



FIRST QUARTER 2017 EARNINGS REPORT

Mexico City, April 27, 2017 – Terrafina® (“TERRA”) (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, today announced its first quarter 2017 (1Q17) 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 provisions 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.***

Financial and Operating Highlights as of March 31, 2017

Operating

- As of March 31, 2017, the occupancy rate was 94.9%, a 160 basis point increase compared to the first quarter of 2016 (1Q16). Additionally, considering signed letters of intent (LOI), occupancy for 1Q17 was 95.1%.
- Annualized average leasing rate per square foot at 1Q17 was US\$4.96, a US\$0.07 increase compared to 1Q16.
- Terrafina reported a total of 36.5 million square feet (msf) of Gross Leasable Area (GLA) comprised of 272 properties and 279 tenants in 1Q17.
- 1Q17 leasing activity totaled 1.6 msf, of which 34.2% corresponded to new leases, 56.7% to lease renewals and 9.1% to early renewals. Leasing activity was mainly concentrated in the Guadalajara, Ciudad Juarez, Chihuahua, Ramos Arizpe, Monterrey, Queretaro and Puebla markets.



Financial

- 1Q17 rental revenues reached US\$40.3 million, a 23.7% or US\$7.7 million increase compared to 1Q16.
- 1Q17 NOI was US\$39.6 million, a 24.6% or US\$7.8 million increase compared to 1Q16.
- The NOI margin for 1Q17 reached 87.9%, a 85 basis point increase compared to 1Q16.
- 1Q17 EBITDA reached US\$35.7 million, an increase of 25.1% or US\$7.2 million compared to 1Q16.
- The EBITDA margin for 1Q17 was 79.2%, a 107 basis point increase compared to 1Q16.
- 1Q17 adjusted funds for operations (AFFO) reached US\$22.1 million, an increase of 33.2% or US\$5.3 million compared to 1Q16.
- The AFFO margin for 1Q17 was 48.7%, a 363 basis point increase compared to 1Q16.
- 1Q17 distributions totaled US\$22.1 million. As a result, Terrafina will distribute Ps. 0.7417 per CBFi (US\$0.0364 per CBFi) for distributions corresponding to the January 1 to March 31, 2017 period.
- The annualized distribution of 1Q17 was US\$0.1454; considering the average share price for the quarter of US\$1.41 (Ps.28.74), Terrafina's dividend yield for the quarter was 10.3%.



Operating and Financial Highlights

<i>Operating</i>	Mar17	Mar16	Var.
<i>Number of Developed Properties</i>	260	209	51
<i>Gross Leasable Area (GLA) (msf)¹</i>	36.5	30.1	6.4
<i>New Developments² (msf)</i>	0.00	0.25	-0.25
<i>Land Reserves (msf)</i>	6.26	6.40	-0.14
<i>Occupancy Rate³</i>	94.9%	93.3%	160 bps
<i>Avg. Leasing Rent / Square Foot (dollars)</i>	4.96	4.89	0.07
<i>Weighted Average Remaining Lease Term (years)</i>	3.60	3.65	-0.05
<i>Renewal Rate⁴</i>	70.5%	87.7%	-1,720 bps

<i>Quarterly Financials</i>	1Q17	1Q16	Var.
	20.3873	18.0667	
	(millions of pesos unless otherwise stated)		
<i>Rental Revenues⁵</i>	821.2	589.0	39.4%
<i>Other Operating Income</i>	119.7	75.0	59.5%
<i>Net Revenues</i>	941.2	675.0	39.4%
<i>Net Operating Income (NOI)*</i>	804.2	573.9	40.1%
<i>NOI Margin</i>	87.9%	87.0%	85 bps
<i>EBITDA⁶*</i>	727.2	516.1	40.9%
<i>EBITDA Margin</i>	79.2%	78.2%	107 bps
<i>Funds from Operations (FFO)*</i>	508.3	355.7	42.9%
<i>FFO Margin</i>	55.3%	53.8%	151 bps
<i>Adjusted Funds from Operations (AFFO)*</i>	450.5	300.8	49.8%
<i>AFFO Margin</i>	48.7%	45.1%	363 bps
<i>Distributions</i>	450.5	300.8	49.8%
<i>Distributions per CBF⁷</i>	0.7417	0.4951	49.8%

<i>Balance Sheet</i>	Mar17	Dec16	Var.
	18.8092	20.5633	
	(millions of pesos unless otherwise stated)		
<i>Cash & Cash Equivalents</i>	1,038.2	4,297.1	-75.8%
<i>Investment Properties</i>	39,348.2	34,719.7	13.3%
<i>Land Reserves</i>	997.5	1,041.5	-4.2%
<i>Total Debt</i>	19,273.3	14,561.5	32.4%
<i>Net Debt</i>	18,235.1	10,264.4	77.7%

Figures in dollars in the Income Statement were converted into pesos using the average exchange rate for the period; for the Balance Sheet the exchange rate for the close of the period was used. (1) Millions of square feet. (2) Includes expansions and Built-to-Suits (BTS). (3) Occupancy at the end of the period. (4) Indicates the lease renewal rate of the leases, includes early renewals. (5) Excluding accrued income as it is a non-cash item. (6) Earnings before interest, taxes, depreciation and amortization. (7) Certificados Bursátiles Fiduciarios Inmobiliarios - Real Estate Investment Certificates. Figures in dollars in the Balance Sheet were converted using the closing exchange rate of the period. (*) Revenues and expenses have been adjusted for the calculation of the above mentioned metrics. Please refer to the "1Q17 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

During the first quarter of 2017, we concluded two successful acquisitions for US\$422 million, adding 6.4 million square feet of Class A industrial properties to Terrafina's portfolio; the totality of these leasing contracts are denominated in U.S. dollars. With these transactions, we increased occupancy and the average leasing rent, while at the same time maintaining a wide geographical distribution throughout Mexico's main industrial markets, with a solid base of multinational tenants. In terms of the financial benefits, we expect to raise full-year 2017 NOI in a range between 22% and 24% and AFFO between 27% and 29%. Also, it is important to mention that the full effect of profitability gained from these acquisitions will be visible in the second quarter results for 2017, as the portfolio was only acquired in mid-January.

With regards to Terrafina's main operating indicators, I want to highlight the markets of Guadalajara, Ciudad Juarez, Chihuahua, Ramos Arizpe, Monterrey, Queretaro and Puebla, which secured 1.6 million square feet in leasing contracts during the quarter. 34.2% of these were new contracts, 56.7% were lease renewals and 9.1% were early renewals. Additionally, the average annual leasing rent was US\$4.96 per square foot, a US\$0.07 increase compared to the first quarter of 2016 and a US\$0.08 increase compared to the fourth quarter of 2016. By region, average rents were stable, with US\$4.83 per square foot in the Northern region, US\$5.12 per square foot in the Bajio region and US\$5.20 average rent per square foot in the Central region.

For the first quarter 2017, occupancy rate levels reached 94.9%, including the industrial properties acquired in January 2017. Same-store occupancy rates reached 94.2%, a 90 basis point increase compared to the first quarter of 2016. Additionally, including signed letters of intent, occupancy levels for the quarter reached 95.1%. Occupancy by region remained stable for the period, reaching 96.8% in the Northern region, 91.6% in the Bajio region and 93.6% in the Central region.

