rentable area (SM)	93,845	61,566	55% pre-lease activity during 2Q 2021, led by pre-lease contract of 31,200 SM with Alicorp in Perú
Period-end leased %	70.7%	46.8%	

BALANCE SHEET AND LIQUIDITY

During the second quarter, LatAm Logistic Properties closed US$15.0 million of short-term secured bridge loan facility to fund immediate growth in anticipation of the company's initial public equity offering. The secured bridge loan bears a cash interest rate of 5.85 percent and expires in June 2022. In addition, LLP borrowed US$6.0M from its previously arranged secured debt facilities to fund the development in Colombia.

	2Q 2021	**1Q 2021**	**Notes**
Debt at par	US$166.4M	US$146.6M	
Unrestricted cash	US$ 30.6M	US$ 13.6M	Excludes cash in unlevered SPVs
Net debt at par	US$135.8M	US$133.0M	
Adjusted EBITDA	US$ 4.4M	US$ 3.9M	
Adjusted EBITDA, annualized	US$ 17.5M	US$ 15.4M	
Adjusted EBITDA margin	69.2%	64.5%	% of total revenues
Weighted avg. cash interest rate	5.8%	5.8%	
Weighted avg. net effective interest rate	6.2%	6.1%	Includes debt issuance closing costs
Weighted avg. remaining maturity in years	11.1	12.3	

Net debt as a % of investment properties at fair market value (Loan-to-Value)	34.5%	36.2%	
Net debt as a % of investment properties at historical cost (Loan-to-Cost)	47.2%	48.2%	
Debt service coverage ratio (DSCR)	1.2x	1.1x	
Net debt to adjusted EBITDA, annualized, ratio	7.8x	8.6x	

ABOUT LATAM LOGISTIC PROPERTIES

LatAm Logistic Properties, S.A. is a leading developer, owner, and operator of modern sustainable logistic real estate in high-growth and high barrier to entry markets in the Andean region and Central America. The Company's customers are multinational and regional e-commerce retailers, third-party logistic operators, business-to-business distributors, and retail distribution companies. Our strong customer relationships and insight into the markets will enable future growth through development and acquisition of high-quality, strategically located facilities in target markets. As of June 30, 2021, LatAm Logistic Properties was comprised of an operating and development portfolio of twenty-six logistic facilities in Colombia, Peru and Costa Rica totaling 400,116 square meters of gross leasable area.

NOTES AND DEFINITIONS

Adjusted EBITDA - LLP use Adjusted EBITDA, a non-IFRS financial measure, as a measure of our operating performance. The most directly comparable IFRS measure to Adjusted EBITDA is net income (loss).

LLP calculate Adjusted EBITDA beginning with net income (loss) and removing the effect of:

i. financing cost, including interest expenses, commitment fees and deferred financing costs,
ii. gains or losses on early extinguishment of debt
iii. current and deferred income taxes,
iv. depreciation and amortization,
v. non-cash amortization expense,
vi. transaction costs incurred in closing the acquisition of stabilized investment properties
vii. gains or losses from the disposition of investments in real estate (excluding development properties and land),
viii. gains or losses from mark-to-market adjustments to investment properties,
ix. unrealized gains or losses on foreign currency and derivatives

LLP also include a pro-forma adjustment to reflect a full period of NOI on the properties LLP acquire or lease commenced during the quarter and to remove NOI on properties LLP dispose of during the quarter, assuming all transactions occurred at the beginning of the quarter.

LLP believes Adjusted EBITDA provides investors relevant and useful information because it permits investors to view LLP operating performance, analyze LLP ability to meet debt service payment obligations and make distributions on an unleveraged basis before the effects of income tax, non-cash amortization expense, gains and losses on the disposition of investments in real estate, unrealized gains or losses from mark-to-market adjustments to investment properties, capital raising cost, investment properties transaction costs and revaluation from other non-functional currencies into LLP functional currency, the U.S. dollar, and other items (outlined above), that affect comparability. While all items are not infrequent or unusual in nature, these items may result from market fluctuations that can have inconsistent effects on LLP results of operations. The economics underlying these items reflect market and financing conditions in the short-term but can obscure LLP performance and the value of LLP long-term investment decisions and strategies.

