

## THIRD QUARTER 2019 EARNINGS REPORT

Mexico City, October 24, 2019 – Terrafina® (“TERRA” or “the Company”) (BMV: TERRA13), a leading Mexican industrial real estate investment trust (“FIBRA”), externally advised by PGIM Real Estate and dedicated to the acquisition, development, leasing and management of industrial real estate properties in Mexico, announced today its third quarter 2019 (3Q19) earnings results.

*The figures in this report have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Figures presented in this report are presented in millions of Mexican pesos and millions of U.S. dollars, unless otherwise stated. Additionally, figures may vary due to rounding. Terrafina’s financial results included in this report are unaudited. As a result, the mentioned figures in this financial report are preliminary figures and could be adjusted in the future.*

*This document may include forward-looking statements that may imply risks and uncertainties. Terms such as “estimate”, “project”, “plan”, “believe”, “expect”, “anticipate”, “intend”, and other similar expressions could be construed as previsions or estimates. Terrafina warns readers that declarations and estimates mentioned in this document, or realized by Terrafina’s management imply risks and uncertainties that could change in function of various factors that are out of Terrafina’s control. Future expectations reflect Terrafina’s judgment at the date of this document. Terrafina reserves the right or obligation to update the information contained in this document or derived from this document. **Past or present performance is not an indicator of future performance.***

### Operating and Financial Highlights as of September 30, 2019

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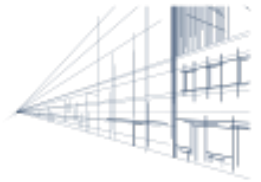
#### Operating

- **As of September 30, 2019, the occupancy rate was 96.3%, a 110 basis point increase compared to the third quarter of 2018 (3Q18).**
- **Annualized average leasing rate per square foot was US\$5.18 in 3Q19, a 1.0% or US\$0.05 increase compared to 3Q18.**
- **Terrafina reported a total of 41.8 million square feet (msf) of Gross Leasable Area (GLA) comprised of 289 properties and 294 tenants.**
- **3Q19 leasing activity totaled 1.5 msf, of which 37.6% corresponded to new leases, 37.8% to lease renewals and 24.6% to early renewals. Leasing activity was concentrated in the Chihuahua, Ramos Arizpe, Monterrey, Guadalajara, Ciudad Juarez, Arteaga, Cuautitlan Izcalli, Silao, San Luis Potosi, Irapuato, Tijuana and Toluca markets.**

#### Contacts:

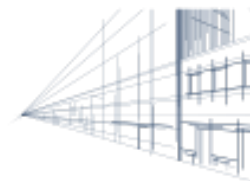
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## Financial

- 3Q19 rental revenues reached US\$48.7 million, a 1.3% or US\$0.6 million increase compared to 3Q18.
- 3Q19 Net Operating Income (NOI) was US\$49.2 million, a 2.3% or US\$1.1 million increase compared to 3Q18. NOI margin reached 94.3%, a 28 basis point increase compared to 3Q18.
- 3Q19 EBITDA reached US\$44.2 million, an increase of 2.1% or US\$0.9 million compared to 3Q18. The EBITDA margin for 3Q19 was 84.8%, a 11 basis point increase compared to 3Q18.
- 3Q19 adjusted funds for operations (AFFO) reached US\$28.3 million, a decrease of 2.7% or US\$0.8 million compared to 3Q18. The AFFO margin for 3Q19 was 53.9%, a 271 basis point decrease compared to 3Q18.
- 3Q19 distributions totaled US\$28.3 million. As a result, Terrafina will distribute Ps.0.6969 per CBFi (US\$0.0359 per CBFi) for distributions corresponding to the period from July 1 to September 30, 2019.
- 3Q19 dividend yield for the quarter was 9.5% considering the average share price for the quarter of US\$1.51 (Ps.29.34).



## Operating and Financial Highlights

<b>Operating</b>	<b>Sep19</b>	<b>Sep18</b>	<b>Var.</b>			
Number of Developed Properties	289	287	2			
Gross Leasable Area (GLA) (msf) <sup>1</sup>	41.8	41.0	0.8			
Land Reserves (msf)	5.66	6.06	-0.40			
Occupancy Rate <sup>2</sup>	96.3%	95.2%	110 bps			
Avg. Leasing Rent / Square Foot (dollars)	5.18	5.13	0.05			
Weighted Average Remaining Lease Term (years)	3.48	3.42	0.06			
Renewal Rate <sup>3</sup>	94.6%	95.8%	-117 bps			

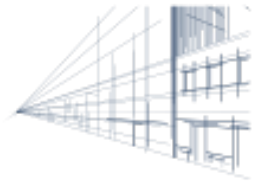
<b>Quarterly Financial</b>	<b>3Q19</b>	<b>3Q18</b>	<b>Var.</b>		<b>3Q19</b>	<b>3Q18</b>	<b>Var.</b>
				fx	19.4256	18.9859	
	(millions of pesos unless otherwise stated)				(millions of dollars unless otherwise stated)		
Rental Revenues	945.8	912.0	3.7%		48.7	48.0	1.3%
Other Operating Income	71.0	55.8	27.4%		3.7	2.9	25.1%
Net Revenues	1,022.0	973.5	5.0%		52.6	51.3	2.6%
Net Operating Income (NOI)*	955.6	913.3	4.6%		49.2	48.1	2.3%
NOI Margin	94.3%	94.0%	28 bps		94.3%	94.0%	28 bps
EBITDA*	858.8	822.1	4.5%		44.2	43.3	2.1%
EBITDA Margin	84.8%	84.6%	11 bps		84.8%	84.6%	11 bps
Funds from Operations (FFO)*	614.6	592.4	3.7%		31.6	31.2	1.4%
FFO Margin	60.7%	61.0%	-34 bps		60.7%	61.0%	-34 bps
Adjusted Funds from Operations (AFFO)*	551.0	553.1	-0.4%		28.3	29.1	-2.7%
AFFO Margin	53.9%	56.6%	-271 bps		53.9%	56.6%	-271 bps
Distributions	551.0	553.1	-0.4%		28.3	29.1	-2.7%
Distributions per CBF1	0.6969	0.6993	-0.3%		0.0359	0.0368	-2.7%

<b>Balance Sheet</b>	<b>Sep19</b>	<b>Jun19</b>	<b>Var.</b>		<b>Sep19</b>	<b>Jun19</b>	<b>Var.</b>
				fx	19.6363	19.1685	
	(millions of pesos unless otherwise stated)				(millions of dollars unless otherwise stated)		
Cash & Cash Equivalents	1,274.2	1,126.8	13.1%		64.9	58.8	10.4%
Investment Properties	47,598.2	44,728.3	6.4%		2,424.0	2,333.4	3.9%
Land Reserves	986.0	958.8	2.8%		50.2	50.0	0.4%
Total Debt	20,472.3	19,428.1	5.4%		1,042.6	1,013.5	2.9%
Net Debt	19,198.1	18,301.3	4.9%		977.7	954.8	2.4%

Figures in dollars in the Income Statement were converted into pesos using the average exchange rate for the period. (1) Millions of square feet. (2) Occupancy at the end of the period. (3) Indicates the lease renewal rate of the leases of the period, includes early renewals. (4) Excluding accrued income as it is a non-cash item. (5) Earnings before interest, taxes, depreciation and amortization. (6) Certificados Bursátiles Fiduciarios Inmobiliarios - Real Estate Investment Certificates. (\*) Revenues and expenses have been adjusted for the calculation of the above mentioned metrics. Figures in dollars in the Balance Sheet were converted using the closing exchange rate of the period. Please refer to the "3Q19 Financial Performance" and "Appendices" section available in this document.

Source: PGIM Real Estate – Asset Management and Fund Accounting



## Comment by Alberto Chretin, Chief Executive Officer and Chairman of the Board

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The operational and financial results for the third quarter of 2019 once again demonstrated the strength of our tenants' operations. The importance of manufacturing for export activity continues to be a crucial component for growth in the real estate industrial sector. Leasing activity of 1.5 million square feet was a highlight for the quarter. In the last nine months, Terrafina closed more than 5.3 million square feet in leasing contracts or 12.7% of its Gross Leasable Area. Most of the leasing activity occurred in the Northern region with one million square feet (Chihuahua, Ramos Arizpe, Monterrey, Ciudad Juarez, Arteaga y Tijuana), followed by the Bajío region with 376,000 square feet (Guadalajara, Silao, San Luis Potosi and Irapuato) and the Central region with 130,000 square feet (Cuautitlan and Toluca). These leasing activities were divided as follows: renewals accounted for 37.8% , 24.6% of early renewals and 37.6% of new contracts with a weighted average maturity of 5.4 years.

Terrafina's occupancy level for the third quarter of 2019 reached 96.3%, an 80 basis points increase compared to second quarter 2019, as well as a 110 basis points increase compared to same quarter last year. Moreover portfolio occupancy by region increased compared to last quarter, with the main improvement being in the Northern region by a 67 basis points increase, reaching 98.5%. The leading submarket improvements were in: Tijuana, Arteaga, Ramos Arizpe and Monterrey. In the Bajío region, occupancy increased 108 basis points to 88.9%, showing improvements in the San Luis Potosi and Silao submarkets. Finally, occupancy for the Central region increased 43 basis points quarter on quarter to reach 98.0% and most of the activity occurred in the Toluca submarket.

Average annual leasing rent for the third quarter of 2019 was US\$5.18 per square foot, the same as last quarter and a US\$0.05 increase compared to the third quarter of 2018. Average rents remained stable by region, with US\$5.11 per square foot in the Northern region, US\$5.27 in the Bajío region and US\$5.36 in the Central region.

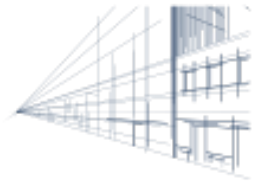
Terrafina's main financial indicators for the third quarter of 2019 show rental revenues at US\$48.7 million, Net Operating Income at US\$49.2 million with an NOI Margin of 94.3%, and US\$28.3 million in Adjusted Funds from Operations. Lastly, dividend yield for the quarter reached 9.5%, considering the average CBF price for the third quarter of 2019.

Thank you for your interest in Terrafina.

Sincerely,

A handwritten signature in black ink, appearing to read "Alberto Chretin", with a long horizontal line extending to the right.

