

FIBRA TERRAFINA

**CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and
Subsidiaries**

**Condensed consolidated interim financial statements
for the period ended March 31, 2016**

Unaudited

LIST OF CONTENTS

Page(s)

Condensed Consolidated Interim Financial Statements:

Condensed Consolidated Interim Statements of Financial Position	1
Condensed Consolidated Interim Statements of Comprehensive Income	2
Condensed Consolidated Interim Statements of Changes in Net Assets	3
Condensed Consolidated Interim Statements of Cash Flows	4
Notes to the Condensed Consolidated Interim Financial Statements	5-15

FIBRA TERRAFINA

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of Mexican Pesos)

	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Assets			
Non-current assets			
Investment properties	6	\$ 28,906,052	\$ 28,476,842
(Cost: 03/31/2016 - \$27,934,385; 12/31/2015 - \$27,525,600)			
Investments accounted using equity method	7	119,200	100,945
Derivative financial instruments	6 and 8	42	15
Current assets			
Other assets		75,051	92,760
Recoverable taxes		353,179	329,704
Prepaid expenses		7,430	9,912
Acquisition prepayment		4,224	4,177
Deferred rents receivable		123,846	111,894
Accounts receivable		72,831	66,472
(Net of allowance for doubtful accounts: 03/31/2016 - \$124,089; 12/31/2015 - \$107,294)			
Restricted cash		59,705	58,043
Cash and cash equivalents		4,454,832	4,467,863
Total assets		34,176,392	33,718,627
Net assets			
Contributions, net		\$ 15,227,911	\$ 15,227,911
Retained (losses) earnings		261,556	201,212
Currency translation adjustment		5,753,210	5,519,448
Total net assets		21,242,677	20,948,571
Liabilities			
Non-current liabilities			
Borrowings	6 and 9	\$ 11,793,832	\$ 11,783,091
(Principal balance: 03/31/2016 - \$12,054,158; 12/31/2015 - \$11,965,910)			
Tenant deposits		136,070	139,562
Accounts payable		49,783	31,654
Current liabilities			
Accounts payable		393,253	323,483
Borrowings	6 and 9	482,840	432,536
(Principal balance: 03/31/2016 - \$482,840; 12/31/2015 - \$432,536)			
Tenant deposits		77,937	59,730
Total liabilities (excluding net assets)		12,933,715	12,770,056
Total net assets and liabilities		\$ 34,176,392	\$ 33,718,627

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FIBRA TERRAFINA

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed Consolidated Interim Statements of Comprehensive Income
(Expressed in thousands of Mexican Pesos)
(Unaudited)

		For the three months ended March 31, 2016	For the three months ended March 31, 2015
Note			
	Rental revenues	\$ 599,934	\$ 483,476
	Other operating income	57,789	70,269
	Real estate operating expenses	(182,732)	(118,853)
	Fees and other expenses	(63,962)	(209,538)
	Realized (loss) from disposal of investment properties	-	(272)
	Net gain (loss) unrealized from fair value adjustment on investment properties	9,752	(29,811)
6	Net gain unrealized from fair value adjustment on borrowings	76,896	54,108
6	Net gain (loss) unrealized from fair value adjustment on derivative financial instruments	27	(468)
	Net gain in unrealized from fair value adjustment on bank investments	-	8,901
	Foreign exchange loss	(3,436)	(98,732)
	Operating profit	494,268	159,080
	Finance income	679	4,489
	Finance cost	(176,126)	(108,988)
	Finance cost - net	(175,447)	(104,499)
	Share of profit from equity accounted investments	17,254	-
	Profit for the period	\$ 336,075	\$ 54,581
	Items that may be subsequently reclassified to profit or loss- currency translation differences	233,762	545,494
	Total comprehensive profit for the period	\$ 569,837	\$ 600,075

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FIBRA TERRAFINA

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed Consolidated Interim Statements of Changes in Net Assets
For the period ended March 31, 2016 and March 31, 2015
(Expressed in thousands of Mexican Pesos)
(Unaudited)