While LLP believes Adjusted EBITDA is an important measure, it should not be used alone because it excludes significant components of LLP's net income (loss), such as LLP historical cash expenditures or future cash requirements for working capital, capital expenditures, distribution requirements, contractual commitments or interest and principal payments on LLP outstanding debt and is therefore limited as an analytical tool.

LLP computation of Adjusted EBITDA may not be comparable to EBITDA reported by other companies in both the real estate industry and other industries. LLP compensate for the limitations of Adjusted EBITDA by providing investors with financial statements prepared according to IFRS, along with this detailed discussion of Adjusted EBITDA and a reconciliation to Adjusted EBITDA from net income (loss).

Development Portfolio - includes logistic properties, yards and parking lots that are under development and logistic properties that are developed but have not met Stabilization.
Funds from Operations (FFO), as calculated by LLP - FFO is a non-IFRS financial measure that is commonly used in the real estate industry. The most directly comparable IFRS measure to FFO is net income or loss. FFO is conceptualized as a supplementary financial metric, in addition to those the accounting itself provides. It is in the use of the overall set of metrics, and not in substitution of one over the other, that LLP considers greater clarity and understanding is achieved in assessing the organic performance of real estate entities managing investment property activities. For the same reason, attempting to compare the operational performance of different real estate entities through any one single metric would be insufficient. LLP considers that achieving FFO calculations is to facilitate and improve the comprehension of results reported in the financial reports within the overall public investing community, and to facilitate comparing the organic performance of the different entities.

The specific purpose of this metric, as in other markets where the "FFO" designator is used is with respect to the profitability derived from management of investment properties in a broad organic frame of performance. The term "investment properties" is used in the sense International Financial Reporting Standards, "IFRS" uses it, that is, real estate that is developed and operated with the intention of earning a return on the investment either through rental income activities, the future resale of the property, or both. This term is used herein to distinguish it from real estate entities that develop, acquire, and sell properties mainly to generate transactional profit in the activity of development/purchase and sale. The FFO metric is not intended to address the organic performance of these type of entities.

Management uses FFO to (i) assess LLP operating performance as compared to similar real estate companies and the industry in general, (ii) evaluate the performance of LLP properties in comparison with expected results and results of previous periods, relative to resource allocation decisions; (iii) evaluate the performance of LLP management; (iv) budget and forecast future results to assist in the allocation of resources; (v) provide guidance to the financial markets to understand LLP expected operating performance; and (vi) evaluate how a specific potential investment will impact LLP future results.

To arrive at FFO as calculated by LLP, the Company begin with net income and adjust to exclude:

i. mark-to-market adjustments for the valuation of investment properties and deferred taxes that may result from the valuation of investment properties;
ii. foreign currency exchange gains and losses from the remeasurement (based on current foreign currency exchange rates) of assets and liabilities not denominated in U.S dollars;
iii. gains or losses from the early extinguishment of debt;
iv. unrealized gains or losses on exchange rate forwards;
v. gains or losses from the sale of real estate assets;
vi. income tax expense related to the sale of real estate assets;
vii. costs related to capital raising efforts;
viii. amortization of any financial costs associated with debt (deferred financing costs and debt premium) and;
ix. non-capitalized costs related to the closing of acquisition of stabilized investment properties.

Net Effective Rent - is calculated at the beginning of the lease using estimated total cash rent to be received over the term and . Amounts derived in a currency other than the U.S. dollar have been translated using the average rate from the previous twelve months. The per square meter number is calculated by dividing the monthly Net Effective Rent by the occupied square meter of the lease.

Net Operating Income ("NOI") - is a non-IFRS financial measure used to evaluate the operating performance and represents rental income less rental expenses.

Operating Portfolio - represents logistic properties in the owned and managed portfolio that have reached Stabilization. Assets held for sale are excluded from the portfolio.

Owned and Managed Portfolio - represents the consolidated properties and properties owned by our co-investment ventures, which LLP manage. These properties are part of the operating portfolio and the development portfolio.

Stabilization - is defined as the earlier of when a property that was developed has been completed for one year or is 90 percent occupied. Upon Stabilization, a property is moved into the Operating Portfolio.

FORWARD-LOOKING STATEMENTS

Information contained herein contains "forward looking statements". Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical facts and may be "forward looking statements". Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements may be identified through the use of words such as "expects", "will", "anticipates", "estimates", "believes", or by statements indicating certain actions "may", "could", "should" or "might" occur.

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