Alberto Chretin  
Chief Executive Officer and Chairman of the Board



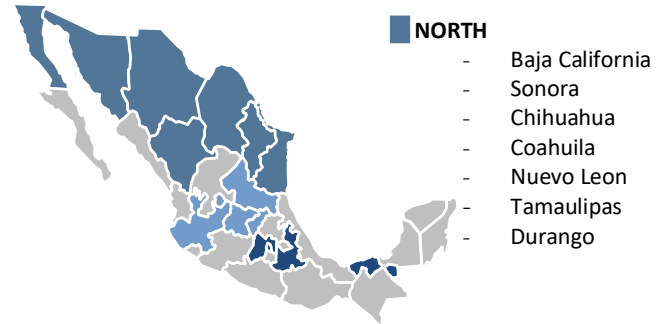
## Operating Highlights

### Highlights by Region

(as of September 30, 2019)

	North	Bajío	Central	Total
# Buildings	203	56	30	289
# Tenants	199	54	41	294
GLA (msf)	26.0	9.5	6.2	41.8
Land Reserves (msf)	2.7	0.2	2.7	5.7
Occupancy Rate	98.5%	88.9%	98.0%	96.3%
Average Leasing Rent / Square Foot (dollars)	5.11	5.27	5.36	5.18
Annualized Rental Base %	62.9%	21.4%	15.7%	100.0%

Source: PGIM Real Estate - Asset Management



#### NORTH

- Baja California
- Sonora
- Chihuahua
- Coahuila
- Nuevo Leon
- Tamaulipas
- Durango

#### BAJIO

- San Luis Potosi
- Jalisco
- Aguascalientes
- Guanajuato
- Queretaro

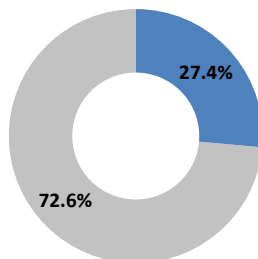
#### CENTRAL

- State of Mexico
- Mexico City
- Puebla
- Tabasco

Terrafina's 3Q19 Operations

### Composition by Asset Type as of 3Q19

(as a % of total GLA)

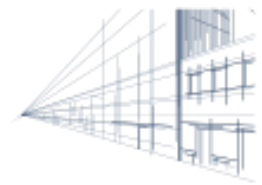


■ Distribution ■ Manufacturing

### Leasing Activity

	3Q19	3Q18	Var.
Operating Portfolio (msf):			
Renewals	0.6	1.1	-0.5
Early Renewals	0.4	1.4	-1.1
New Leases	0.6	0.2	0.4
<b>Total Square Feet of Leases Signed</b>	<b>1.5</b>	<b>2.7</b>	<b>-1.2</b>

Source: PGIM Real Estate - Asset Management



## Operating Highlights *(continued)*

### Occupancy and Rents by Region

	Occupancy Rate	Avg. Leasing Rent/ Square Foot (dollars)
<i>(As of September 30, 2019)</i>		
<b>North</b>	<b>98.5%</b>	<b>5.11</b>
Baja California	90.3%	4.59
Tijuana	90.3%	4.59
Sonora	88.5%	4.86
Hermosillo	88.5%	4.86
Chihuahua	99.2%	5.10
Camargo	100.0%	3.00
Casas Grandes	100.0%	4.28
Chihuahua	99.5%	5.49
Ciudad Juarez	99.0%	4.78
Delicias	100.0%	6.08
Gomez Farias	100.0%	3.34
Coahuila	98.0%	5.26
Arteaga	100.0%	4.44
Ciudad Acuña	100.0%	6.35
Monclova	100.0%	5.54
Ramos Arizpe	98.5%	5.15
Saltillo	91.0%	5.50
Derramadero	100.0%	6.91
San Pedro de las Colinas	89.3%	2.10
Torreon	100.0%	4.30
Nuevo Leon	99.9%	5.05
Apodaca	100.0%	5.82
Monterrey	99.9%	4.78
Tamaulipas	100.0%	4.94
Reynosa	100.0%	4.94
Durango	100.0%	4.87
Durango	100.0%	5.03
Gomez Palacio	100.0%	3.18
<b>Bajo</b>	<b>88.9%</b>	<b>5.27</b>
San Luis Potosi	83.9%	4.95
San Luis Potosi	83.9%	4.95
Jalisco	89.1%	6.97
Guadalajara	89.1%	6.97
Aguascalientes	100.0%	4.57
Aguascalientes	100.0%	4.57
Guanajuato	96.0%	4.94
Celaya	100.0%	5.39
Irapuato	93.9%	5.44
Silao	96.5%	4.68
Queretaro	85.8%	5.03
Queretaro	85.8%	5.03
<b>Central</b>	<b>98.0%</b>	<b>5.36</b>
State of Mexico	97.7%	5.54
Cuautitlan Izcalli	100.0%	5.61
Toluca	100.0%	5.36
Mexico City	100.0%	9.38
Azcapotzalco	100.0%	9.38
Puebla	100.0%	3.28
Puebla	100.0%	3.28
Tabasco	100.0%	4.29
Villahermosa	100.0%	4.29
<b>Total</b>	<b>96.3%</b>	<b>5.18</b>

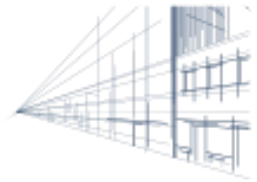
Source: PGIM Real Estate - Asset Management

### Maturities and Renewals by Region

	Consolidated			
	Maturities (number of contracts)	% of Total Maturities	Renewals (number of contracts)	% of Total Renewals
<i>(As of September 30, 2019)</i>				
<b>North</b>	<b>9</b>	<b>52.9%</b>	<b>7</b>	<b>77.8%</b>
Baja California	0	0.0%	0	0.0%
Tijuana	0	0.0%	0	0.0%
Sonora	0	0.0%	0	0.0%
Hermosillo	0	0.0%	0	0.0%
Chihuahua	6	35.3%	6	100.0%
Camargo	0	0.0%	0	0.0%
Casas Grandes	0	0.0%	0	0.0%
Chihuahua	3	17.6%	3	100.0%
Ciudad Juarez	3	17.6%	3	100.0%
Delicias	0	0.0%	0	0.0%
Gomez Farias	0	0.0%	0	0.0%
Coahuila	3	17.6%	1	33.3%
Arteaga	0	0.0%	0	0.0%
Ciudad Acuña	0	0.0%	0	0.0%
Monclova	0	0.0%	0	0.0%
Ramos Arizpe	2	11.8%	1	50.0%
Saltillo	1	5.9%	0	0.0%
Derramadero	0	0.0%	0	0.0%
San Pedro de las Colinas	0	0.0%	0	0.0%
Torreon	0	0.0%	0	0.0%
Nuevo Leon	0	0.0%	0	0.0%
Apodaca	0	0.0%	0	0.0%
Monterrey	0	0.0%	0	0.0%
Tamaulipas	0	0.0%	0	0.0%
Reynosa	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Gomez Palacio	0	0.0%	0	0.0%
<b>Bajo</b>	<b>7</b>	<b>41.2%</b>	<b>7</b>	<b>100.0%</b>
San Luis Potosi	1	5.9%	1	100.0%
San Luis Potosi	1	5.9%	1	100.0%
Jalisco	4	23.5%	4	100.0%
Guadalajara	4	23.5%	4	100.0%
Aguascalientes	0	0.0%	0	0.0%
Aguascalientes	0	0.0%	0	0.0%
Guanajuato	2	11.8%	2	100.0%
Celaya	0	0.0%	0	0.0%
Irapuato	2	11.8%	2	100.0%
Silao	0	0.0%	0	0.0%
Queretaro	0	0.0%	0	0.0%
Queretaro	0	0.0%	0	0.0%
<b>Central</b>	<b>1</b>	<b>5.9%</b>	<b>1</b>	<b>100.0%</b>
State of Mexico	1	5.9%	1	100.0%
Cuautitlan Izcalli	1	5.9%	1	100.0%
Toluca	0	0.0%	0	0.0%
Mexico City	0	0.0%	0	0.0%
Azcapotzalco	0	0.0%	0	0.0%
Puebla	0	0.0%	0	0.0%
Puebla	0	0.0%	0	0.0%
Tabasco	0	0.0%	0	0.0%
Villahermosa	0	0.0%	0	0.0%
<b>Total</b>	<b>17</b>	<b>100.0%</b>	<b>15</b>	<b>88.2%</b>

Source: PGIM Real Estate - Asset Management

\*Out of the matured leases in the quarter



## 3Q19 Operational Performance

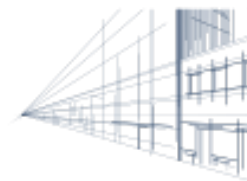
### Composition by Geographical Diversification

3Q19 geographic diversification of properties (based on GLA per square foot) was as follows: the Northern region of Mexico represented 62.3% of GLA, while the Bajío and Central regions represented 22.8% and 14.9% of GLA, respectively.

#### Geographic Distribution by Region and State

	3Q19	as a % of Total GLA 3Q19	3Q18	as a % of Total GLA 3Q18
<b>North</b>	<b>26.04</b>	<b>62.3%</b>	<b>25.66</b>	<b>62.5%</b>
Baja California	0.91	2.2%	0.91	2.2%
Tijuana	0.91	2.2%	0.91	2.2%
Sonora	0.33	0.8%	0.33	0.8%
Hermosillo	0.33	0.8%	0.33	0.8%
Chihuahua	14.54	34.8%	14.40	35.1%
Chihuahua	5.83	14.0%	5.83	14.2%
Ciudad Juarez	8.00	19.1%	7.87	19.2%
Delicias	0.52	1.2%	0.52	1.3%
Gomez Farias	0.08	0.2%	0.08	0.2%
Camargo	0.02	0.1%	0.02	0.1%
Casas Grandes	0.09	0.2%	0.09	0.2%
Coahuila	6.96	16.7%	6.84	16.7%
Arteaga	0.12	0.3%	0.24	0.6%
Ciudad Acuña	0.24	0.6%	0.24	0.6%
Monclova	0.35	0.8%	0.35	0.8%
Ramos Arizpe	4.55	10.9%	4.54	11.1%
Saltillo	0.62	1.5%	0.62	1.5%
Derramadero	0.54	1.3%	0.54	1.3%
San Pedro de las Colinas	0.15	0.4%	0.15	0.4%
Torreon	0.39	0.9%	0.39	1.0%
Nuevo Leon	2.06	4.9%	1.94	4.7%
Apodaca	0.52	1.2%	0.50	1.2%
Monterrey	1.54	3.7%	1.44	3.5%
Tamaulipas	0.47	1.1%	0.47	1.1%
Reynosa	0.47	1.1%	0.47	1.1%
Durango	0.78	1.9%	0.78	1.9%
Durango	0.71	1.7%	0.71	1.7%
Gomez Palacio	0.07	0.2%	0.07	0.2%
<b>Bajío</b>	<b>9.52</b>	<b>22.8%</b>	<b>9.13</b>	<b>22.2%</b>
San Luis Potosi	3.33	8.0%	3.32	8.1%
San Luis Potosi	3.33	8.0%	3.32	8.1%
Jalisco	1.66	4.0%	1.66	4.0%
Guadalajara	1.66	4.0%	1.66	4.0%
Aguascalientes	0.99	2.4%	0.75	1.8%
Aguascalientes	0.99	2.4%	0.75	1.8%
Guanajuato	1.57	3.7%	1.42	3.5%
Celaya	0.12	0.3%	0.12	0.3%
Irapuato	0.44	1.1%	0.44	1.1%
Silao	1.01	2.4%	0.87	2.1%
Queretaro	1.98	4.7%	1.98	4.8%
Queretaro	1.98	4.7%	1.98	4.8%
<b>Central</b>	<b>6.25</b>	<b>14.9%</b>	<b>6.25</b>	<b>15.2%</b>
State of Mexico	5.39	12.9%	5.40	13.1%
Cuautitlan Izcalli	4.26	10.2%	4.26	10.4%
Toluca	0.90	2.2%	0.91	2.2%
Huehuetoca	0.23	0.5%	0.23	0.6%
Mexico City	0.02	0.1%	0.02	0.1%
Azcapotzalco	0.02	0.1%	0.02	0.1%
Puebla	0.18	0.4%	0.18	0.4%
Puebla	0.18	0.4%	0.18	0.4%
Tabasco	0.65	1.6%	0.65	1.6%
Villahermosa	0.65	1.6%	0.65	1.6%
<b>Total</b>	<b>41.81</b>	<b>100.0%</b>	<b>41.05</b>	<b>100.0%</b>