	Note	Attributable to Investors			Net assets
		Net contributions	Currency translation adjustment	Retained (losses) earnings	
Balance at January 1, 2015		\$ 15,681,752	\$ 2,500,872	\$ -	\$ 18,182,624
Capital contribution, net of issuing costs		147,461	-	-	147,461
Distributions to the investors	10	(200,071)	-	(54,581)	(254,652)
Comprehensive income					
Profit for the period		-	-	54,581	54,581
Other comprehensive income					
Currency translation		-	545,494	-	545,494
Total comprehensive income		-	545,494	54,581	600,075
Net Assets at March 31, 2015		\$ 15,629,142	\$ 3,046,366	\$ -	\$ 18,675,508
Balance at January 1, 2016		\$ 15,227,911	\$ 5,519,448	\$ 201,212	\$ 20,948,571
Distributions to the investors	10	-	-	(275,731)	(275,731)
Comprehensive income					
Profit for the period		-	-	336,075	336,075
Other comprehensive income					
Currency translation		-	233,762	-	233,762
Total comprehensive income		-	233,762	336,075	569,837
Net Assets at March 31, 2016		\$ 15,227,911	\$ 5,753,210	\$ 261,556	\$ 21,242,677

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

FIBRA TERRAFINA

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of Mexican Pesos)
(Unaudited)

	Note	For the three months ended March 31, 2016	For the three months ended March 31, 2015
Cash flows from operating activities:			
Profit for the period		\$ 336,075	\$ 54,581
Adjustments:			
Net gain (loss) unrealized from fair value adjustment on investment properties	5	(9,752)	29,811
Net gain unrealized from fair value adjustment on borrowings	5	(76,896)	(54,108)
Net gain (loss) unrealized from fair value adjustment on derivative financial instruments		(27)	468
Realized (loss) from disposal of investment properties		-	272
Bad debt expense		16,149	13,430
Interest expense		160,681	107,436
Interest income on bank accounts		(679)	(4,488)
Share of profit from equity accounted investments		(17,254)	-
(Increase) decrease in:			
Deferred rents receivable		(11,952)	12,461
Restricted cash		(1,662)	(180)
Accounts receivable		(22,508)	(30,725)
Recoverable taxes		(23,475)	(9,852)
Prepaid expenses		2,482	(14,050)
Other assets		17,709	(55,775)
Increase (decrease) in:			
Tenant deposits		14,715	5,121
Accounts payable		87,899	2,869
Net cash generated from operating activities		471,505	57,271
Cash flows from investing activities:			
Improvements of investment properties	5	(100,541)	(45,117)
Proceeds from dispositions of investment properties		-	1,552,238
Interest income on bank accounts		679	4,488
Investments in joint venture		(193)	-
Net cash (used in) generated from investing activities		(100,055)	1,511,609
Cash flows from financing activities:			
Principal payments on borrowings	5	(2,033)	(936,370)
Interest expense		(160,681)	(107,436)
Distributions to investors	9	(275,731)	(254,652)
Proceeds from CBF, net of issuing cost		-	147,461
Net cash used in financing activities		(438,445)	(1,150,997)
Net (decrease) increase in cash and cash equivalents		(66,995)	417,883
Cash and cash equivalents at the beginning of the period		4,467,863	5,002,554
Exchange rate effects on cash and cash equivalents		53,964	145,313
Cash and cash equivalents at the end of the period		\$ 4,454,832	\$ 5,565,750

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

1. REPORTING ENTITY

Terrafina (“Terrafina” or the “Trust”) is a Mexican trust created pursuant to Trust Agreement F/00939 dated on January 29, 2013 (as amended on March 15, 2013) entered into by and among PLA Administradora Industrial, S. de R.L. de C.V. as Trustor and beneficiary (the “Trustor”) and The Bank of New York Mellon, S.A., Institución de Banca Múltiple, which was acquired by CI Banco S.A., Institución de Banca Múltiple, as trustee (the “Trustee”) and Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, as common representative (the “Common Representative”) of the real estate trust certificates “CBFI” holders.

Terrafina is an industrial portfolio created mainly to acquire, develop, lease and manage real estate properties in Mexico, as well as to provide financing for said purposes secured by the respective related leased real estate properties.

Terrafina’s address is Presidente Masaryk 61, 7th floor, Chapultepec Morales, Miguel Hidalgo, México City, 11570.