Lastly, and with respect to the main financial indicators for the first quarter, rental revenues reached US\$40.3 million, Net Operating Revenue reached US\$39.6 million and Operating Margin reached 87.9% generating US\$22.1 million in Adjusted Funds from Operations. Distributions per CBFI were Ps. 0.7417, or US\$0.0364, which represented an annualized distribution of Ps. 2.97 or US\$0.1454 per CBFI, as well as a 10.3% dividend yield, considering the average CBFI price for the first quarter of 2017.

Thank you for your interest in Terrafina.

Sincerely,
Alberto Chretin

Chief Executive Officer and Chairman of the Board



Operating Highlights

Highlights by Region

(as of March 31, 2017)

	North	Bajío	Central	Total
# Buildings	173	57	30	260
# Tenants	182	59	38	279
GLA (msf)	21.0	9.2	6.3	36.5
New Developments ¹ (msf)	0.0	0.0	0.0	0.0
Land Reserves (msf)	2.8	0.2	3.3	6.3
Occupancy Rate	96.8%	91.6%	93.6%	94.9%
Average Leasing Rent / Square Foot (dollars)	4.83	5.12	5.20	4.96
Annualized Rental Base %	57.6%	25.3%	17.1%	100.0%

(1) Includes expansions and Built-to-Suit (BTS).
Source: PGIM Real Estate - Asset Management

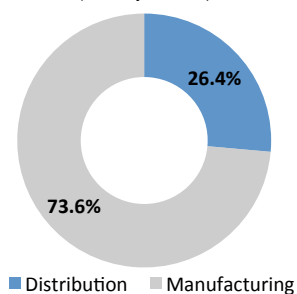


TerraFina's 1Q17 Operations.

Composition by Asset Type as of

1Q17

(as a % of total GLA)



Leasing Activity

	1Q17	1Q16	Var.
Operating Portfolio (msf):			
Renewals	0.9	0.9	0.0
Early Renewals	0.1	0.5	-0.4
New Leases	0.5	0.4	0.1
Total Square Feet of Leases Signed	1.6	1.8	-0.3

Source: PGIM Real Estate - Asset Management



Operating Highlights *(continued)*

Occupancy and Rents by Region

<i>(As of March 31, 2017)</i>	Occupancy Rate	Avg. Leasing Rent/ Square Foot <i>(dollars)</i>
North	96.8%	4.83
Baja California	100.0%	4.22
Tijuana	100.0%	4.22
Sonora	88.5%	4.51
Hermosillo	88.5%	4.51
Chihuahua	97.5%	4.94
Chihuahua	98.5%	5.40
Ciudad Juarez	96.8%	4.61
Delicias	100.0%	5.59
Gomez Farias	100.0%	3.34
Camargo	0.0%	0.00
Casas Grandes	100.0%	4.15
Coahuila	93.9%	4.56
Ciudad Acuña	100.0%	5.99
Monclova	100.0%	5.37
Ramos Arizpe	92.9%	4.28
Saltillo	91.0%	5.39
San Pedro de las Colinas	89.3%	1.00
Torreon	100.0%	4.10
Nuevo Leon	94.7%	5.08
Apodaca	100.0%	5.39
Monterrey	91.7%	4.89
Tamaulipas	100.0%	4.41
Reynosa	100.0%	4.41
Durango	100.0%	4.66
Durango	100.0%	4.81
Gomez Palacio	100.0%	3.09
Bajío	91.6%	5.12
San Luis Potosi	88.9%	4.87
San Luis Potosi	88.9%	4.87
Jalisco	100.0%	6.27
Guadalajara	100.0%	6.27
Aguascalientes	100.0%	4.61
Aguascalientes	100.0%	4.61
Guanajuato	86.1%	4.90
Celaya	100.0%	5.18
Irapuato	84.7%	5.49
Silao	84.9%	4.55
Queretaro	89.1%	4.71
Queretaro	89.1%	4.71
Central	93.6%	5.20
Estado de Mexico	92.6%	5.42
Cuautitlan Izcalli	98.4%	5.40
Toluca	88.8%	5.47
Mexico City	100.0%	8.80
Azacapotzalco	100.0%	8.80
Puebla	100.0%	3.18
Puebla	100.0%	3.18
Tabasco	100.0%	3.98
Villahermosa	100.0%	3.98
Total	94.9%	4.96

Source: PGIM Real Estate - Asset Management

Maturities and Renewals by Region

	Consolidated			
<i>(As of March 31, 2017)</i>	Maturities <i>(number of contracts)</i>	% of Total Maturities	Renewals <i>(number of contracts)</i>	% of Total Renewals
North	15	68.2%	12	80.0%
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	10	45.5%	8	80.0%
Chihuahua	4	18.2%	4	100.0%
Ciudad Juarez	4	18.2%	3	75.0%
Delicias	0	0.0%	0	0.0%
Gomez Farias	1	0.0%	1	0.0%
Camargo	1	0.0%	0	0.0%
Casas Grandes	0	0.0%	0	0.0%
Coahuila	3	13.6%	2	66.7%
Ciudad Acuña	0	0.0%	0	0.0%
Monclova	0	0.0%	0	0.0%
Ramos Arizpe	3	13.6%	2	66.7%
Saltillo	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	1	4.5%	1	100.0%
Apodaca	0	0.0%	0	0.0%
Monterrey	1	4.5%	1	100.0%
Tamaulipas	1	0.0%	1	0.0%
Reynosa	1	0.0%	1	0.0%
Durango	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Gomez Palacio	0	0.0%	0	0.0%
Bajío	6	27.3%	3	50.0%
San Luis Potosi	1	0.0%	0	0.0%
San Luis Potosi	1	0.0%	0	0.0%
Jalisco	2	9.1%	1	50.0%
Guadalajara	2	9.1%	1	50.0%
Aguascalientes	0	0.0%	0	0.0%
Aguascalientes	0	0.0%	0	0.0%
Guanajuato	1	0.0%	0	0.0%
Celaya	0	0.0%	0	0.0%
Irapuato	1	0.0%	0	0.0%
Silao	0	0.0%	0	0.0%
Queretaro	2	9.1%	2	100.0%
Queretaro	2	9.1%	2	100.0%
Central	1	4.5%	1	100.0%
Estado de Mexico	0	0.0%	0	0.0%
Cuautitlan Izcalli	0	0.0%	0	0.0%
Toluca	0	0.0%	0	0.0%
Mexico City	0	0.0%	0	0.0%
Azacapotzalco	0	0.0%	0	0.0%
Puebla	1	0.0%	1	0.0%
Puebla	1	0.0%	1	0.0%
Tabasco	0	0.0%	0	0.0%
Villahermosa	0	0.0%	0	0.0%
Total	22	100.0%	16	72.7%

Source: PGIM Real Estate - Asset Management

*Over the number of matured leases in the quarter



1Q17 Operational Performance

Composition by Geographical Diversification

The geographical diversification of TerraFina's properties at 1Q17 (based on GLA per square foot) was as follows: the Northern region of Mexico represented 57.6% of the GLA, while the Bajío and Central regions represented 25.3% and 17.1% of the GLA, respectively.