Total Gross Leasable Area / million square feet. Potential leasable area of land reserves are not included.  
Source: PGIM Real Estate - Asset Management

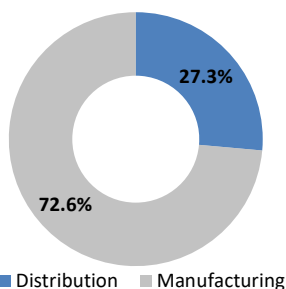


## Composition by Asset Type

At the end of 3Q19, 72.6% of Terrafina's portfolio consisted of properties dedicated to manufacturing activities while 27.4% was dedicated to distribution and logistics activities.

### Composition by Asset Type as of 3Q19

(as a % of total GLA)



### Composition by Asset Type

	3Q19	3Q18	Var.
Distribution	27.4%	26.7%	78 bps
Manufacturing	72.6%	73.3%	-78 bps

Source: PGIM Real Estate - Asset Management

## Composition by Sector

As of September 30, 2019, tenant diversification by industrial sector was as follows:

### Industrial Sector Diversification

	3Q19	3Q18	Var.
Automotive	35.0%	34.8%	19 bps
Industrial properties	19.2%	19.9%	-67 bps
Consumer goods	14.5%	14.2%	26 bps
Logistics and Trade	10.3%	9.5%	75 bps
Aviation	9.4%	9.8%	-41 bps
Non-durable consumer goods	3.6%	3.7%	-17 bps
Electronics	8.1%	8.0%	6 bps
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: PGIM Real Estate - Asset Management

## Composition of Top Clients

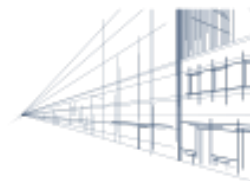
Terrafina has a widely diversified tenant base that leases industrial properties throughout several of Mexico's main cities. For 3Q19, Terrafina's top client, top 10 clients and top 20 clients represented 3.2%, 18.1% and 29.0% of total revenues, respectively.

### Top Clients

(As of September 30, 2019)	Leased Square Feet (millions)	% Total GLA	% Total Revenues
<b>Top Client</b>	1.24	3.1%	3.2%
<b>Top 10 Clients</b>	7.40	18.4%	18.1%
<b>Top 20 Clients</b>	11.70	29.1%	29.0%

Source: PGIM Real Estate - Asset Management





## Occupancy

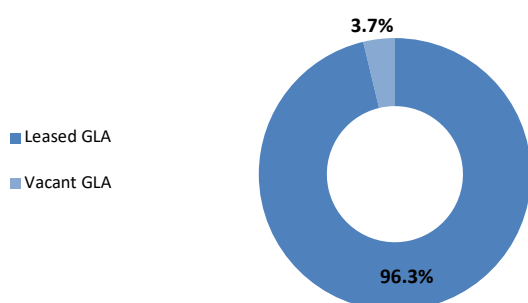
The 3Q19 occupancy rate was 96.3% a 110 basis point increase compared to 3Q18. It is important to note that occupancy rate indicators presented in this report reflect the quarterly closing rate.

For 3Q19, Terrafina's leasing activity reached 1.5 msf, 37.6% of which corresponded to new leasing contracts (including expansions), 37.8% were contract renewals and 24.6% were early renewals.

Leasing activity mainly took place in the Chihuahua, Ramos Arizpe, Monterrey, Guadalajara, Ciudad Juarez, Arteaga, Cuautitlan Izcalli, Silao, San Luis Potosi, Irapuato, Tijuana and Toluca markets.

### Occupancy as of 3T19

(as % of Total GLA)



	3Q19	3Q18	Var.
Leased GLA	96.3%	95.5%	72 bps
Vacant GLA	3.7%	3.6%	14 bps
Signed Letters of Intent	0.0%	0.9%	-85 bps
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: PGIM Real Estate - Asset Management

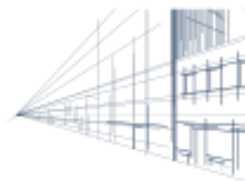
## Lease Maturities

Terrafina had 294 tenants under leasing contracts at the end of 3Q19. These contracts have an average maturity of three to five years for logistics and distribution properties and of five to seven years for manufacturing properties. Annual average maturities (as a percentage of annual base rents) will remain at levels of between 4% to 23% for the next five years.

The following table breaks down Terrafina's leasing maturity schedule for the upcoming years:

	Annual Base Rent (millions of dollars)	% of Total	Occupied Sq. Ft (millions)	% of Total
2019	7.8	3.7%	1.60	4.0%
2020	46.7	22.4%	9.13	22.7%
2021	37.2	17.8%	7.22	17.9%
2022	23.1	11.1%	4.45	11.1%
2023	27.2	13.0%	5.35	13.3%
Thereafter	66.6	31.9%	12.49	31.1%

Source: PGIM Real Estate - Asset Management



## Capital Deployment

### Capital Expenditures (CAPEX)

Terrafina's CAPEX is classified as recurring expenses that is based on upcoming leasing maturities and property improvements. The main focus of these expenses is on renewals of leasing contracts and improvements in property conditions while taking into account tenant requirements. Terrafina expects to apply CAPEX towards vacant properties as well as towards the development of new GLA by means of expansions and/or new developments.

Additionally, it is important to consider that CAPEX intended for expansions and new developments are not financed with Terrafina's operating cash flow and therefore do not pass through the income statement.

Capital expenditure accounts are comprised as follows:

- 1) Tenant property improvement resources as well as recurring maintenance CAPEX.
- 2) Broker and administrator fees.
- 3) CAPEX for new developments, which—due to their nature—are generally capitalized.

In 3Q19, Terrafina's investments in tenant improvements and recurring CAPEX was US\$2.3 million. Total CAPEX for 3Q19 is broken down in the following table:

<b>Capital Expenditures</b>		
	<b>3Q19</b>	<b>3Q19</b>
	<i>(millions of pesos)</i>	<i>(millions of dollars)</i>
Tenant Improvements & Recurring Capex	44.2	2.3
Leasing Commissions	15.4	0.8
Development Capex <sup>1</sup>	138.8	7.1
<b>Total Capital Expenditures</b>	<b>198.4</b>	<b>10.2</b>

*Maintenance expenses for vacant properties are included in the Tenant Improvements & Recurring Capex figures. (1) Capex for expansions/new developments.*

*Source: PGIM Real Estate - Asset Management*

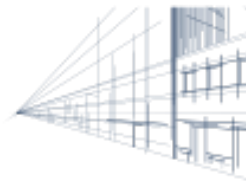
### Land Reserves

Terrafina's land reserve as of September 30, 2019 comprised 11 land reserve properties, equivalent to 5.7 msf of potential GLA for the development of future industrial properties.

As of September 30, 2019, Terrafina's land reserves were distributed as follows:

<b>as of September 30, 2019</b>					
	<b>Square Feet</b> <i>(million)</i>	<b>Land at Cost</b> <i>(million pesos)</i>	<b>Land at Cost</b> <i>(million dollars)</i>	<b>Appraisal Value</b> <i>(million pesos)</i>	<b>Market Value</b> <i>(million dollars)</i>
North	2.7	529.6	27.0	680.2	34.6
Bajío	0.2	14.0	0.7	18.9	1.0
Central	2.7	575.2	29.3	286.9	14.6
<b>Total Land Portfolio</b>	<b>5.7</b>	<b>1,118.8</b>	<b>57.0</b>	<b>986.0</b>	<b>50.2</b>

*Source: PGIM Real Estate - Asset Management and Fund Accounting*



## 3Q19 Financial Performance

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### Financial Results and Calculations

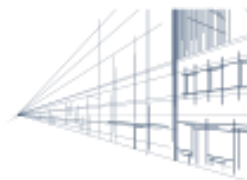
Terrafina's financial results are presented in Mexican pesos and U.S. dollars. Figures on the income statement for each period were converted to dollars using the average exchange rate for 3Q19 (Ps. 19.4256/dollar), while for the balance sheet, the exchange rate at the close of September 30, 2019 (Ps. 19.6363/dollar) was applied.

Terrafina uses best accounting practices for measuring the FIBRA's (REIT) performance results by providing relevant metrics to the financial community. Throughout the following financial performance section, additional calculations are available. It is important to note that these metrics must not be considered individually to evaluate Terrafina's results. It is recommended to use them in combination with other International Financial Reporting Standards metrics to measure the Company's performance.

Terrafina presents in this earnings report additional metrics such as Net Operating Income (NOI), Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), and Adjusted Funds from Operations (AFFO). Each breakdown calculation is available in this document.