Terrafina is treated as a Real Estate Investment Trust (also known as a Mexican “FIBRA”) according with Articles 187 and 188 of the Mexican Income Tax Law “LISR” for tax purposes.

In order to carry out its operations, the Trust has entered into the following agreements:

- (i) An advisory agreement with PLA Administradora Industrial, S. de R.L. de C.V. (the “Advisor”), an affiliated company of PREI Latin America, which will provide advisory and real estate investment management services, as well as other related services.
- (ii) A management agreement with TF Administradora, S. de R.L. de C.V. (the “Manager”), in order for the latter to carry out certain management services on behalf of the Trust.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The enclosed condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standards (“IAS”) IAS 34 “Interim Financial Reporting” which is part of the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standard Board (“IASB”), the International Financial Reporting Standards Interpretation Committee (“IFRIC”) and the Standard Interpretation Committee (“SIC”). The condensed consolidated interim financial statements do not include all of the information and disclosure required in annual consolidated financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015, which were prepared in accordance with IFRS. There are no new IFRSs or IFRIC interpretations effective for periods beginning January 1, 2016 applicable to Terrafina.

The enclosed condensed consolidated interim financial statements were authorized for their issuance by the Terrafina audit and technical committees on April 21, 2016.

(b) Judgments and estimates

Preparation of condensed consolidated interim financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to apply its judgment in the process of applying the Trust’s accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate. The accounting policies, judgments and estimates used in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2015.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

3. SIGNIFICANT TRANSACTIONS

On November 12, 2015, Terrafina acquired a portfolio of 10 industrial properties, for US \$59.4 million (\$996 million of Mexican pesos). Terrafina entered into credit facility with Metlife of US\$22 million (\$376 million of Mexican pesos) as a result of this acquisition. Additionally on December 3, 2015, Terrafina acquired 2 industrial properties, for US \$11.6 million (\$192 million of Mexican pesos). Also, the rights to the existing leases were also acquired. This transaction generated a recoverable VAT, which will be requested for reimbursement during the first quarter of 2016.

On November 10, 2015, Terrafina completed the issuance of a 7-year senior unsecured note ("Senior Notes") placement in the international markets for US \$425 million (\$7,125 million of Mexican pesos). The bond is due on November 10, 2022 with a 5.25% coupon. Some of the cash generated in this transaction was used to pay down debt.

On August 25, 2015, Terrafina replaced its secured revolving credit with a new US \$375 million unsecured revolving credit facility.

On June 16, 2015, Terrafina entered into a joint venture agreement with Controladora Idea, S.A. de C.V. (Controladora) and Parques American Industries, S.A. de C.V. (PAI), with an equity interest of 50% for each of the parties involved. The initial contribution was on December 16, 2015 for US \$5.8 million (\$101,949 Mexican pesos).

On March 24, 2015, Terrafina completed a Portfolio Sale of land reserves and industrial space for US \$101 million (\$1,552 million of Mexican pesos). The cash obtained in this transaction was used to pay debt.

On March 20, 2015, as per the provisions of the Trust's advisory agreement, Terrafina exercised 4,723,291 real estate trust certificates ("CBFI") for the payment of performance fee to the Advisor.

4. RECLASIFICATIONS

Certain amounts on the financial statements of prior periods have been reclassified according with current period's presentation. Such reclassifications had not effect on previously reported net assets.

5. CONSOLIDATION BASIS

These condensed consolidated interim financial statements include net assets and results of operations of the entities listed below controlled by Terrafina as of and for the three months ended March 31, 2016. All significant intercompany balances and transactions have been eliminated from the condensed consolidated interim financial statements.