Geographic Distribution by Region and State

	1Q17	as a % of Total GLA 1Q17	1Q16	as a % of Total GLA 1Q16
North	21.01	57.6%	16.43	54.6%
Baja California	0.90	2.5%	1.13	3.8%
Tijuana	0.90	2.5%	1.13	3.8%
Sonora	0.33	0.9%	0.28	0.9%
Hermosillo	0.29	0.8%	0.28	0.9%
Chihuahua	13.67	37.5%	9.61	31.9%
Chihuahua	5.37	14.7%	4.13	13.7%
Ciudad Juarez	7.50	20.5%	5.00	16.6%
Delicias	0.29	0.8%	0.29	1.0%
Gomez Farias	0.08	0.2%	0.08	0.3%
Camargo	0.02	0.1%	0.02	0.1%
Casas Grandes	0.09	0.2%	0.09	0.3%
Coahuila	3.49	9.6%	3.43	11.4%
Ciudad Acuña	0.24	0.7%	0.24	0.8%
Monclova	0.34	0.9%	0.34	1.1%
Ramos Arizpe	1.85	5.1%	1.94	6.5%
Saltillo	0.56	1.5%	0.62	2.1%
San Pedro de las Colinas	0.14	0.4%	0.15	0.5%
Torreon	0.13	0.4%	0.13	0.4%
Nuevo Leon	1.38	3.8%	1.16	3.9%
Apodaca	0.50	1.4%	0.32	1.1%
Monterrey	0.81	2.2%	0.84	2.8%
Tamaulipas	0.47	1.3%	0.34	1.1%
Reynosa	0.47	1.3%	0.34	1.1%
Durango	0.78	2.1%	0.46	1.5%
Durango	0.71	1.9%	0.40	1.3%
Gomez Palacio	0.07	0.2%	0.07	0.2%
Bajío	9.23	25.3%	7.55	25.1%
San Luis Potosi	3.27	9.0%	2.75	9.1%
San Luis Potosi	2.90	8.0%	2.75	9.1%
Jalisco	1.81	5.0%	1.29	4.3%
Guadalajara	1.81	5.0%	1.29	4.3%
Aguascalientes	0.75	2.1%	0.75	2.5%
Aguascalientes	0.75	2.1%	0.75	2.5%
Guanajuato	1.42	3.9%	0.78	2.6%
Celaya	0.12	0.3%	0.12	0.4%
Irapuato	0.37	1.0%	0.24	0.8%
Silao	0.73	2.0%	0.42	1.4%
Queretaro	1.98	5.4%	1.98	6.6%
Queretaro	0.00	0.0%	1.98	6.6%
Central	6.25	17.1%	6.12	20.3%
Estado de Mexico	5.40	14.8%	5.26	17.5%
Cuautitlan Izcalli	4.19	11.5%	4.12	13.7%
Huehuetoca	0.80	2.2%	0.23	0.8%
Toluca	0.23	0.6%	0.91	3.0%
Distrito Federal	0.02	0.1%	0.02	0.1%
Azcapotzalco	0.02	0.1%	0.02	0.1%
Puebla	0.18	0.5%	0.18	0.6%
Puebla	0.18	0.5%	0.18	0.6%
Tabasco	0.65	1.8%	0.65	2.2%
Tabasco	0.65	1.8%	0.65	2.2%
Total	36.49	100.0%	30.09	100.0%

Total Gross Leasable Area / million square feet. Potential leasable area of land reserves are not included.

Source: PGIM Real Estate - Asset Management

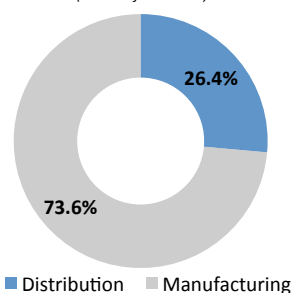


Composition by Asset Type

At the end of 1Q17, 73.6% of TerraFina's portfolio consisted of properties dedicated to manufacturing activities while 26.4% were dedicated to distribution and logistics activities.

Composition by Asset Type as of 1Q17

(as a % of total GLA)



Composition by Asset Type

	1Q17	1Q16	Var.
Distribution	26.4%	30.2%	-379 bps
Manufacturing	73.6%	69.8%	379 bps

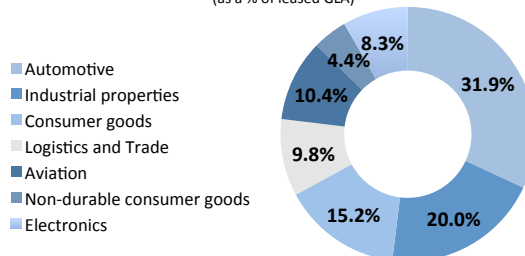
Source: PGIM Real Estate - Asset Management

Composition by Sector

As of March 31, 2017, tenant diversification by industrial sector was as follows:

Diversification by Industrial Sector

as of 1Q17
(as a % of leased GLA)



Industrial Sector Diversification

	1Q17	1Q16	Var.
Automotive	31.9%	30.4%	155 bps
Industrial properties	20.0%	19.5%	58 bps
Consumer goods	15.2%	18.7%	-350 bps
Logistics and Trade	9.8%	9.8%	-01 bps
Aviation	10.4%	9.4%	97 bps
Non-durable consumer goods	4.4%	6.1%	-170 bps
Electronics	8.3%	6.2%	210 bps
Total	100.0%	100.0%	

Source: PGIM Real Estate - Asset Management



Composition of Top Clients

TerraFina has a widely diversified tenant base that lease industrial properties throughout several of Mexico's main cities. For 1Q17, TerraFina's top client, top 10 clients and top 20 clients, represented 3.7%, 18.4% and 29.4% of total revenues, respectively.

Top Clients

	Leased Square Feet (millions)	% Total GLA	% Total Revenues
<i>(As of March 31, 2017)</i>			
Top Client	1.24	3.6%	3.7%
Top 10 Clients	6.28	18.1%	18.4%
Top 20 Clients	10.02	28.9%	29.4%

Source: PGIM Real Estate - Asset Management

Occupancy

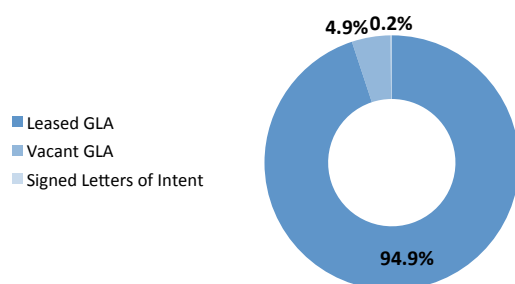
1Q17 occupancy rate was 94.9%, a 160 basis point increase compared to 1Q16. Including signed LOIs for the quarter, the occupancy rate was 95.1%. It is important to note that occupancy rate indicators presented in this report reflect the quarterly closing rate.

For 1Q17, TerraFina's leasing activity reached 1.6 msf, of which 34.2% correspond to new leasing contracts (including expansions), 56.7% for contract renewals and 9.1% for early renewals.

Leasing activity mainly took place in the Guadalajara, Ciudad Juarez, Chihuahua, Ramos Arizpe, Monterrey, Queretaro and Puebla markets. In addition to this leasing activity, TerraFina signed an additional 63,000 square feet in LOIs.