**In addition, Terrafina recommends reviewing the *Appendices* as a reference to different items of Terrafina's financial statement. This information is available in the last section of this document.**

**Past performance is not a guarantee or reliable indicator of future results.**



## Same-Store

The following table shows Terrafina's 3Q19 same-store highlights and consolidated information:

	Same-Store <sup>1</sup>	Consolidated <sup>2</sup>		
(as of September 30, 2019)	3Q19	3Q19		
Number of Properties	286.0	289.0		
Occupancy Rate	96.2%	96.3%		
Gross Leasable Area (GLA) (msf)	41.4	41.8		
Avg. Leasing Rent / Square Foot (dollars)	5.17	5.18		
	Same-Store	Consolidated	Same-Store	Consolidated
	3Q19	3Q19	3Q19	3Q19
	(millions of pesos)		(millions of dollars)	
Rental Revenues	940.5	945.8	48.4	48.7
Net Operating Income	950.4	955.6	48.9	49.2
NOI Margin	94.3%	94.3%	94.3%	94.3%
EBITDA	854.1	858.8	44.0	44.2
EBITDA Margin	84.7%	84.8%	84.7%	84.8%
FFO	609.9	614.6	31.4	31.6
FFO Margin	60.5%	60.7%	60.5%	60.7%
Adjusted Funds from Operations	471.3	551.0	27.8	28.3
AFFO Margin	53.2%	53.9%	53.2%	53.9%

(1) Same properties information evaluates the performance of the industrial properties without including acquisitions/new developments closed over the last twelve-months. (2) Includes acquisitions closed over the last twelve-months  
Source: PGIM Real Estate - Asset Management and Fund Accounting

## Rental Revenues

In 3Q19, Terrafina reported rental revenues of US\$48.7 million, a 1.3% or US\$0.6 million increase compared to 3Q18.

Rental revenues do not include accrued revenues as these are a non-cash item.

## Other Operating Income

In 3Q19, other operating income totaled US\$3.7 million, a 25.1% or US\$0.7 million increase compared to 3Q18.

Other operating income mainly stems from tenant refunds from triple-net leases. Expenses reimbursable to Terrafina mainly included electricity, property taxes, insurance and maintenance.

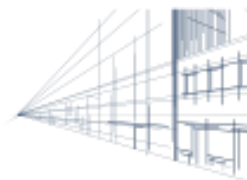
Net revenues reached US\$52.6 million in 3Q19, an increase of US\$1.3 million, or 2.6% compared to 3Q18.

## Revenues

	3Q19	3Q18	Var. %	3Q19	3Q18	Var. %
	(millions of pesos)			(millions of dollars)		
<b>Rental Revenue</b>	<b>945.8</b>	<b>912.0</b>	<b>3.7%</b>	<b>48.7</b>	<b>48.0</b>	<b>1.3%</b>
Accrued Income <sup>1</sup>	5.1	5.7	-10.5%	0.3	0.3	-8.4%
<b>Other Operating Revenues</b>	<b>71.0</b>	<b>55.8</b>	<b>27.4%</b>	<b>3.7</b>	<b>2.9</b>	<b>25.1%</b>
Reimbursable Expenses as Revenues <sup>2</sup>	57.3	48.5	18.1%	3.0	2.6	16.2%
Reimbursable Tenant Improvements	9.3	6.7	38.0%	0.5	0.4	34.8%
Other non-cash income	4.4	0.5	795.7%	0.2	0.0	765.3%
<b>Net Revenue</b>	<b>1,022.0</b>	<b>973.5</b>	<b>5.0%</b>	<b>52.6</b>	<b>51.3</b>	<b>2.6%</b>

(1) Straight line rent adjustment; non-cash item. (2) Triple net leases expenses reimbursed to Terrafina from its tenants.

Source: PGIM Real Estate - Fund Accounting



**For additional information regarding the revenue breakdown used to calculate additional metrics presented in this earnings report, please refer to *Appendix 1* in the last section of this document.**

## Real Estate Expenses

In 3Q19, real estate expenses totaled US\$8.6 million, an increase of 41.5% or US\$2.5 million compared to 3Q18.

It is important to differentiate between expenses that are directly related to the operation and those that are for the maintenance of the industrial portfolio; the latter are used in the NOI calculation.

The remainder of the accounts included in real estate expenses are considered non-recurring expenses and are used to calculate EBITDA and AFFO.

**For additional information regarding the real estate expenses breakdown, please refer to *Appendix 2* in the last section of this document.**

## Net Operating Income (NOI)

In 3Q19, NOI totaled US\$49.2 million, a 2.3% or US\$1.1 million decrease compared with 3Q18. NOI margin was 94.3%, an increase of 28 basis points when compared to 94.0% in 3Q18.

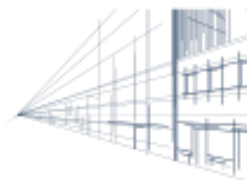
The following table displays the NOI calculation for 3Q19:

<b>Net Operating Income</b>						
	<b>3Q19</b>	<b>3Q18</b>	<b>Var. %</b>	<b>3Q19</b>	<b>3Q18</b>	<b>Var. %</b>
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
Rental Revenues <sup>1</sup>	945.8	912.0	3.7%	48.7	48.0	1.3%
Other Operating income <sup>2</sup>	67.8	59.5	14.0%	3.5	3.1	11.9%
<b>Net Revenues for NOI Calculation</b>	<b>1,013.6</b>	<b>971.5</b>	<b>4.3%</b>	<b>52.2</b>	<b>51.2</b>	<b>2.0%</b>
Repair and Maintenance	-10.2	-8.1	26.2%	-0.5	-0.4	23.4%
Property Taxes	-0.1	-0.1	46.1%	0.0	0.0	42.5%
Property Management Fees	-18.4	-17.4	5.3%	-0.9	-0.9	2.8%
Electricity	-14.8	-21.7	-32.1%	-0.8	-1.1	-34.4%
Property Insurance	-2.4	-2.6	-6.7%	-0.1	-0.1	-8.8%
Security	-5.1	-4.4	15.5%	-0.3	-0.2	12.7%
Other Operational Expenses	-7.2	-3.9	84.0%	-0.4	-0.2	79.0%
<b>Real Estate Operating Expenses for NOI Calculation</b>	<b>-58.0</b>	<b>-58.1</b>	<b>-0.2%</b>	<b>-3.0</b>	<b>-3.1</b>	<b>-2.9%</b>
<b>Net Operating Income<sup>3</sup></b>	<b>955.6</b>	<b>913.3</b>	<b>4.6%</b>	<b>49.2</b>	<b>48.1</b>	<b>2.3%</b>
<b>NOI Margin</b>	<b>94.3%</b>	<b>94.0%</b>	<b>28 bps</b>	<b>94.3%</b>	<b>94.0%</b>	<b>28 bps</b>

(1) Excludes accrued income from straight line rent adjustments as it is a non-cash item. (2) Excludes tenant improvements reimbursements which are included in 'AFFO'

(3) The income calculation generated by the operation of the property, independent of external factors such as financing and income taxes. NOI is the result of Net Revenues (includes rental income and triple net leases expenses reimbursements) minus Real Estate Operating Expenses (costs incurred during the operation and maintenance of the industrial portfolio).

Source: PGIM Real Estate - Fund Accounting



## Fees and Administrative Expenses (G&A)

G&A for 3Q19 totaled US\$6.1 million, a 16.3% or US\$0.9 million increase compared to 3Q18.

The following table breaks down total G&A for 3Q19:

G&A						
	3Q19	3Q18	Var. %	3Q19	3Q18	Var. %
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
External Advisor Fees <sup>1</sup>	-60.6	-56.0	8.3%	-3.1	-2.9	5.1%
Professional and Consulting Services	-11.3	-9.6	17.9%	-0.6	-0.5	22.2%
Payroll, Admin. Fees and Other Expenses	-47.2	-34.6	36.5%	-2.4	-1.8	32.8%
<b>Total G&amp;A</b>	<b>-119.2</b>	<b>-100.2</b>	<b>19.0%</b>	<b>-6.1</b>	<b>-5.3</b>	<b>16.3%</b>

*(1) PLA Administradora Industrial, S. de R.L. de C.V., is a Mexican affiliate of PGIM, and Advisor as per the Advisory Contract.  
Source: PGIM Real Estate - Fund Accounting*

## Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

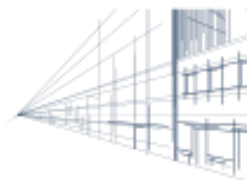
In 3Q19, EBITDA totaled US\$44.2 million, an increase of US\$0.9 million, or 2.1%, compared to 3Q18. EBITDA margin for 3Q19 was 84.8%, a 11 basis point increase compared to 3Q18.

The following shows the EBITDA calculation for 3Q19:

EBITDA						
	3Q19	3Q18	Var. %	3Q19	3Q18	Var. %
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
Rental Revenues <sup>1</sup>	945.8	912.0	3.7%	48.7	48.0	1.3%
Other Operating income <sup>2</sup>	67.8	59.5	14.0%	3.5	3.1	11.9%
<b>Real Estate Expenses for EBITDA Calculation</b>	<b>-61.8</b>	<b>-62.5</b>	<b>-1.2%</b>	<b>-3.2</b>	<b>-3.3</b>	<b>-3.8%</b>
Real Estate Operating Expenses for NOI Calculation	-58.0	-58.1	-0.2%	-3.0	-3.1	-2.9%
Advertising	-0.8	-0.4	-	0.0	0.0	-
Admin. Property Insurance Expenses	-0.8	-0.8	6.9%	0.0	0.0	0.0%
Other Admin. Real Estate Expenses	-2.1	-3.2	-33.6%	-0.1	-0.2	-35.5%
<b>Fees and Admin. Expenses</b>	<b>-93.1</b>	<b>-86.9</b>	<b>7.1%</b>	<b>-4.8</b>	<b>-4.6</b>	<b>4.9%</b>
External Advisor Fees	-60.6	-56.0	8.3%	-3.1	-2.9	5.1%
Legal, Admin. and Other Professional Fees	-19.7	-19.7	-0.3%	-1.0	-1.0	0.3%
Trustee Fees	-2.9	-1.0	184.2%	-0.1	-0.1	177.9%
Payroll	-6.3	-6.3	0.5%	-0.3	-0.3	-1.8%
Other Expenses	-3.6	-3.9	-8.5%	-0.2	-0.2	-9.9%
<b>EBITDA<sup>3</sup></b>	<b>858.8</b>	<b>822.1</b>	<b>11.8%</b>	<b>44.2</b>	<b>43.3</b>	<b>2.1%</b>
<b>EBITDA Margin</b>	<b>84.8%</b>	<b>84.6%</b>	<b>11 bps</b>	<b>84.8%</b>	<b>84.6%</b>	<b>11 bps</b>

*(1) Excludes accrued income from straight line rent adjustments as it is a non-cash item. (2) Excludes tenant improvements reimbursements which is included in AFFO calculation. (3) Earnings before interest, taxes, depreciation and amortization.  
Source: PGIM Real Estate - Fund Accounting*

**For additional information regarding the commissions and administrative expenses breakdown used for the calculation of EBITDA and AFFO, please refer to *Appendix 3* located in the last section of this document.**



## Financing Expenses

In 3Q19, financing expenses totaled US\$34.2 million, an increase of 159.5% or US\$21.0 million compared to 3Q18. This was driven by an increase in borrowing expenses related to the 2029 bond issuance for US\$500 million.