Subsidiaries

Subsidiaries are all entities over which the Trust has control. The Trust controls an entity when it is exposed, or has rights to variable returns as a result of their involvement in it, also has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are deconsolidated from the date that control ceases.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

5. CONSOLIDATION BASIS (continued)

Trustee: HSBC México, S. A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria as Trustee of the following trusts:

- Trust F/307823
- Trust F/307831
- Trust F/307840
- Trust F/307858
- Trust F/307866
- Trust F/307874
- Trust F/307882
- Trust F/307890
- Trust F/307904
- Trust F/307912
- Trust F/307920
- Trust F/307939
- Trust F/307947
- Trust F/307955
- Trust F/307963
- Trust F/307971
- Trust F/307980
- Trust F/308030
- Trust F/308048
- Trust F/308293
- Trust F/308285

Trustee: Banco Invex, S. A., Institución de Banca Múltiple, Invex Grupo Financiero as Trustee of the following trusts:

- Trust F/1411
- Trust F/1412
- Trust F/2609
- Trust F/251

Trustee: Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria as Trustee of the following trusts:

- Trust F/128
- Trust F/129
- Trust F/824
- Trust F/1487

Trustee: CI Banco, S. A., Institución de Banca Múltiple, as Trustee of the following trusts:

- Trust F/666
- Trust F/463
- Trust F/824

Trustee: Monex Casa de Bolsa, S.A. de C.V., as Trustee of the following trust:

- Trust F/2717

TF Administradora, S. de R.L. de C.V.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

6. FAIR VALUE MEASUREMENTS

IFRS 13 guide on fair value measurements and disclosures establishes a fair value measurement framework, provides a sole definition of fair value and requires expanded disclosures summarizing fair value measurements. This standard provides a three level hierarchy based on inputs used in the valuation process. The level in the fair value hierarchy under which fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the entity for identical assets or liabilities. These quoted prices generally provide the most reliable evidence and should be used to measure fair value whenever available.

Level 2 – Fair value is based on inputs, other than Level 1 inputs, that are observable for the asset or liability, either directly or indirectly, substantially for the full term of the asset or liability through corroboration of observable market data.

Level 3 – Fair value is based on significant unobservable inputs for the asset or liability. Such inputs reflect the entity's own assumptions about how market participants would price the asset or liability.

a. Investment Properties

In general terms, the fair value estimations are based on property appraisal reports prepared by independent real estate appraisers (members of the National Appraisal Institute or an equivalent organization) within a reasonable amount of time following the acquisition of real estate and no less frequently than annually thereafter. The Chief Real Estate Appraiser of PGIM Inc., an affiliated company of the Advisor and the Manager, is responsible for ensuring that the valuation process provides independent and reasonable property fair value estimates.

The purpose of an appraisal is to estimate the fair value of investment properties at a specific date. Fair value is defined as the price to be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value estimate is based on conventional valuation approaches, all of which require the exercise of subjective judgment. The three approaches are: (1) current cost of replacement of the real estate less impairment and functional and economic obsolescence; (2) discounting of a series of income cash flows and their reversion at a specific yield or by directly capitalizing a single year's income by an appropriate factor; and (3) the value shown for recent sales of comparable real estate on the market. Key assumptions include rental income and expense amounts, discount rates and capitalization rates. In reconciling those three approaches, an independent appraiser uses one or a combination of these approaches to arrive at the approximate value of investment properties in the market.

In general terms, inputs used in the appraisal process are unobservable; therefore unless otherwise indicated, investment properties are classified as level 3 under the guidance on fair value measurement hierarchy.

As described above, the estimated fair value of investments properties is generally determined through an appraisal process. Those estimated fair values may vary significantly from the prices at which the real estate investments would sell, since market prices of real estate investments can only be determined through negotiations between a willing buyer and a seller. Such differences could be material to the consolidated financial statements.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

6. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties (continued)

The independent appraiser used the following unobservable inputs based on discounted cash flow method.

- Discount rate: The internal yield rate (internal rate of return or IRR) is the single rate that discounts all future net assets benefits in an opinion of present value. The discount rate as of March 31, 2016 and December 31, 2015, ranges between 9% and 12% for both periods.
- Market yield growth rate: Based on information gathered from surveys, as well as market experience and Management's projections. Market yield growth rate ranges between 2% and 3% for both periods.
- Vacancy and collection loss assumptions: This is a function of the interrelationship between absorption, lease expiration, renewal probability, and estimated downtime between leases and a collection loss factor based on the relative stability and credit of the subject's tenant base.

Significant increases (decreases) in the discount rate would result in a significantly lower (higher) fair value measurement. However an increase (decrease) in any of the other two factors would result in a higher (lower) fair value measurement.