Occupancy as of 1Q17

(as % of Total GLA)



	1Q17	1Q16	Var.
Leased GLA	94.9%	93.3%	167 bps
Vacant GLA	4.9%	6.0%	-114 bps
Signed Letters of Intent	0.2%	0.7%	-52 bps
Total	100.0%	100.0%	

Source: PGIM Real Estate - Asset Management

Lease Maturities

TerraFina had 279 tenants under leasing contracts at the end of 1Q17. The leasing characteristics of 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) remain at levels of between 8% to 21% 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
2017	13.4	7.8%	2.85	8.2%
2018	27.7	16.2%	5.73	16.5%
2019	29.5	17.3%	6.28	18.1%
2020	37.4	21.9%	7.33	21.2%
2021	23.9	14.0%	4.75	13.7%
Thereafter	38.9	22.8%	7.70	22.2%

Source: PGIM Real Estate – Asset Management

Acquisitions

At the beginning of 2017, Terrafina closed an acquisition of US\$422 million in Class A industrial properties representing a total of 6.3 million square feet and with the totality of its leasing contracts denominated in U.S. dollars. Additionally, these acquisitions contributed to maintaining the portfolio's geographical distribution within the principal markets of the Northern, Bajío and Central regions with a solid base of multinational tenants.

With these properties, Terrafina is expected to generate an estimated NOI increase of between 22% to 24% and an expected AFFO increase of between 27% to 29%.

	Same-Store ¹ 1Q17	Consolidated ² 1Q17		
(as of March 31, 2017)				
Number of Properties	209.0	260.0		
Occupancy Rate	94.2%	94.9%		
Gross Leasable Area (GLA) (msf)	30.2	36.5		
Avg. Leasing Rent / Square Foot (dollars)	4.92	4.93		
	Same-Store 1Q17	Consolidated 1Q17	Same-Store 1Q17	Consolidated 1Q17
	(millions of dollars)		(millions of pesos)	
Rental Revenues	33.7	40.3	683.9	821.2
Net Operating Income	33.1	39.6	671.9	804.2
NOI Margin	87.3%	87.9%	87.3%	87.9%
EBITDA	29.7	35.7	605.0	727.2
EBITDA Margin	78.4%	79.2%	78.4%	79.2%
FFO	21.1	24.9	427.1	508.3
FFO Margin	55.7%	55.3%	55.7%	55.3%
Adjusted Funds from Operations	18.3	22.1	370.9	450.5
AFFO Margin	48.3%	48.7%	48.3%	48.7%

(1) Same properties information evaluates the performance of the industrial properties without including recent acquisitions closed in January 2017.

(2) Includes acquisitions closed in January 2017.

Source: PGIM Real Estate - Asset Management and Fund Accounting



Capital Expenditures (CAPEX)

TerraFina's CAPEX is classified as recurring expenses that took place based on upcoming leasing maturities and property improvements. The main goal of these expenses is the renewal of leasing contracts as well as the improvement of property conditions 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 expenditures accounts are comprised as follows:

- 1) Tenant 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 1Q17, TerraFina's investments in tenant improvements and recurring CAPEX was US\$1.6 million. Total CAPEX for 1Q17 is broken down in the following table:

Capital Expenditures

	1Q17 (millions of pesos)	1Q17 (millions of dollars)
Tenant Improvements & Recurring Capex	33.3	1.6
Leasing Commissions	21.3	1.0
Development Capex ⁽¹⁾	110.4	5.4
Total Capital Expenditures	164.9	8.1

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 March 31, 2017 was comprised of 12 land reserve properties, equivalent to 6.3 msf of potential GLA for the development of future industrial properties.

As of March 31, 2017, TerraFina's land reserves were distributed as follows:

As of March 31, 2017					
	Square Feet (millions)	Land at Cost (millions of pesos)	Land at Cost (millions of dollars)	Appraisal Value (millions of pesos)	Market Value (millions of dollars)
North	3.0	751.2	39.9	579.8	30.8
Bajio	0.1	13.4	0.7	13.9	0.7
Central	3.3	698.7	37.1	403.8	21.5
Total Land Portfolio	6.4	1,463.3	77.7	997.5	53.0

Source: PGIM Real Estate - Asset Management and Fund Accounting



1Q17 Financial Performance

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 1Q17, while for the balance sheet, the exchange rate at the close of March 31, 2017 was applied.

Terrafina has in place 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 of the integration of 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.



Rental Revenues

In 1Q17, Terrafina reported rental revenues of US\$40.3 million, a 23.7% or US\$7.7 million increase compared to 1Q16.

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

Other Operating Income

In 1Q17, other operating income totaled US\$5.8 million, a 40.1% or US\$1.7 million increase compared to 1Q16.

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

Net revenues reached US\$46.2 million in 1Q17, an increase of US\$8.8 million, or 23.6% compared to 1Q16.

Revenues						
	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	(millions of pesos)			(millions of dollars)		
Rental Revenue	821.2	589.0	39.4%	40.3	32.6	23.7%
Accrued Income ¹	0.3	11.0	-97.1%	0.0	0.6	-97.2%
Other Operating Revenues	119.7	75.0	59.5%	5.8	4.2	40.1%
Reimbursable Expenses as Revenues ²	96.7	69.8	38.5%	4.7	3.9	21.4%
Reimbursable Tenant Improvements	5.2	5.1	2.5%	0.3	0.3	-0.1%
Other non-cash income	17.8	0.1	-	0.8	0.0	-
Net Revenue	941.2	675.0	39.4%	46.2	37.4	23.6%

(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 1Q17, real estate expenses totaled US\$10.0 million, a decrease of 1.2% or US\$0.1 million compared to 1Q16. These expenses mainly corresponded to repair and maintenance, property taxes and insurance.

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 1Q17, NOI totaled US\$39.6 million, a 24.6% or US\$7.8 million increase compared with 1Q16. NOI margin increased 85 basis points reaching 87.9% compared to 87.0% in 1Q16.

The following table displays the NOI calculation for 1Q17:

Net Operating Income						
	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Rental Revenues ¹	821.2	589.0	39.4%	40.3	32.6	23.7%
Other Operating income ²	96.3	69.8	38.0%	4.7	3.9	21.0%
Net Revenues for NOI Calculation	917.6	658.8	39.3%	45.0	36.5	23.4%
Repair and Maintenance	-8.4	-7.7	9.1%	-0.4	-0.4	-2.8%
Property Taxes	-65.9	-49.2	33.9%	-3.1	-2.7	12.7%
Property Management Fees	-17.1	-14.9	14.3%	-0.8	-0.8	2.9%
Electricity	-9.1	-5.0	82.6%	-0.5	-0.3	67.2%
Property Insurance	-4.6	-2.2	114.5%	-0.2	-0.1	113.1%
Security	-3.4	-2.9	14.6%	-0.2	-0.2	5.8%
Other Operational Expenses	-4.9	-3.0	64.1%	-0.2	-0.2	22.4%
Real Estate Operating Expenses for NOI Calculation	-113.4	-84.9	33.5%	-5.5	-4.7	15.3%
Net Operating Income³	804.2	573.9	40.1%	39.6	31.8	24.6%
NOI Margin	87.9%	87.0%	85 bps	87.9%	87.0%	85 bps

(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 the AFFO calculation.

(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, including 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 in 1Q17 totaled US\$4.9 million, a 37.2%, or US\$1.3 million increase compared to 1Q16.