### Financial Expenses

	3Q19	3Q18	Var. %	3Q19	3Q18	Var. %
	<i>(millions of pesos)</i>			<i>(millions of dollars)</i>		
Interest Paid	-245.5	-237.3	3.5%	-12.6	-12.5	1.1%
Borrowing Expenses	-415.0	-20.8	1899.3%	-21.6	-1.1	1890.9%
Recurring	0.0	0.0	-	0.0	0.0	-
Non Recurring	-415.0	-20.8	1899.3%	-21.6	-1.1	1890.9%
Interest Income	1.3	7.7	-82.6%	0.1	0.4	-83.0%
<b>Total</b>	<b>-659.2</b>	<b>-250.4</b>	<b>163.2%</b>	<b>-34.2</b>	<b>-13.2</b>	<b>159.5%</b>

Source: PGIM Real Estate - Fund Accounting

## Funds from Operations (FFO) / Adjusted Funds from Operations (AFFO)

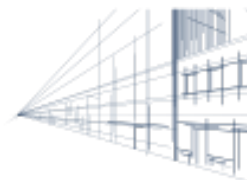
In 3Q19, FFO increased by US\$0.4 million, or 1.4% compared to 3Q18, reaching US\$31.6 million. FFO Margin was 60.7%, a 34 basis point decrease compared to 3Q18. Additionally, Terrafina reported an AFFO of US\$28.3 million, down US\$0.8 million, or 2.7% compared to 3Q18. AFFO margin was 53.9%, a decrease of 271 basis points versus 3Q18.

### Funds from Operations (FFO)

	3Q19	3Q18	Var. %	3Q19	3Q18	Var. %
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
EBITDA	858.8	822.1	4.5%	44.2	43.3	2.1%
Finance Cost <sup>1</sup>	-244.2	-229.7	6.3%	-12.6	-12.1	3.9%
<b>Funds from Operations (FFO)</b>	<b>614.6</b>	<b>592.4</b>	<b>3.7%</b>	<b>31.6</b>	<b>31.2</b>	<b>1.4%</b>
<i>FFO Margin</i>	<i>60.7%</i>	<i>61.0%</i>	<i>-34 bps</i>	<i>60.7%</i>	<i>61.0%</i>	<i>-34 bps</i>
Tenant Improvements	-44.2	-15.7	182.1%	-2.3	-0.8	176.7%
Leasing Commissions	-15.4	-18.2	-15.3%	-0.8	-1.0	-16.4%
Other Non Recurring <sup>2</sup>	-3.9	-5.4	-26.8%	-0.2	-0.3	-28.4%
<b>Adjusted Funds from Operations (AFFO)</b>	<b>551.0</b>	<b>553.1</b>	<b>-0.4%</b>	<b>28.3</b>	<b>29.1</b>	<b>-2.7%</b>
<i>AFFO Margin</i>	<i>53.9%</i>	<i>56.6%</i>	<i>-271 bps</i>	<i>53.9%</i>	<i>56.6%</i>	<i>-271 bps</i>

(1) Net Operational Interest Expenses comprised by interest paid, recurring borrowing expenses and other interest income. (2) Related to acquisitions, dispositions, legal expenses and others.

Source: PGIM Real Estate - Fund Accounting



## Comprehensive Income

Comprehensive Income for 3Q19 reached a loss of US\$122.1 million, compared to a loss of US\$78.6 million in 3Q18.

The following table presents the calculation of Comprehensive Income for 3Q19:

### Comprehensive Income

	3Q19	3Q18	Var. %	3Q19	3Q18	Var. %
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
Net Revenues	1,022.0	976.9	4.6%	52.6	51.5	2.2%
Real Estate Expenses	-166.5	-115.2	44.6%	-8.6	-6.1	41.4%
Fees and Other Expenses	-119.2	-100.2	19.0%	-6.1	-5.3	16.0%
Gain (Loss) from Sales of Real Estate Properties	0.0	0.0	-	0.0	0.0	-
Net Income (Loss) from Fair Value Adjustment on Investment Properties	1,629.3	-292.6	-	83.9	-15.4	-
Net Income (Loss) from Fair Value Adjustment on Derivative Financial Instruments	-6.8	20.2	-	-0.3	1.1	-
Net Income (Loss) from Fair Value Adjustment on Borrowings	-310.5	-237.5	30.7%	-16.0	-12.5	27.7%
Realized gain (loss) on derivative financial instruments	4.2	2.9	-	0.2	0.2	-
Foreign Exchange Gain (loss)	-7.8	43.0	-	-0.4	2.3	-
<b>Operating Profit</b>	<b>2,044.8</b>	<b>297.5</b>	<b>587.3%</b>	<b>105.3</b>	<b>15.7</b>	<b>571.7%</b>
Financial Income	1.3	7.7	-82.6%	0.1	0.4	-83.0%
Financial Expenses	-660.5	-258.1	155.9%	-34.3	-13.6	152.2%
Net Financial Cost	-659.2	-250.4	163.2%	-34.2	-13.2	159.4%
Share of Profit from Equity Accounted Investments	10.4	7.5	39.9%	0.5	0.4	35.4%
<b>Net Profit (Loss)</b>	<b>1,396.0</b>	<b>54.5</b>	<b>2460.1%</b>	<b>71.6</b>	<b>2.9</b>	<b>2392.2%</b>
Items Reclassified after Net Profit (Loss) - Currency Translation Adjustments	660.1	-1,546.3	-	34.0	-81.4	-
Changes in the fair value adjustment on borrowings at fair value through other comprehensive income	315.1	-1,491.7	-	16.2	-78.6	-
<b>Comprehensive Income</b>	<b>2,371.2</b>	<b>-1,491.7</b>	<b>-</b>	<b>122.1</b>	<b>-78.6</b>	<b>-</b>

Source: PGIM Real Estate - Fund Accounting

## Distributions per CBFIs

In 3Q19, Terrafina distributed US\$28.3 million, or US\$0.0359 per CBFi.

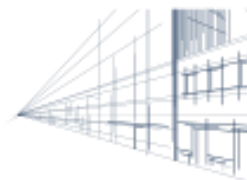
### Distributions

<i>(millions of pesos unless otherwise stated)</i>	3Q18	4Q18	1Q19	2Q19	3Q19	Var. % (3Q19 vs 3Q18)
Total Outstanding CBFIs <sup>1</sup> (millions of CBFIs)	791.0	790.6	790.6	790.6	790.6	-0.1%
CBFi Price <sup>2</sup>	28.28	25.39	27.23	30.46	29.34	3.8%
Distributions	553.1	522.6	465.3	480.9	551.0	-0.4%
<b>Distributions Per CBFi</b>	<b>0.6993</b>	<b>0.6611</b>	<b>0.5885</b>	<b>0.6083</b>	<b>0.6969</b>	<b>-0.3%</b>
FX Rate USD/MXN (average closing period)	18.99	19.79	19.22	19.13	19.43	2.3%
Distributions (millions of dollars)	29.1	26.4	24.2	25.1	28.3	-2.7%
<b>Distributions Per CBFi (dollars)</b>	<b>0.0368</b>	<b>0.0334</b>	<b>0.0306</b>	<b>0.0318</b>	<b>0.0359</b>	<b>-2.7%</b>
Annualized Distribution Yield <sup>3</sup>	9.9%	10.4%	8.6%	8.0%	9.5%	-39 bps

(1) Number of CBFIs at the end of each period (2) Average closing price for the period. (3) Annualized distribution per share divided by the average CBFi price of the quarter.

Source: PGIM Real Estate - Fund Accounting





## Debt

As of September 30, 2019, Terrafina's total debt reached US\$1,042.6 million. The average cost of Terrafina's long-term debt was 4.94%. All of Terrafina's debt is denominated in U.S. dollars.

### Outstanding Debt

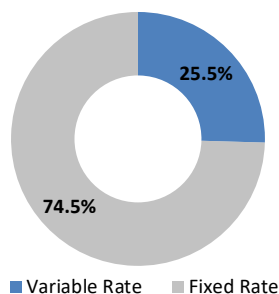
	Currency	Millions of pesos	Millions of dollars	Interest Rate	Terms	Maturity	Extension Option	Derivatives
<i>(as of September 30, 2019)</i>								
<b>Long Term Debt</b>								
Citibank <sup>1</sup>	Dollars	1,539.6	78.4	Libor + 2.45%	Interest Only	Jan 2023	-	US\$150M cap <sup>5</sup>
Metlife	Dollars	2,945.4	150.0	4.75%	Interest Only	Jan 2027	-	-
Banamex <sup>2</sup>	Dollars	3,672.1	187.0	Libor + 2.45%	Interest Only	Oct 2022	-	US\$105M swap <sup>6</sup>
Senior Notes (2022) <sup>3</sup>	Dollars	1,872.0	95.3	5.25%	Interest Only	Nov 2022	-	-
Senior Notes (2029) <sup>4</sup>	Dollars	10,149.3	516.9	4.962%	Interest Only	Jul 2029	-	-
New York Life	Dollars	293.8	15.0	5.19%	Interest + Principal	Feb 2020	-	-
<b>Total Debt</b>		<b>20,472.3</b>	<b>1,042.6</b>					
<b>Net Cash</b>		<b>1,274.2</b>	<b>64.9</b>					
<b>Net Debt</b>		<b>19,198.1</b>	<b>977.7</b>					

*(1) Unsecured syndicated revolving credit facility. (2) Unsecured syndicated term loan facility; interest only for the first three years. (3) Value at Cost: US\$425 million / Ps.8,388 million. (4) Value at Cost: US\$500 million / Ps.9,818 million (5) Interest rate Cap: 2.75%. (6) Interest rate Swap fixed rate: 1.768%*

Source: PGIM Real Estate - Fund Accounting and Transactions

### Interest Rate Breakdown

*(as of September 30, 2019)*



The following tables show leverage and debt service coverage as of September 30, 2019 as well as Terrafina's projections for the following six quarters:

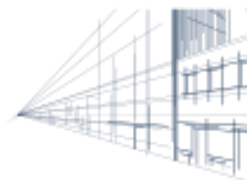
### Loan-to-Value (LTV)