Unrealized (loss) gain from fair value adjustment on investment properties is included in the consolidated statements of comprehensive income.

b. Borrowings

Valuation process for Trust borrowings:

The valuations for financial reporting purposes are prepared by an independent third party and they are based on discounted cash flows. Discussions of valuation processes and results are held between the Director of capital markets and the appraiser at least once every year.

The significant Level 3 inputs used by the Trust are derived and evaluated as follows:

- Discount rates: These rates are estimated based on the costs of loans that are comparable and available at public information sources or other sources available for the Trust. Discount rate as of March 31, 2016 and December 31, 2015 ranges between 3.87% and 4.84% and 4.34% and 6.65%, respectively.
- Management has estimated fair values based on historical data and on its experience, which is in line with internal credit policies. The unobservable inputs used in the fair value measurement of borrowings are the discount rates, for which a significant increase (decrease) would result in a significantly lower (higher) fair value measurement.

Level 2 and 3 fair values are analyzed at each reporting date during quarterly valuation discussions between the parties involved in the process.

c. Derivative financial instruments

The Trust records interest rate caps and fixed rate options at fair value, which is determined using discounted cash flow models. Key assumptions used in the discounted cash flow model include the contractual terms of the agreement, along with significant observable inputs, including interest rates, credit spreads and other factors such as the Trust's nonperformance risk as well as that of the Trust's counterparties. Those derivatives are traded in the over-the-counter (OTC) market and are classified within Level 2 in the fair value hierarchy.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

6. FAIR VALUE MEASUREMENTS (continued)

Table 1 below summarizes assets and liabilities measured at fair value on a recurring basis and their respective level in the fair value hierarchy:

Table 1:

Fair Value Measurements at March 31, 2016

	Cost at 03/31/2016	Amounts measured at fair value 03/31/2016	Quoted prices in active markets for identical net assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Assets:</u>					
Investment properties	\$ 27,934,385	\$ 28,906,052	\$ -	\$ -	\$ 28,096,052
Interest rate Caps & Fixed rate options	-	42	-	42	-
Total assets	\$ 27,934,385	\$ 28,906,094	\$ -	\$ 42	\$ 28,096,052
<u>Liabilities:</u>					
Borrowings	\$ 12,536,998	\$ 12,276,672	\$ -	\$ -	\$ 12,276,672
Total liabilities	\$ 12,536,998	\$ 12,276,672	\$ -	\$ -	\$ 12,276,672

Fair Value Measurements at December 31, 2015

	Cost at 12/31/2015	Amounts measured at fair value 12/31/2015	Quoted prices in active markets for identical net assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Assets:</u>					
Investment properties	\$ 27,525,600	\$ 28,476,842	\$ -	\$ -	\$ 28,476,842
Interest rate Caps & Fixed rate options	-	15	-	15	-
Total assets	\$ 27,525,600	\$ 28,476,857	\$ -	\$ 15	\$ 28,476,842
<u>Liabilities:</u>					
Borrowings	\$ 12,398,446	\$ 12,215,627	\$ -	\$ -	\$ 12,215,627
Total liabilities	\$ 12,398,446	\$ 12,215,627	\$ -	\$ -	\$ 12,215,627

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

6. FAIR VALUE MEASUREMENTS (continued)

Table 2 below shows the reconciliation of the beginning and ending balances for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the periods from January 1, 2016 through March 31, 2016 and from January 1, 2015 through December 31, 2015.

Table 2

Fair value measurements using significant unobservable inputs (Level 3)						
	Beginning balance 01/01/16	Realized and unrealized net gain / loss	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 03/31/16
Assets:						
Investment properties	\$ 28,476,842	\$ 9,752	\$ 318,917	\$ 100,541	\$ -	\$ 28,906,052
Total assets	\$ 28,476,842	\$ 9,752	\$ 318,917	\$ 100,541	\$ -	\$ 28,906,052
Liabilities:						
Borrowings	\$ 12,215,627	\$ (76,896)	\$ 139,974	\$ -	\$ (2,033)	\$ 12,276,672
Total liabilities	\$ 12,215,627	\$ (76,896)	\$ 139,974	\$ -	\$ (2,033)	\$ 12,276,672