The following table breaks down total G&A:

G&A						
	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
External Advisor Fees ¹	-49.1	-35.5	38.3%	-2.5	-2.0	26.3%
Professional and Consulting Services	-7.6	-6.6	15.8%	-0.4	-0.4	5.0%
Payroll, Admin. Fees and Other Expenses	-41.1	-21.9	88.3%	-2.0	-1.2	64.6%
Total G&A²	-97.9	-64.0	53.1%	-4.9	-3.6	37.2%

(1) PLA Administradora Industrial, S. de R.L. de C.V., is a Mexican affiliate of PGIM, and Advisor as per the Advisory Contract.

(2) General and Administrative Expenses.

Source: PGIM Real Estate - Fund Accounting

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

In 1Q17, EBITDA totaled US\$35.7 million, an increase of US\$7.2 million, or 25.1%, compared to 1Q16. EBITDA margin for 1Q17 was 79.2%, a 107 basis point increase compared to 1Q16.

The following shows the EBITDA calculation for 1Q17:

EBITDA						
	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Rental Revenues ¹	821.2	589.0	39.4%	40.3	32.6	23.7%
Other Operating income ²	96.3	69.8	38.0%	4.7	3.9	21.0%
Real Estate Expenses for EBITDA Calculation	-117.6	-88.5	32.9%	-5.7	-4.9	15.1%
Real Estate Operating Expenses for NOI Calculation	-113.4	-84.9	33.5%	-5.5	-4.7	15.3%
Advertising	-0.3	-0.8	-66.2%	0.0	0.0	-
Admin. Property Insurance Expenses	-1.0	-0.9	6.5%	0.0	-0.1	-
Other Admin. Real Estate Expenses	-3.0	-1.8	-	-0.1	-0.1	44.7%
Fees and Admin. Expenses	-72.7	-54.3	34.0%	-3.7	-3.0	21.2%
External Advisor Fees	-49.1	-35.5	38.3%	-2.5	-2.0	26.3%
Legal, Admin. and Other Professional Fees	-14.9	-10.9	36.9%	-0.7	-0.6	21.4%
Trustee Fees	-2.0	-1.5	30.8%	-0.1	-0.1	14.2%
Payroll	-5.0	-5.6	-10.7%	-0.2	-0.3	-21.0%
Other Expenses	-1.7	-0.7	135.4%	-0.1	0.0	110.6%
EBITDA³	727.2	516.1	10.4%	35.7	28.5	25.1%
EBITDA Margin	79.2%	78.2%	107 bps	79.2%	78.2%	107 bps

(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 4* located in the last section of this document.



Financing Costs

In 1Q17, financing costs totaled US\$12.6 million, a increase of 30.0% or US\$2.9 million compared to 1Q16.

Financial Expenses

	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
Interest Paid	-218.8	-160.7	36.1%	-10.8	-8.9	20.8%
Borrowing Expenses	-39.5	-15.4	155.6%	-2.0	-0.9	125.2%
Recurring	-1.4	-0.3	305.0%	-0.1	0.0	246.6%
Non Recurring	-38.1	-15.1	152.2%	-1.9	-0.8	122.5%
Interest Income	1.2	0.7	83.6%	0.1	0.0	60.7%
Total	-257.0	-175.4	46.5%	-12.6	-9.7	30.0%

Source: PGIM Real Estate - Fund Accounting

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

In 1Q17, Terrafina's FFO increased by US\$5.3 million, or 26.9% compared to 1Q16, reaching US\$24.9 million. FFO Margin was 55.3%, a 151 basis point increase compared to 1Q16. Additionally, Terrafina reported an AFFO of US\$22.1 million, an increase of US\$5.5 million, or 33.2% compared to 1Q16. AFFO margin was 48.7%, an increase of 363 basis points versus 1Q16.

Funds from Operations (FFO)

	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	<i>(millions of pesos unless otherwise stated)</i>			<i>(millions of dollars unless otherwise stated)</i>		
EBITDA	727.2	516.1	40.9%	35.7	28.5	25.1%
Finance Cost ¹	-218.9	-160.3	36.5%	-10.8	-8.9	21.2%
Funds from Operations (FFO)	508.3	355.7	42.9%	24.9	19.6	26.9%
<i>FFO Margin</i>	<i>55.3%</i>	<i>53.8%</i>	<i>151 bps</i>	<i>55.3%</i>	<i>53.8%</i>	<i>151 bps</i>
Tenant Improvements	-33.3	-30.2	10.1%	-1.6	-1.7	-3.8%
Leasing Commissions	-21.3	-20.4	4.2%	-1.0	-1.1	-7.7%
Other Non Recurring Expenses ²	-3.3	-4.3	-23.8%	-0.2	-0.2	-31.7%
Adjusted Funds from Operations (AFFO)	450.5	300.8	49.8%	22.1	16.6	33.2%
<i>AFFO Margin</i>	<i>48.7%</i>	<i>45.1%</i>	<i>363 bps</i>	<i>48.7%</i>	<i>45.1%</i>	<i>363 bps</i>

(1) Net Operational Interest Expenses comprised by interest paid, recurring borrowing expenses and other interest income.

(2) Related expenses to acquisitions, dispositions, legal and other expenses

Source: PGIM Real Estate - Fund Accounting



Comprehensive Income

Comprehensive Income for 1Q17 reached US\$(101.5) million, compared to the US\$31.5 million in 1Q16.

The following table presents the calculation of Comprehensive Income for 1Q17:

Comprehensive Income						
	1Q17	1Q16	Var. %	1Q17	1Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Net Revenues	941.2	657.7	43.1%	46.2	36.4	26.8%
Real Estate Expenses	-206.4	-182.7	13.0%	-10.0	-10.1	-1.2%
Fees and Other Expenses	-97.9	-64.0	53.1%	-4.9	-3.6	37.2%
Gain (Loss) from Sales of Real Estate Properties	1.3	0.0	-	0.1	0.0	-
Net Income (Loss) from Fair Value Adjustment on Investment Properties	-50.1	9.8	-	-2.5	0.6	-
Net Income (Loss) from Fair Value Adjustment on Derivative Financial Instruments	0.0	0.0	-	0.0	0.0	-
Net Income (Loss) from Fair Value Adjustment on Borrowings	-322.5	76.9	-	-15.8	4.3	-
Foreign Exchange Gain (loss)	155.5	-3.4	-	7.6	-0.2	-
Operating Profit	421.1	494.3	-14.8%	20.7	27.3	-24.4%
Financial Income	1.2	0.7	83.6%	0.1	0.0	-
Financial Expenses	-258.2	-176.1	46.6%	-12.7	-9.8	30.1%
Net Financial Cost	-257.0	-175.4	46.5%	-12.6	-9.7	30.0%
Share of Profit from Equity Accounted Investments	-0.3	17.3	-	0.0	0.8	-
Net Profit (Loss)	163.7	336.2	-51.3%	8.0	18.6	-56.9%
Items Reclassified after Net Profit (Loss) - Currency Translation Adjustments	-2,233.3	233.8	-	-109.5	12.9	-
Comprehensive Income	-2,069.6	569.9	-	-101.5	31.5	-

Source: PGIM Real Estate - Fund Accounting

Distributions per CBFIs

In 1Q17, TerraFina distributed US\$22.1 million, or US\$0.0364 per CBFI.