<i>(as of September 30, 2019)</i>	<i>(millions of pesos)</i>	<i>(millions of dollars)</i>
Total Assets	50,219.8	2,557.5
Total Debt	20,472.3	1,042.6

**Loan-to-Value (LTV)<sup>1</sup> 40.8%**

*(1) Total Debt divided by Total Assets as defined by the National Securities and Banking Commission (CNBV)*

Source: PGIM Real Estate - Fund Accounting and Capital Markets



### Debt Service Coverage Ratio (DSCR)

	period	(millions of pesos)	(millions of dollars)
Cash & Cash Equivalents	September 30, 2019	1,274.2	64.9
Recoverable Taxes	Σ next 6 quarters	103.7	5.3
EBIT <sup>1</sup> after distributions	Σ next 6 quarters	2,149.0	109.4
Available Credit Line	September 30, 2019	4,376.9	222.9

	period	(millions of pesos)	(millions of dollars)
Interest Payments	Σ next 6 quarters	1,428.4	72.7
Principal Payments	Σ next 6 quarters	361.7	18.4
Recurring CAPEX	Σ next 6 quarters	242.9	12.4
Development Expenses	Σ next 6 quarters	388.5	19.8

<b>Debt Service Coverage Ratio (DSCR)<sup>2</sup></b>			<b>3.3x</b>
---	--	--	-------------

(1) Earnings Before Interest and Taxes

(2) (Cash & Cash Equivalents + Recoverable Taxes + EBIT After Distributions + Available Credit Line) / (Interest Payments + Principal Payments + Recurring CAPEX + Development Expenses)

Source: PGIM Real Estate - Fund Accounting and Capital Markets

Moreover, as of September 30, 2019, Terrafina was in full compliance with its debt covenants related to the US\$425 million (November 2015) and US\$500 million (July 2017) bond issuances as follows:

### Unsecured Bond Covenants

(as of September 30, 2019)	Terrafina	Bond Covenants
Loan-to-Value (LTV) <sup>1</sup>	40.8%	≤ 60%
Debt Service Coverage Ratio (DSCR) <sup>2</sup>	3.5x	≥ 1.5x
Secured Debt to Gross Assets Limitation	6.4%	≤ 40%
Unencumbered Assets to Unsecured Debt Limitation	246%	≥ 150%

(1) Total Debt divided by Total Assets.

(2) (Net Income/Loss + Interest on Debt + Unrealized Gain /Loss of fair value changes) / (all interest and principal payments on Debt)

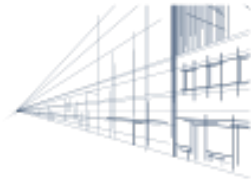
Source: PGIM Real Estate - Transactions

### CBFI Buyback Activity

In 3Q19, Terrafina maintained its CBFI buyback balance unchanged compared to the first quarter of 2019.

### CBFIs Buyback Activity

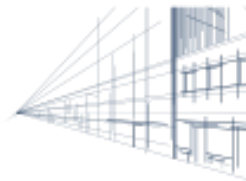
	3Q19
Total outstanding CBFIs at the beginning of the quarter	790,602,803
Buyback activity during the quarter	-
Total outstanding CBFIs at the end of the quarter	790,602,803



### Analyst Coverage

The following is a list of banks and institutions that regularly publish research reports on Terrafina:

- Barclays
- BBVA Bancomer
- Bradesco
- BofA ML
- BTG Pactual
- BX+
- Citi Banamex
- Credit Suisse
- GBM
- HSBC
- Interacciones
- Invex
- Itaú BBA
- JPMorgan
- Monex
- Morgan Stanley
- NAU Securities
- Scotiabank
- Santander



### About Terrafina

Terrafina (BMV:TERRA13) is a Mexican real estate investment trust formed primarily to acquire, develop, lease and manage industrial real estate properties in Mexico. Terrafina's portfolio consists of attractive, strategically located warehouses and other light manufacturing properties throughout the Central, Bajío and Northern regions of Mexico. It is internally managed by highly-qualified industry specialists and externally advised by PGIM Real Estate.

Terrafina owns 300 real estate properties, including 289 developed industrial facilities with a collective GLA of approximately 41.8 million square feet and 11 land reserve parcels, designed to preserve the organic growth capability of the portfolio.

Terrafina's objective is to provide attractive risk-adjusted returns for the holders of its certificates through stable distributions and capital appreciations. Terrafina aims to achieve this objective through a successful performance of its industrial real estate and complementary properties, strategic acquisitions, access to a high level of institutional support, and to its management and corporate governance structure. For more information, please visit [www.terrafinamx](http://www.terrafinamx)

### About PGIM Real Estate

PGIM, the global investment management business of Prudential Financial, Inc. (NYSE: PRU), is one of the largest real estate investment managers in the world, with more than \$US173.5 billion<sup>1</sup> in gross real estate assets under management and administration, as of 31 March 2019. Through its PGIM Real Estate and PGIM Real Estate Finance businesses, PGIM leverages a 140-year history of real estate lending on behalf of institutional and middle-market borrowers<sup>2</sup>, a 49-year legacy of investing in commercial real estate on behalf of institutional investors, and the deep local knowledge and expertise of professionals in 31 cities around the world.

PGIM Real Estate, the real estate investment management business of PGIM, has been redefining the real estate investing landscape since 1970. Combining insights into macroeconomic trends and global real estate markets with excellence of execution and risk management, PGIM Real Estate's tenured team offers to its global clients a broad range of real estate equity, debt, and securities investment strategies that span the risk-return spectrum and geographies. For more information, visit [pgimrealestate.com](http://pgimrealestate.com).

<sup>1</sup>AUA equals \$US33.7 billion.

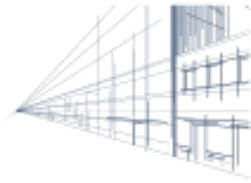
<sup>2</sup>Includes legacy lending through PGIM's parent company, Prudential Financial, Inc.

### About Prudential Financial, Inc.

Prudential Financial, Inc. (NYSE:PRU), a financial services leader with more than US\$1.5 trillion of assets under management as of March 31, 2019, has operations in the United States, Asia, Europe, and Latin America. Prudential's diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., Prudential's iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit [www.news.prudential.com](http://www.news.prudential.com)

### Forward Looking Statements

This document may include forward-looking statements that may imply risks and uncertainties. Terms such as "estimate", "project", "plan", "believe", "expect", "anticipate", "intend", and other similar expressions could be construed as previsions or estimates. Terrafina warns readers that declarations and estimates mentioned in this document, or realized by Terrafina's management imply risks and uncertainties that could change in function of various factors that are out of Terrafina's control. Future expectations reflect Terrafina's judgment at the date of this document. Terrafina reserves the right or obligation to update the information contained in this document or derived from this document. Past or present performance is not an indicator to anticipate future performance.



## Conference Call

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Terrafina  
(BMV: TERRA13)  
Cordially invites you to participate in its  
ThirdQuarter 2019 Results

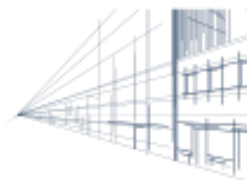
Friday, October 25, 2019  
11:00 a.m. Eastern Time  
10:00 a.m. Central Time

\*\*\*

**To access the call, please dial:**  
from within the U.S. +1-877-407-8031  
from outside the U.S. +1-201-689-8031  
from Mexico (toll free) 01-800-522-0034

Audio Webcast Link: <https://www.webcaster4.com/Webcast/Page/2133/31756>

**Conference Replay**  
U.S. +1-877-481-4010  
International (outside the US) +1-919-882-2331  
Passcode: 53752



## Appendix

### Appendix 1 – Revenues

Terrafina's revenues are mainly classified as rental revenues and other operating reimbursable revenues.

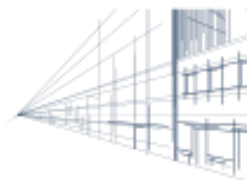
Additionally, there are accounting revenues that must be registered according to IFRS; however, these are considered non-cash items and therefore are excluded in some calculations.

Reimbursable tenant improvements are included in the tenant improvement expenses for the AFFO calculation.

		<b>Revenues</b>			
		<b>3Q19</b>	<b>3Q18</b>	<b>3Q19</b>	<b>3Q18</b>
		<i>(million of pesos)</i>		<i>(million of dollars)</i>	
<i>NOI calculation</i>	<b>Rental Revenue</b>	<b>945.8</b>	<b>912.0</b>	<b>48.7</b>	<b>48.0</b>
<i>Non Cash</i>	Accrued Income <sup>1</sup>	5.1	5.7	0.3	0.3
	<b>Other Operating Revenues</b>	<b>71.0</b>	<b>55.8</b>	<b>3.7</b>	<b>2.9</b>
<i>NOI calculation</i>	Reimbursable Expenses as Revenues <sup>2</sup>	57.3	48.5	3.0	2.6
<i>AFFO calculation</i>	Reimbursable Tenant Improvements	9.3	6.7	0.5	0.4
<i>Non Cash</i>	Other non-cash income	4.4	0.5	0.2	0.0
	<b>Net Revenue</b>	<b>1,022.0</b>	<b>973.5</b>	<b>52.6</b>	<b>51.3</b>
<i>NOI calculation</i>	Share of Profit from Equity Accounted Investments <sup>2</sup>	10.4	10.9	0.5	0.6

*(1) Straight line rent adjustment. (2) Triple net leases expenses reimbursed to Terrafina from its tenants. (2) Profit from joint-venture developments.*

*Source: PGIM Real Estate - Fund Accounting*



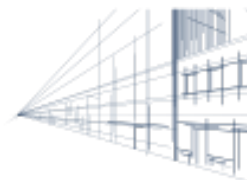
## Appendix 2 – Real Estate Expenses

Real estate expenses are comprised of recurring figures related to the operation (used for the Net Operating Profit calculation) as well as non-recurring figures used for metric calculations such as Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), Adjusted Funds from Operations (AFFO).

The following table presents the breakdown of real estate expenses, which are used for the calculation of several metrics.