Fair value measurements using significant unobservable inputs (Level 3)						
	Beginning balance 01/01/15	Realized and unrealized net gain / loss	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/15
Assets:						
Investment properties	\$ 24,298,809	\$ 161,763	\$ 3,955,264	\$ 1,613,243	\$ (1,552,237)	\$ 28,476,842
Total assets	\$ 24,298,809	\$ 161,763	\$ 3,955,264	\$ 1,613,243	\$ (1,552,237)	\$ 28,476,842
Liabilities:						
Borrowings	\$ 10,974,936	\$ (66,406)	\$ 1,680,379	\$ 13,216,832	\$ (13,590,114)	\$ 12,215,627
Total liabilities	\$ 10,974,936	\$ (66,406)	\$ 1,680,379	\$ 13,216,832	\$ (13,590,114)	\$ 12,215,627

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

7. INVESTMENTS ACCOUNTED USING EQUITY METHOD

On June 16, 2015, Terrafina entered into a joint venture agreement with Controladora Idea, S.A. de C.V., (Controladora) and Parques American Industries, S.A. de C.V., (PAI), with an equity interest of 50% for each of the parties involved.

Below shows the reconciliation of the ending balances at March 31, 2016 and December 31, 2015.

	March 31, 2016	December 31, 2015
Initial balance / initial contribution	\$ 100,945	\$ 101,948
Capital contributions	193	-
Share of profit from equity accounted investments	17,254	-
Currency translation	808	(1,003)
Ending balance	\$ 119,200	\$ 100,945

8. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding derivative financial instruments contracts at March 31, 2016 and December 31, 2015, are summarized as follows:

March 31, 2016							
Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Cap	Bancomer	300,000	3M Libor	2.00%	\$ 42	September 3, 2015	December 30, 2016
Total					\$ 42		
December 31, 2015							
Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Cap	Banamex	305,000	3M Libor	2.00%	\$ -	September 23, 2013	March 25, 2016
Cap	Bancomer	300,000	3M Libor	2.00%	15	September 3, 2015	December 30, 2016
Total					\$ 15		

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

9. BORROWINGS

Borrowings at March 31, 2016 and December 31, 2015, are summarized as follows:

Credit entity ^{[1], [2]}	March 31, 2016		December 31, 2015		Interest rate (p.a.) ^{[3], [4], [5]}	Maturity date	Terms ^[6]
	Principal balance	Fair value	Principal balance	Fair value			
BOND	\$ 7,395,638	\$ 7,135,311	\$ 7,312,763	\$ 7,129,944	Fixed - 5.25%	November, 2022	I
GEREM	4,753,241	4,753,242	4,699,977	4,699,977	3 months Libor + 3.75%	September, 2018 ^[7]	P&I
METLIFE	388,119	388,119	385,706	385,706	Fixed - 5.09%	November, 2016	P&I
CITIBANK ^[8]	-	-	-	-	3 months Libor + 2.40% ^[9]	August, 2018 ^[10]	I
BANORTE ^[11]	-	-	-	-	28 days TIIE + 180 bps ^[12]	December, 2018 ^[13]	I
Total of borrowings	\$ 12,536,998	\$ 12,276,672	\$ 12,398,446	\$ 12,215,627			

[1] GEREM GE Real Estate México, S. de R.L. de C.V. As a result of the purchase of GEREM by Blackstone the new legal name of lender is BRE Debt México II, S. A. de CV. SOFOM ENR.

[2] Metlife = Metropolitan Life Insurance Company.

[3] At March 31, 2016, and December 31, 2015, the 1 month Libor rate was 0.4372% and 0.4295% respectively, while the 3 months Libor rate was 0.6286% and 0.6127%, respectively.

[4] p.a. = per year.

[5] TIIE = Interbank Balance Interest Rate.

[6] P&I / I = Principal and interests; I = Interests only.

[7] Up to 2 years of maturity extension.

[8] Unsecured, committed, unused, revolving credit, up to an amount of USD\$375 million.

[9] The margin may vary according to the Rating and LTV.

[10] Up to 1 years of maturity extension.