Distributions

	1Q16	2Q16	3Q16	4Q16	1Q17	Var.% (1Q17 vs 1Q16)
(millions of pesos unless otherwise stated)						
Total Outstanding CBFIs ¹ (millions of CBFIs)	607.2	607.4	607.4	607.4	607.4	0.0%
CBFI Price ²	29.39	30.84	30.84	29.48	28.74	-2.2%
Distributions	300.8	343.3	346.4	400.4	450.5	49.8%
Distributions Per CBFI	0.4951	0.5650	0.5703	0.6593	0.7417	49.8%
FX Rate USD/MXN (average closing period)	18.07	18.07	18.72	19.81	20.39	12.8%
Distributions (million dollars)	16.6	19.0	18.5	20.4	22.1	33.2%
Distributions Per CBFI (dollars)	0.0273	0.0313	0.0305	0.0335	0.0364	33.3%
Annualized Distribution Yield ³	6.7%	7.3%	7.4%	8.9%	10.3%	359 bps

(1) In 2Q16, 167,094 CBFIs were added as part of TerraFina's compensation plan. 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. Quarterly distribution yield calculation has been annualized.

Source: PGIM Real Estate - Fund Accounting



Total Debt

As of March 31, 2017, Terrafina's total debt reached US\$1,024.7 million. The average cost of Terrafina's long-term debt was 4.13%. All of Terrafina's debt is denominated in U.S. dollars.

Outstanding Debt

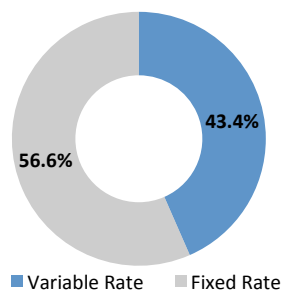
	Currency	Millions of pesos	Millions of dollars	Interest Rate	Terms	Maturity	Extension Option
<i>(as of March 31, 2017)</i>							
Long Term Debt							
Citibank ¹	Dollars	5,548.7	295.0	Libor + 2.40%	Interest Only	Aug 2018	Aug 2019
Metlife	Dollars	2,821.4	150.0	4.75%	Interest Only	Jan 2027	-
BBVA / JP Morgan	Dollars	2,821.4	150.0	Libor + 2.00%	Interest + Principal	Sep 2021	-
Senior Notes	Dollars	8,081.8	429.7	5.25%	Interest Only	Nov 2022	-
Total Debt		19,273.3	1,024.7				
Net Cash		1,038.2	55.2				
Net Debt		18,235.1	969.5				

(1) Unsecured syndicated loan facility with seven banks.

Source: PGIM Real Estate - Fund Accounting and Transactions

Interest Rate Breakdown

(as of March 31, 2017)



The following tables show leverage and debt service coverage as of March 31, 2017 as well as Terrafina's projections for the following six quarters:

Loan-to-Value (LTV)

<i>(as of March 31, 2017)</i>	<i>(millions of pesos)</i>	<i>(millions of dollars)</i>
Total Assets	42,298.6	2,248.8
Total Debt	19,273.3	1024.7

Loan-to-Value (LTV)¹ **45.6%**

(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	March 31, 2017	1,038.2	50.9
Recoverable Taxes	Σ next 6 quarters	1,328.2	65.2
EBIT ¹ after distributions	Σ next 6 quarters	1,390.6	68.2
Available Credit Line	March 31, 2017	1,504.7	73.8

	period	(millions of pesos)	(millions of dollars)
Interest Payments	Σ next 6 quarters	1228.7	60.3
Principal Payments	Σ next 6 quarters	0.0	0.0
Recurring CAPEX	Σ next 6 quarters	202.9	10.0
Development Expenses	Σ next 6 quarters	188.1	9.2

Debt Service Coverage Ratio (DSCR)² **3.2x**

(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 March 31, 2017, Terrafina was in full compliance with its debt covenants related to the US\$425 million bond issuance, as follows:

Unsecured Bond Covenants

(as of March 31, 2017)	Terrafina	Bond Covenants
Loan-to-Value (LTV) ¹	45.6%	≤ 60%
Debt Service Coverage Ratio (DSCR) ²	2.6x	≥ 1.5x
Secured Debt to Gross Assets Limitation	6.7%	≤ 40%
Unencumbered Assets to Unsecured Debt Limitation	218%	≥ 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



Analyst Coverage

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

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



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 272 real estate properties, including 260 developed industrial facilities with a collective GLA of approximately 36.5 million square feet and 12 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

PGIM Real Estate

PGIM Real Estate is the real estate investment business of PGIM Inc., the global investment management business of Prudential Financial, Inc. (NYSE: PRU). Redefining the real estate investing landscape since 1970, PGIM Real Estate has professionals in 18 cities in the Americas, Europe and Asia Pacific with deep local knowledge and expertise, and gross assets under management of US\$66.0 billion (US\$47.6 billion net) as of December 31, 2016. PGIM Real Estate's tenured team offers to its global client base a broad range of real estate investment vehicles that span the risk-return spectrum across core, core plus, value-add, debt, securities, and specialized investment strategies. For more information, visit www.pgimrealestate.com

About Prudential Financial, Inc.

Prudential Financial, Inc. (NYSE:PRU), a financial services leader with more than US\$1.0 trillion of assets under management as of December 31, 2016, 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

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

(BMV: TERRA13)

Cordially invites you to participate in its
First Quarter 2017 Results

Friday, April 28, 2017
11:00 a.m. Eastern Time
10:00 a.m. Central Time

To access the call, please dial:

from within the U.S. 1-800-311-9404

from outside the U.S. 1-334-323-7224

Conference ID Number: 34974

Audio Webcast Link: <https://www.webcaster4.com/Webcast/Page/1111/20331>

Conference Replay

US 1-877-919-4059

International (outside the US) 1-334-323-0140

Passcode: 80939560



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 with IFRS; however, these are considered as non-cash items and therefore are excluded in some calculations.

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

Revenues		1Q17	1Q16	1Q17	1Q16
		(millions of pesos)		(millions of dollars)	
NOI calculation	Rental Revenue	821.2	589.0	40.3	32.6
Non Cash	Accrued Income ¹	0.3	11.0	0.0	0.6
	Other Operating Revenues	119.7	75.0	5.8	4.2
NOI calculation	Reimbursable Expenses as Revenues ²	96.7	69.8	4.7	3.9
AFFO calculation	Reimbursable Tenant Improvements	5.2	5.1	0.3	0.3
Non Cash	Other non-cash income	17.8	0.1	0.8	0.0
	Net Revenue	941.2	675.0	46.2	37.4
NOI calculation	Share of Profit from Equity Accounted Investments ²	-0.4	0.0	0.0	0.0

(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 with 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 real estate expenses' breakdown, which are used for the calculation of several metrics.