		<b>Real Estate Expenses</b>				
		<b>3Q19</b>	<b>3Q18</b>	<b>3Q19</b>	<b>3Q18</b>	
		<i>(million of pesos)</i>		<i>(million of dollars)</i>		
		Repair and Maintenance	-63.7	-30.5	-3.3	-1.6
<i>NOI calculation</i>		Recurring	-10.2	-8.1	-0.5	-0.4
<i>AFFO calculation</i>		Non Recurring	-53.5	-22.4	-2.8	-1.2
		Property Taxes	-7.6	-2.5	-0.4	-0.1
<i>NOI calculation</i>		Operating	-0.1	-0.1	0.0	0.0
<i>Non Cash</i>		Non Operating	-7.6	-2.5	-0.4	-0.1
<i>NOI calculation</i>		Property Management Fees	-18.4	-17.4	-0.9	-0.9
<i>NOI calculation</i>		Electricity	-14.8	-21.7	-0.8	-1.1
<i>AFFO calculation</i>		Brokers Fees	-15.4	-18.2	-0.8	-1.0
		Property Insurance	-3.2	-3.3	-0.2	-0.2
<i>NOI calculation</i>		Operating	-2.4	-2.6	-0.1	-0.1
<i>EBITDA calculation</i>		Administrative	-0.8	-0.8	0.0	0.0
<i>NOI calculation</i>		Security	-5.1	-4.4	-0.3	-0.2
<i>EBITDA calculation</i>		Advertising	-0.8	-0.4	0.0	0.0
		Other Expenses	-27.4	-7.4	-1.4	-0.4
<i>NOI calculation</i>		Operational Related	-7.2	-3.9	-0.4	-0.2
<i>Non Cash</i>		Non Operational Related	-18.1	-0.3	-0.9	0.0
<i>EBITDA calculation</i>		Administrative	-2.1	-3.2	-0.1	-0.2
<i>Non Cash</i>		Bad Debt Expense	-10.1	-9.3	-0.5	-0.5
		<b>Total Real Estate Expenses</b>	<b>-166.5</b>	<b>-115.2</b>	<b>-8.6</b>	<b>-6.1</b>

Source: PGIM Real Estate - Fund Accounting



### Appendix 3 – Fees and Administrative Expenses

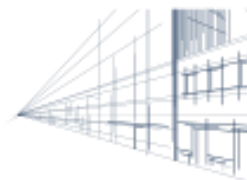
Fees and administrative expenses include figures used for metric calculations such as Earnings before Interests, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), Adjusted Funds from Operations (AFFO).

Terrafina's fees and administrative expenses breakdown is available in the following table and indicates the figures used for the calculation of these metrics:

		<b>Fees and Administrative Expenses</b>			
		<b>3Q19</b>	<b>3Q18</b>	<b>3Q19</b>	<b>3Q18</b>
		<i>(million of pesos)</i>		<i>(million of dollars)</i>	
<i>EBITDA calculation</i>	External Advisor Fees	-60.6	-56.0	-3.1	-2.9
	Legal Fees	-3.3	-3.8	-0.2	-0.2
<i>EBITDA calculation</i>	Recurring	-0.6	-0.4	0.0	0.0
<i>AFFO calculation</i>	Non Recurring	-2.6	-3.4	-0.1	-0.2
	Other Professional Fees	-8.1	-5.8	-0.4	-0.3
<i>EBITDA calculation</i>	Recurring	-6.8	-3.8	-0.4	-0.2
<i>AFFO calculation</i>	Non Recurring	-1.3	-2.0	-0.1	-0.1
	Administrative Fees	-34.4	-23.4	-1.8	-1.2
<i>EBITDA calculation</i>	Recurring	-12.3	-15.5	-0.6	-0.8
<i>Non Operational related</i>	Non Recurring <sup>1</sup>	-22.2	-7.9	-1.1	-0.4
<i>EBITDA calculation</i>	Payroll	-6.3	-6.3	-0.3	-0.3
<i>EBITDA calculation</i>	Trustee Fees	-2.9	-1.0	-0.1	-0.1
<i>EBITDA calculation</i>	Other Expenses	-3.6	-3.9	-0.2	-0.2
	<b>Total Fees and Admin. Expenses</b>	<b>-119.2</b>	<b>-100.2</b>	<b>-6.1</b>	<b>-5.3</b>

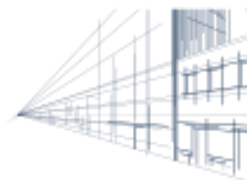
(1) Non operational related administrative fees.  
Source: PGIM Real Estate - Fund Accounting





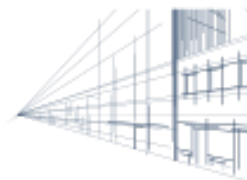
## Appendix 4 – Reconciliation

Reconciliation of Net Profit (Loss) to FFO, EBITDA and NOI	3Q19	3Q18	3Q19	3Q18
	<i>(millions of pesos)</i>		<i>(millions of dollars)</i>	
<b>Comprehensive Income (Loss)</b>	<b>2,371.5</b>	<b>-1,491.7</b>	<b>122.1</b>	<b>-78.6</b>
<i>Add (deduct) Currency Translation Adjustment:</i>				
Currency Translation Adjustment	-660.1	1546.3	-34.0	81.4
Changes in the fair value adjustment on borrowings through other comprehensive income	-315.1	-	-16.2	-
<i>Add (deduct) Cost of Financing Adjustment:</i>				0.0
Non Recurring Borrowing Expenses	415.0	20.8	21.4	1.1
<i>Add (deduct) Non-Cash Adjustment:</i>				0.0
Foreign Exchange Adjustments	7.8	-43.0	0.4	-2.3
Realized gain (loss) on derivative financial instruments	-4.2	-2.9	-0.2	-0.2
Fair Value Adjustment on Borrowings	310.5	237.5	16.0	12.5
Fair Value Adjustment on Derivative Financial Instruments	6.8	-20.2	0.4	-1.1
Fair Value Adjustment on Investment Properties	-1629.3	292.6	-83.9	15.4
Gain (Loss) from Sales of Real Estate Properties	0.0	0.0	0.0	0.0
<i>Add (deduct) Expenses Adjustment:</i>				
Non Recurring Repair and Maintenance	29.9	22.4	1.5	1.2
Non Operating Property Taxes	7.6	2.5	0.4	0.1
Brokers Fees	38.7	18.2	2.0	1.0
Bad Debt Expense	10.1	9.3	0.5	0.5
Other Expenses Non Operational Related	18.1	0.3	0.9	0.0
Non Recurring Legal Fees	2.6	3.4	0.1	0.2
Non Recurring Other Professional Fees	1.3	2.0	0.1	0.1
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-5.1	-5.7	-0.3	-0.3
Other Non-Cash Income	-4.4	-0.5	-0.2	0.0
Reimbursable Tenant Improvements	-9.3	-6.7	-0.5	-0.4
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Operational Administrative Fees	22.2	7.9	1.1	0.4
<b>FFO</b>	<b>614.7</b>	<b>592.4</b>	<b>31.6</b>	<b>31.2</b>
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Interest Paid	245.5	237.3	12.6	12.5
Recurring Borrowing Expenses	0.0	0.0	0.0	0.0
Interest Income	-1.3	-7.7	-0.1	-0.4
<b>EBITDA</b>	<b>858.9</b>	<b>822.1</b>	<b>44.2</b>	<b>43.3</b>
<i>Add (deduct) Expenses Adjustment:</i>				
External Advisor Fees	60.6	56.0	3.1	2.9
Recurring Legal Fees	0.6	0.4	0.0	0.0
Recurring Other Professional Fees	6.8	3.8	0.3	0.2
Administrative Fees	12.3	15.5	0.6	0.8
Payroll	6.3	6.3	0.3	0.3
Trustee Fees	2.9	1.0	0.1	0.1
Other Expenses	3.6	3.9	0.2	0.2
Advertising	0.8	0.4	0.0	0.0
Administrative Property insurance	0.8	0.8	0.0	0.0
Other Administrative Expenses	2.1	3.2	0.1	0.2
<b>NOI</b>	<b>955.7</b>	<b>913.3</b>	<b>49.2</b>	<b>48.1</b>
<i>Add (deduct) Expenses Adjustment:</i>				
Recurring Repair and Maintenance	10.2	8.1	0.5	0.4
Operating Property Taxes	0.1	0.1	0.0	0.0
Property Management Fees	18.4	17.4	0.9	0.9
Electricity	14.8	21.7	0.8	1.1
Operating Property Insurance	2.4	2.6	0.1	0.1
Security	5.1	4.4	0.3	0.2
Other Operational Expenses	7.2	3.9	0.4	0.2
<i>Add (deduct) Revenues Adjustment:</i>				
Other Non-Cash Income	4.4	0.5	0.2	0.0
Accrued Income	5.1	5.7	0.3	0.3
Reimbursable Tenant Improvements	9.3	6.7	0.5	0.4
Share of Profit from Equity Accounted Investments	-10.4	-10.9	-0.5	-0.6
<b>Net Revenue</b>	<b>1,022.1</b>	<b>973.5</b>	<b>52.6</b>	<b>51.3</b>



### Reconciliation of Net Profit (Loss) to AFFO

	3Q19 <i>(millions of pesos)</i>	3Q18 <i>(millions of pesos)</i>	3Q19 <i>(millions of dollars)</i>	3Q18 <i>(millions of dollars)</i>
<b>Comprehensive Income (Loss)</b>	<b>2,371.2</b>	<b>-1,491.7</b>	<b>122.1</b>	<b>-78.6</b>
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	-660.1	1,546.3	-34.0	81.4
Changes in the fair value adjustment on borrowings through other comprehensive income	-315.1	-	-16.2	-
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	415.0	20.8	21.4	1.1
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	7.8	-43.0	0.4	-2.3
Realized gain (loss) on derivative financial instruments	-4.2	-2.9	-0.2	-0.2
Fair Value Adjustment on Borrowings	310.5	237.5	16.0	12.5
Fair Value Adjustment on Derivative Financial Instruments	6.8	-20.2	0.4	-1.1
Fair Value Adjustment on Investment Properties	-1629.3	292.6	-83.9	15.4
Gain (Loss) from Sales of Real Estate Properties	0.0	0.0	0.0	0.0
<i>Add (deduct) Expenses Adjustment:</i>				
Non Operating Property Taxes	7.6	2.5	0.4	0.1
Bad Debt Expense	10.1	9.3	0.5	0.5
Other Expenses Non Operational Related	18.1	0.3	0.9	0.0
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-5.1	-5.7	-0.3	-0.3
Other Non-Cash Income	-4.4	-0.5	-0.2	0.0
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Administrative Fees	22.2	7.9	1.1	0.4
<b>AFFO</b>	<b>551.0</b>	<b>553.1</b>	<b>28.3</b>	<b>29.1</b>



## Appendix 5 - Cap Rate Calculation

Terrafina subtracts cash and land reserves for the cap rate calculation.