[11] VAT unsecured, uncommitted credit; up to an amount of \$1,000 million of Mexican pesos.

[12] The rate increases to TIIE + 230 bps from 13 to 18 months for each disposal.

[13] Each disposal will have a maximum of 18 months.

During 2015, Terrafina entered into credit facility with Metlife of US\$22 million (\$376 million of Mexican pesos) as a result of the purchase of a portfolio of 10 properties. Likewise, Terrafina issued unsecured Bonds called “Senior Note” of US \$425 million (\$7,125 million on Mexican pesos) with maturity of 7 years, and a coupon rate of 5.25 %. The issuance proceeds were used to fully prepay HSBC debt and to repay Citi unsecured revolver outstanding.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

9. BORROWINGS (continued)

As of March 31, 2016, principal amounts of borrowings are payable as follows:

	<u><1 year</u>	<u>1 – 3 years</u>	<u>>3 years</u>	<u>Total</u>
Borrowings payments	\$ 482,840	\$ 4,658,522	\$ 7,135,310	\$ 12,276,672

All the loans are denominated in dollars. Terrafina gets benefit from not paying principal amortizations in respect of the following facilities until the following dates: Senior Notes until November, 2022 and GEREM until September 2018.

The Trust's exposure to the risk from changes in interest rates is largely related to the long-term borrowings. The Trust manages its interest rate risk through a combination of fixed-rate and variable-rate borrowings. In general, short-term borrowings may be subject to a floating rate while longer-term borrowings are typically subject to either a fixed rate or a floating rate with fixed rate options agreements to control the Trust's exposure in the event of rising interest rates.

The Trust carries exposure to the risk from changes in interest variable rates related to these borrowings. Interest rate risk decreases due to the use of derivative financial instruments as described in note 7.

10. NET ASSETS

Net Assets constitutes the initial contribution and the proceeds from the CBFI's issued.

As of March 31, 2016, the Trust had net contribution for \$15,939,832 and it consist of 607,210,360 of CBFI's in circulation as follows:

No. of CBFI's	Details	
602,487,069	As of January 1, 2015	\$ 15,792,371
<u>4,723,291</u>	CBFI's exercised on March 20, 2015	<u>147,461</u>
<u>607,210,360</u>	As of March 31, 2016	<u>\$ 15,939,832</u>

On March 3, 2016, Terrafina paid dividends to the investors in the amount of \$275,731, such dividend payment was previously authorized by the Technical Committee. Such distributions should be considered as capital reimbursement for tax purposes.

On March 20, 2015, Terrafina exercised 4,723,291 CBFI titles for the payment of performance fee as per the provisions of the advisory agreement signed between the Trust and the Advisor.

Fibra Terrafina

CI Banco S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for the period ended March 31, 2016

(Unaudited)

(All amounts in thousands of Mexican Pesos, unless otherwise stated)

11. RELATED PARTIES

The following detail includes the outstanding Trust related parties activities:

Manager

The Trust reimburses the Manager for all costs incurred in carrying out its functions plus Value Added Tax.

The reimbursed costs for the periods ended March 31, 2016 and March 31, 2015 were \$1,931 and \$2,086 respectively, and were eliminated at consolidation.

Advisor

The Trust pays a management fee to the Advisor, equivalent to 0.5% per annum of the gross cost of the real estate assets plus the annual inflation rate and Value Added Tax.

The management fee accrued for the three months ended March 31, 2016 and March 31, 2015 were \$35,527 and \$28,784, respectively.

According to the advisory agreement, on March 20, 2015 Terrafina paid to the advisor a performance fee of \$147,461.

12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business there can be various legal actions related to properties of the Trust. At March 31, 2016, the Trust's management was not aware of any such matter that had or would have a material effect on Trust's financial condition or results of operations.

13. SUBSEQUENT EVENTS

On April 21, 2016, the Technical Committee approved a dividend payment of \$300,774 corresponding to \$.4951 cents per CBFI.

On April 7, 2016, the CBFI's holders approved the issuance of 334,187 CBFI titles for payment of compensation plan for executive employees.

On April 7, 2016, the CBFI's holders approved a methodology change of the management fee, effective on this date.