Real Estate Expenses		1Q17	1Q16	1Q17	1Q16
		(millions of pesos)		(millions of dollars)	
	Repair and Maintenance	-46.9	-43.0	-2.3	-2.4
NOI calculation	Recurring	-8.4	-7.7	-0.4	-0.4
AFFO calculation	Non Recurring	-38.5	-35.3	-1.9	-2.0
	Property Taxes	-73.5	-57.9	-3.5	-3.2
NOI calculation	Operating	-65.9	-49.2	-3.1	-2.7
Non Cash	Non Operating	-7.6	-8.6	-0.4	-0.5
NOI calculation	Property Management Fees	-17.1	-14.9	-0.8	-0.8
NOI calculation	Electricity	-9.1	-5.0	-0.5	-0.3
AFFO calculation	Brokers Fees	-21.3	-20.4	-1.0	-1.1
	Property Insurance	-5.7	-3.1	-0.3	-0.2
NOI calculation	Operating	-4.7	-2.2	-0.2	-0.1
EBITDA calculation	Administrative	-1.0	-0.9	0.0	-0.1
NOI calculation	Security	-3.4	-2.9	-0.2	-0.2
EBITDA calculation	Advertising	-0.3	-0.8	0.0	0.0
	Other Expenses	-15.4	-18.6	-0.7	-1.1
NOI calculation	Operational Related	-5.0	-3.0	-0.2	-0.2
Non Cash	Non Operational Related	-7.4	-13.7	-0.4	-0.8
EBITDA calculation	Administrative	-3.0	-1.8	-0.1	-0.1
Non Cash	Bad Debt Expense	-13.9	-16.1	-0.7	-0.9
Total Real Estate Expenses		-206.4	-182.7	-10.0	-10.1

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:

Fees and Administrative Expenses		1Q17	1Q16	1Q17	1Q16
		(millions of pesos)		(millions of dollars)	
EBITDA calculation	External Advisor Fees	-49.1	-35.5	-2.5	-2.0
	Legal Fees	-2.0	-2.6	-0.1	-0.1
EBITDA calculation	Recurring	-0.3	-0.2	0.0	0.0
AFFO calculation	Non Recurring	-1.7	-2.4	-0.1	-0.1
	Other Professional Fees	-5.6	-4.0	-0.3	-0.2
EBITDA calculation	Recurring	-3.3	-2.0	-0.2	-0.1
AFFO calculation	Non Recurring	-2.3	-1.9	-0.1	-0.1
	Administrative Fees	-32.5	-14.0	-1.6	-0.8
EBITDA calculation	Recurring	-11.3	-8.6	-0.6	-0.5
Non Operational related	Non Recurring ¹	-21.1	-5.4	-1.0	-0.3
EBITDA calculation	Payroll	-5.0	-5.6	-0.2	-0.3
EBITDA calculation	Trustee Fees	-2.0	-1.5	-0.1	-0.1
EBITDA calculation	Other Expenses	-1.7	-0.7	-0.1	0.0
Total Fees and Admin. Expenses		-97.9	-64.0	-4.9	-3.6

(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

	1Q17 (millions of pesos)	1Q16 (millions of pesos)	1Q17 (millions of dollars)	1Q16 (millions of dollars)
Comprehensive Income (Loss)	2,069.6	569.9	-101.5	31.5
<i>Add (deduct) Currency Translation Adjustment:</i>				
Currency Translation Adjustment	2,233.3	-233.8	109.5	-12.9
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	38.1	15.1	1.9	0.8
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	-155.5	3.4	-7.6	0.2
Fair Value Adjustment on Borrowings	322.5	-76.9	15.8	-4.3
Fair Value Adjustment on Derivative Financial Instruments	0.0	0.0	0.0	0.0
Fair Value Adjustment on Investment Properties	50.1	-9.8	2.5	-0.5
Gain (Loss) from Sales of Real Estate Properties	-1.3	0.0	-0.1	0.0
<i>Add (deduct) Expenses Adjustment:</i>				
Non Recurring Repair and Maintenance	38.5	35.3	1.9	2.0
Non Operating Property Taxes	7.6	8.6	0.4	0.5
Brokers Fees	21.3	20.4	1.0	1.1
Bad Debt Expense	13.9	16.1	0.7	0.9
Other Non Operational Related Expenses	7.4	13.7	0.4	0.8
Non Recurring Legal Fees	1.7	2.4	0.1	0.1
Non Recurring Other Professional Fees	2.3	1.9	0.1	0.1
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-0.3	-11.0	0.0	-0.6
Other Non-Cash Income	-17.8	-0.1	-0.9	0.0
Reimbursable Tenant Improvements	-5.2	-5.1	-0.3	-0.3
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Operational Administrative Fees	21.1	5.4	1.0	0.3
FFO	508.3	355.7	24.9	19.6
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Interest Paid	218.8	160.7	10.7	8.9
Recurring Borrowing Expenses	1.4	0.3	0.1	0.0
Interest Income	-1.2	-0.7	-0.1	0.0
EBITDA	727.2	516.1	35.7	28.6
<i>Add (deduct) Expenses Adjustment:</i>				
External Advisor Fees	49.1	35.5	2.4	2.0
Recurring Legal Fees	0.3	0.2	0.0	0.0
Recurring Other Professional Fees	3.3	2.0	0.2	0.1
Administrative Fees	11.3	8.6	0.6	0.5
Payroll	5.0	5.6	0.2	0.3
Trustee Fees	3.3	1.5	0.2	0.1
Other Expenses	2.0	0.7	0.1	0.0
Advertising	0.3	0.8	0.0	0.0
Administrative Property Insurance	1.0	0.9	0.0	0.1
Other Administrative Expenses	1.7	1.8	0.1	0.1
NOI	804.2	573.9	39.6	31.8
<i>Add (deduct) Expenses Adjustment:</i>				
Recurring Repair and Maintenance	8.4	7.7	0.4	0.4
Operating Property Taxes	65.9	49.2	3.2	2.7
Property Management Fees	17.1	14.9	0.8	0.8
Electricity	9.1	5.0	0.4	0.3
Operating Property Insurance	4.7	2.2	0.2	0.1
Security	3.4	2.9	0.2	0.2
Other Operational Expenses	5.0	3.0	0.2	0.2
<i>Add (deduct) Revenues Adjustment:</i>				
Other Non-Cash Income	17.8	0.1	0.9	0.0
Accrued Income	0.3	11.0	0.0	0.6
Reimbursable Tenant Improvements	5.2	5.1	0.3	0.3
Share of Profit from Equity Accounted Investments	0.4	0.0	0.0	0.0
Net Revenue	941.2	675.0	46.2	37.4



Reconciliation of Net Profit (Loss) to AFFO

	1Q17	1Q16	1Q17	1Q16
	(millions of pesos)		(millions of dollars)	
Comprehensive Income (Loss)	-2,069.5	569.9	-101.5	31.5
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	2,233.3	-233.8	109.5	-12.9
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	38.1	15.1	1.9	0.8
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	-155.5	3.4	-7.6	0.2
Fair Value Adjustment on Borrowings	322.5	-76.9	15.8	-4.3
Fair Value Adjustment on Derivative Financial Instruments	0.0	0.0	0.0	0.0
Fair Value Adjustment on Investment Properties	50.1	-9.8	2.5	-0.5
Gain (Loss) from Sales of Real Estate Properties	-0.6	0.0	0.0	0.0
<i>Add (deduct) Expenses Adjustment:</i>				
Non Operating Property Taxes	7.6	8.6	0.4	0.5
Bad Debt Expense	13.9	16.1	0.7	0.9
Other Expenses Non Operational Related	7.4	13.7	0.4	0.8
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-0.3	-11.0	0.0	-0.6
Other Non-Cash Income	-17.8	-0.1	-0.9	0.0
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Administrative Fees	21.1	5.4	1.0	0.3
AFFO	450.5	300.8	22.1	16.6



Appendix 5 - Cap Rate Calculation

TerraFina subtracts cash and land reserves book value for the cap rate calculation.