Implied cap rate and under NAV (Net Asset Value) calculation are shown in the following tables:

### Implied Cap Rate

3Q19 Average Price (dollars) <sup>1</sup>	1.51
(x) CBFIs (million shares)	790.6
(=) Market Capitalization	1,194.2
(+) Total Liabilities	1,042.6
(-) Cash	64.9
(=) Enterprise Value	<b>2,171.9</b>
(-) Landbank	50.2
(=) Implied Operating Real Estate Value	<b>2,121.7</b>
Net Operating Income (NOI) 2019e	192.0
<b>Implied Cap Rate</b>	<b>9.0%</b>

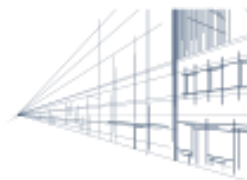
Figures expressed in millions of dollars unless otherwise stated.

(1) Average share price of Ps.29.34; and average exchange rate of Ps. 19.43

### Cap Rate Calculation with NAV

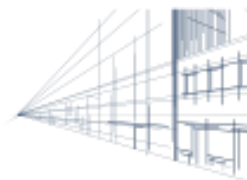
(+) Investment Properties (excluding landbank)	2,424.0
(+) Land	50.2
(+) Cash	64.9
(-) Total Liabilities	1,042.6
(=) NAV <sup>1</sup>	<b>1,496.5</b>
(/) CBFIs (million shares)	790.6
(=) NAV per CBFI (dollars)	<b>1.9</b>

CBFI Price (NAV calculation)	1.9
(x) CBFIs (million shares)	790.6
(=) Market Cap	<b>1,496.5</b>
(+) Total Debt and Liabilities	1,042.6
(-) Cash	64.9
(=) Enterprise Value	<b>2,474.2</b>
(-) Landbank	50.2
(=) Implied Operating Real Estate Value	<b>2,424.0</b>
Net Operating Income (NOI) 2019e	192.0
<b>Implied Cap Rate</b>	<b>7.9%</b>



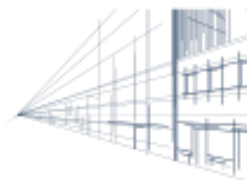
## Financial Statements

<b>Income Statement</b>	<b>3Q19</b>	<b>3Q19</b>
	<i>(thousands of pesos)</i>	<i>(thousands of dollars)</i>
Rental revenues	\$950,962	\$48,934
Other operating income	71,015	3,669
Real estate operating expenses	-166,501	-8,579
Fees and other expenses	-119,171	-6,121
Realized gain (loss) from disposal of investment properties	-	-
Net gain (loss) from fair value adjustment on investment properties	1,629,311	83,025
Net gain (loss) from fair value adjustment on borrowings	-310,451	-15,820
Net gain (loss) unrealized from fair value on derivative financial instruments	-6,751	-344
Realized gain (loss) on derivative financial instruments	4,195	220
Foreign exchange (loss) gain	-7,828	-396
<b>Operating profit</b>	<b>2,044,781</b>	<b>104,588</b>
Finance income	1,334	70
Finance cost	-660,522	-34,281
<b>Finance cost - net</b>	<b>-659,188</b>	<b>-34,211</b>
Share of profit from equity accounted investments	10,434	532
<b>Net Profit for the period</b>	<b>1,396,027</b>	<b>70,908</b>
Translation gain (loss) from functional to reporting currency	660,077	-
Changes in the fair value adjustment on borrowings at fair value through other comprehensive income	315,093	-
<b>Total Comprehensive income for the period</b>	<b>2,371,197</b>	<b>70,908</b>



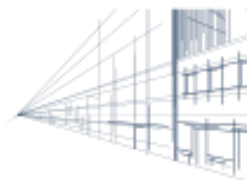
## Financial Statements

<b>Balance Sheet</b>	<b>Sep-30-19</b>	<b>Sep-30-19</b>
<i>(thousands of pesos)</i>	<i>(thousands of pesos)</i>	<i>(thousands of dollars)</i>
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	\$47,598,182	\$2,423,989
<small>(Cost: 30/09/2019 - Ps.45,455,665, US\$2,314,879; 30/06/2019 - Ps.44,235,791, US\$2,307,733)</small>		
Investments accounted using equity method	554,648	28,246
Derivative financial instruments	27	1
Deferred charges and accrued income	217,156	11,059
Other assets	102,385	8,874
Loan receivable	0	0
<small>(Cost: 30/09/2019 - Ps.-, US\$-; 30/06/2019 - Ps.35,322, US\$1,843)</small>		
Restricted cash	30,867	1,572
<b>Current assets</b>		
Other assets	114,026	2,147
Loan receivable	0	0
<small>(Cost: 30/09/2019 - Ps.-, US\$-; 30/06/2019 - Ps.1,308, US\$68)</small>		
Recoverable taxes	103,688	5,280
Prepaid expenses	5,045	257
Acquisition prepayment	0	0
Deferred charges and accrued income	59,701	3,040
Accounts receivable	154,171	7,851
<small>(Net of allowance for doubtful accounts: 30/09/2019 - Ps.91,303, US\$4,650; 30/06/2019 - Ps.79,201, US\$4,132)</small>		
Cash and cash equivalents	1,274,241	64,892
Restricted cash	5,645	287
<b>Total assets</b>	<b>50,219,782</b>	<b>2,557,497</b>
<b>Net assets attributable to Investors</b>		
Contributions, net	18,701,218	1,556,093
Retained earnings	248,630	-134,331
Currency translation adjustment	8,960,410	-
Own credit risk reserve	1,118,672	56,970
<b>Total net assets (Net Equity)</b>	<b>29,028,930</b>	<b>1,478,731</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	19,998,439	1,018,442
<small>(Cost: 30/09/2019 - Ps.19,681,424, US1,002,298; 30/06/2019 - Ps.18,718,040, US976,500)</small>		
Derivative financial instruments	4,232	216
Tenant deposits	281,045	14,313
Accounts payable	5,441	277
<b>Current liabilities</b>		
Borrowings	473,854	24,132
<small>(Cost: 30/09/2019 - Ps.473,854, US\$24,132; 30/06/2019 - Ps.396,285, US\$20,674)</small>		
Tenant deposits	121,987	6,212
Trade and other payables	305,854	15,576
<b>Total liabilities (excluding net assets attributable to the Investors)</b>	<b>21,190,852</b>	<b>1,079,167</b>
<b>Total net assets and liabilities</b>	<b>50,219,782</b>	<b>2,557,497</b>



## Financial Statements

<b>Cash Flow Statement</b>	<b>Sep-19</b> <i>(thousands of pesos)</i>	<b>Sep-19</b> <i>(thousands of dollars)</i>
<b>Cash flows from operating activities</b>		
(Loss) profit for the period	\$2,178,050	\$110,920
Adjustments:		
Net loss (gain) unrealized from fair value adjustment on investment properties	-1,669,958	-85,044
Net loss (gain) unrealized from fair value adjustment on borrowings	524,656	26,719
Net loss (gain) unrealized from fair value adjustment on derivative financial instruments	55,224	2,812
Realized gain from disposal of investment properties	-58,599	-2,984
Bad debt expense	8,486	432
Interest expense	731,604	37,258
Interest income on bank accounts	-4,128	-210
Share of profit from equity accounted investments	-28,619	-1,457
Decrease (increase) deferred rents receivable	-53,318	-2,715
Decrease (increase) in accounts receivable	-7,808	-398
Decrease (increase) in recoverable taxes	152,411	7,762
Decrease (increase) in recoverable value added tax	-90,422	-4,605
Decrease (increase) in prepaid expenses	5,182	264
Decrease (increase) in other assets	-156,799	-7,985
Decrease (increase) in tenant deposits	6,293	320
(Decrease) in accounts payable	71,771	3,655
<b>Net cash (used in) generated from operating activities</b>	<b>1,664,026</b>	<b>84,742</b>
<b>Cash flows from investing activities</b>		
Improvements of investment properties	-275,443	-14,027
Proceeds from dispositions of investment properties	189,015	9,626
Interest income on bank accounts	4,128	210
Investments in joint venture	21,438	1,092
Collections on loan receivable	38,906	1,981
<b>Net cash (used in) generated from investing activities</b>	<b>-21,956</b>	<b>-1,118</b>
<b>Cash flows from financing activities</b>		
Received payments	10,179,032	518,378
Principal payments on borrowings	-9,525,538	-485,098
Interest expense	-686,165	-34,944
Restricted cash	87	4
Distributions to investors	-1,723,017	-87,747
<b>Net cash (used in) generated from financing activities</b>	<b>-1,755,601</b>	<b>-89,406</b>
Net (decrease) in cash and cash equivalents	-113,531	-5,782
Cash and cash equivalents at the beginning of the period	1,557,651	79,325
Exchange effects on cash and cash equivalents	-169,879	-8,651
<b>Cash and cash equivalents at the end of the period</b>	<b>1,274,241</b>	<b>64,892</b>



## Financial Statements

Statement of Changes in Equity	Attributable to Investors				
	Net contributions	Currency translation adjustment		Retained earnings	Net assets
<i>(thousands of pesos)</i>					
Balance at January 1, 2019	\$18,701,218	\$9,034,634	\$1,016,185	-\$206,403	\$28,545,634
Capital Contribution, Net of Issuing Costs	0	0	0	0	0
Distributions to Investors	0	0	0	-1,723,017	-1,723,017
<b>Comprehensive Income</b>					
Net loss of the period	0	0	0	2,178,050	2,178,050
<b>Other Comprehensive Income</b>					
Currency Translation	0	-74,224	0	0	-74,224
Change from fair value adjustment on borrowings	0	0	102,487	0	102,487
<b>Total Comprehensive (loss) income</b>	<b>0</b>	<b>-74,224</b>	<b>102,487</b>	<b>2,178,050</b>	<b>2,206,313</b>
<b>Net Assets as of September 30, 2019</b>	<b>\$18,701,218</b>	<b>\$8,960,410</b>	<b>\$1,118,672</b>	<b>\$248,630</b>	<b>\$29,028,930</b>
<i>(thousands of dollars)</i>					
Balance at January 1, 2019	\$952,379.93	\$460,099	\$51,750	-\$10,511	\$1,453,718
Capital Contribution, Net of Issuing Costs	0	0	0	0	0
Distributions to Investors	0	0	0	-87,747	-87,747
<b>Comprehensive Income</b>					
Net loss of the period	0	0	0	110,920	110,920
<b>Other Comprehensive Income</b>					
Currency Translation	0	-3,780	0	0	-3,780
	0	0	5,219	0	5,219
<b>Total Comprehensive (loss) income</b>	<b>0</b>	<b>-3,780</b>	<b>5,219</b>	<b>110,920</b>	<b>112,359</b>
<b>Net Assets as of September 30, 2019</b>	<b>\$952,380</b>	<b>\$456,319</b>	<b>\$56,970</b>	<b>\$12,662</b>	<b>\$1,478,330</b>