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

Implied Cap Rate

Quarterly Average Price (dollars) ¹	1.41
(x) CBFIs (millions of shares)	607.4
(=) Market Capitalization	856.2
(+) Total Debt	1024.7
(-) Cash	55.2
(=) Enterprise Value	1,825.7
(-) Landbank	77.7
(=) Implied Operating Real Estate Value	1,748.0
Net Operating Income (NOI) 2017e	160.8
Implied Cap Rate	9.2%

Figures expressed in millions of dollars unless otherwise stated.

(1) 1Q17 average share price of Ps.28.74; and average exchange rate of Ps.20.3873

Cap Rate Calculation with NAV

(+) Investment Properties (excluding landbank)	2,014.3
(+) Land	77.7
(+) Cash	55.2
(-) Total Debt and Liabilities	1062.7
(=) NAV¹	1,084.5
(/) CBFIs (million shares)	607.4
(=) NAV per CBFI (dollars)	1.8
CBFI Price (NAV calculation)	1.8
(x) CBFIs (million shares)	607.4
(=) Market Cap	1,084.5
(+) Total Debt and Liabilities	1062.7
(-) Cash	55.2
(=) Enterprise Value	2,092.0
(-) Landbank	77.7
(=) Implied Operating Real Estate Value	2,014.3
Net Operating Income (NOI) 2017e	160.8
Implied Cap Rate	8.0%



Financial Statements

Income Statement

(thousands of pesos)

	1Q17	1Q16
Rental revenues	\$821,547	\$599,934
Other operating income	119,661	57,789
Real estate operating expenses	(206,440)	(182,732)
Fees and other expenses	(97,897)	(63,962)
Realized gain from disposal of investment properties	1,344	-
Net gain (loss) from fair value adjustment on investment properties	(50,114)	9,752
Net gain (loss) from fair value adjustment on borrowings	(322,491)	76,896
Net (loss) gain unrealized from fair value on derivative financial instruments	-	27
Foreign exchange (loss) gain	155,481	(3,436)
Operating profit	421,091	494,268
Finance income	1,247	679
Finance cost	(258,242)	(176,126)
Finance cost - net	(256,995)	(175,447)
Share of profit from equity accounted investments	(358)	17,254
Net Profit for the period	163,738	336,075
Items that may be subsequently reclassified to profit or loss- currency translation differences	(2,233,296)	233,762
Total Comprehensive income for the period	(2,069,558)	569,837



Financial Statements

Balance Sheet	Mar-31-17	Dic-31-16
<i>(thousands of pesos)</i>		
Assets		
Non-current assets		
Investment properties (Cost: 31/03/2017 - Ps.33,817,311; 31/12/2016 - Ps.33,817,311)	\$39,348,157	\$34,719,694
Investments accounted using equity method	236,447	233,548
Loan receivable (Cost: 31/03/2017 - Ps.41,472; 31/12/2016 - Ps.41,472)	37,452	41,472
Current assets		
Other assets	29,899	111,257
Loan receivable (Cost: 31/03/2017 - Ps.1,232; 31/12/2016 - Ps.1,232)	1,136	1,232
Recoverable taxes	1,328,234	149,782
Prepaid expenses	8,471	12,385
Acquisition prepayment	-	9,809
Deferred charges and accrued income	158,120	173,361
Accounts receivable (Net of allowance for doubtful accounts: 31/03/2017 - Ps.167,619; 31/12/2016 - Ps.167,619)	83,023	43,417
Restricted cash	29,493	89,137
Cash and cash equivalents	1,038,210	4,297,096
Total assets	42,298,642	39,882,190
Net assets attributable to Investors		
Contributions, net	14,782,859	14,782,859
Retained earnings	97,657	334,283
Currency translation adjustment	7,429,991	9,663,287
Total net assets (Net Equity)	22,310,507	24,780,429
Liabilities		
Non-current liabilities		
Borrowings (Cost: 31/03/2017 - \$14,126,686; 31/12/2016 - \$14,126,686)	19,273,317	13,879,906
Tenant deposits	215,842	198,002
Accounts payable	3,879	5,421
Current liabilities		
Trade and other payables	427,650	295,138
Borrowings (Cost: 31/03/2017 - Ps.681,609; 31/12/2016 - Ps.681,609)	-	681,609
Tenant deposits	67,447	41,685
Total liabilities (excluding net assets attributable to the Investors)	19,988,135	15,101,761
Total net assets and liabilities	42,298,642	39,882,190



Financial Statements

Cash Flow Statement	Mar-17
<i>(thousands of pesos)</i>	
Cash flows from operating activities	
(Loss) profit for the period	\$163,738
Adjustments:	
Net loss (gain) unrealized from fair value adjustment on investment properties	50,114
Net loss (gain) unrealized from fair value adjustment on borrowings	322,491
Net loss (gain) unrealized from fair value adjustment on derivative financial instruments	-
Realized gain from disposal of investment properties	(1,344)
Bad debt expense	13,919
Interest expense	218,756
Interest income on bank accounts	(670)
Share of profit from equity accounted investments	358
Decrease (increase) deferred rents receivable	15,241
Decrease (increase) in restricted cash	59,644
Decrease (increase) in accounts receivable	(53,525)
Decrease (increase) in recoverable taxes	(1,178,452)
Decrease (increase) in prepaid expenses	3,914
Decrease (increase) in other assets	81,358
Decrease (increase) in tenant deposits	43,602
(Decrease) in accounts payable	130,970
Net cash (used in) generated from operating activities	(129,886)
Cash flows from investing activities	
Acquisitions of investment properties	(8,851,348)
Improvements of investment properties	(110,413)
Proceeds from dispositions of investment properties	12,373
Acquisition prepayment	9,809
Interest income on bank accounts	670
Investments in joint venture	(26,221)
Loans receivable payment	291
Net cash (used in) generated from investing activities	(8,964,839)
Cash flows from financing activities	
Proceeds from borrowings	9,440,928
Principal payments on borrowings	(2,894,584)
Interest expense	(218,756)
Distributions to investors	(400,364)
Net cash (used in) generated from financing activities	5,927,224
Net (decrease) in cash and cash equivalents	(3,167,501)
Cash and cash equivalents at the beginning of the period	4,297,096
Exchange effects on cash and cash equivalents	(91,385)
Cash and cash equivalents at the end of the period	\$1,038,210



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, 2017	\$14,782,859	\$9,663,287	\$334,283	\$24,780,429
Capital Contribution, Net of Issuing Costs	\$-	-	-	-
Distributions to Investors	-	-	(400,364)	(400,364)
Comprehensive Income				
Net loss of the period	-	-	163,738	163,738
Other Comprehensive Income				
Currency Translation	-	(2,233,296)	-	(2,233,296)
Total Comprehensive (loss) income	-	(2,233,296)	163,738	(2,069,558)
Net Assets as of March 31, 2017	\$14,782,859	\$7,429,991	\$97,657	\$22,310,507