



THIRD QUARTER 2017 EARNINGS REPORT

Mexico City, October 26, 2017 – Terrafina® (“TERRA” or “the Company”) (BMV: TERRA13), a leading Mexican industrial real estate investment trust (“FIBRA”), externally advised by PGIM Real Estate and dedicated to the acquisition, development, leasing and management of industrial real estate properties in Mexico, today announced its third quarter 2017 (3Q17) earnings results.

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

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

Operating and Financial Highlights as of September 30, 2017

Operating

- As of September 30, 2017, the occupancy rate was 95.1%, a 233 basis point increase compared to the third quarter of 2016 (3Q16). Additionally, considering signed letters of intent (LOI), occupancy for 3Q17 was 95.4%.
- Annualized average leasing rate per square foot at 3Q17 was US\$5.00, a US\$0.10 increase compared to 3Q16.
- Terrafina reported a total of 37.8 million square feet (msf) of Gross Leasable Area (GLA) comprised of 268 properties and 287 tenants in 3Q17.
- 3Q17 leasing activity totaled 1.7 msf, of which 31.9% corresponded to new leases, 39.2% to lease renewals and 28.9% to early renewals. Leasing activity was mainly concentrated in the Chihuahua, Ciudad Juarez, San Luis Potosi, Tijuana, Monterrey, Toluca, Reynosa, Queretaro, Irapuato, Cuautitlan Izcalli and Ramos Arizpe markets.



Financial

- 3Q17 rental revenues reached US\$41.2 million, a 25.3% or US\$8.3 million increase compared to 3Q16.
- 3Q17 NOI was US\$41.4 million, a 22.1% or US\$7.5 million increase compared to 3Q16.
- The NOI margin for 3Q17 reached 93.3%, a 104 basis point decline compared to 3Q16.
- 3Q17 EBITDA reached US\$37.2 million, an increase of 21.8% or US\$6.7 million compared to 3Q16.
- The EBITDA margin for 3Q17 was 83.7%, a 108 basis point decrease compared to 3Q16.
- 3Q17 adjusted funds for operations (AFFO) reached US\$23.0 million, an increase of 24.4% or US\$4.5 million compared to 3Q16.
- The AFFO margin for 3Q17 was 51.4%, a 158 basis point decline compared to 3Q16.
- 3Q17 distributions totaled US\$23.0 million. As a result, Terrafina will distribute Ps. 0.5188 per CBFi (US\$0.0291 per CBFi) for distributions corresponding to the July 1 to September 30, 2017 period.
- The annualized distribution for 3Q17 was US\$0.1164; considering the average share price for the quarter of US\$1.76 (Ps.31.29); Terrafina's dividend yield for the quarter was 6.6%.



Operating and Financial Highlights

<i>Operating</i>	Sep17	Sep16	Var.
Number of Developed Properties	268	209	59
Gross Leasable Area (GLA) (msf) ¹	37.8	30.1	7.7
New Developments ² (msf)	0.09	0.43	-0.34
Land Reserves (msf)	6.17	6.40	-0.23
Occupancy Rate ³	95.1%	92.8%	233 bps
Avg. Leasing Rent / Square Foot (dollars)	5.00	4.89	0.10
Weighted Average Remaining Lease Term (years)	3.57	3.49	0.07
Renewal Rate ⁴	89.3%	85.5%	373 bps

<i>Quarterly Financial</i>	3Q17	3Q16	Var.	fx	3Q17	3Q16	Var.
					17.8255	18.7204	
	(millions of pesos unless otherwise stated)				(millions of dollars unless otherwise stated)		
Rental Revenues ⁵	734.3	615.5	19.3%		41.2	32.9	25.3%
Other Operating Income	67.0	40.5	65.6%		3.8	2.2	72.1%
Net Revenues	810.3	663.5	22.1%		45.5	35.5	28.2%
Net Operating Income (NOI)*	737.7	634.8	16.2%		41.4	33.9	22.1%
NOI Margin	93.3%	94.3%	-104 bps		93.3%	94.3%	-104 bps
EBITDA ^{6*}	662.3	570.7	16.0%		37.2	30.5	21.8%
EBITDA Margin	83.7%	84.8%	-108 bps		83.7%	84.8%	-108 bps
Funds from Operations (FFO)*	456.8	403.8	13.1%		25.6	21.6	18.8%
FFO Margin	57.8%	60.0%	-225 bps		57.8%	60.0%	-225 bps
Adjusted Funds from Operations (AFFO)*	410.4	346.4	18.5%		23.0	18.5	24.4%
AFFO Margin	51.4%	52.9%	-158 bps		51.4%	52.9%	-158 bps
Distributions	410.4	346.4	18.5%		23.0	18.5	24.4%
Distributions per CBF ⁷	0.5188	0.5703	-9.0%		0.0291	0.0305	-4.5%

<i>Balance Sheet</i>	Sep17	Jun17	Var.	fx	Sep17	Jun17	Var.
					18.1979	17.8973	
	(millions of pesos unless otherwise stated)				(millions of dollars unless otherwise stated)		
Cash & Cash Equivalents	6,658.7	884.0	653.2%		365.9	49.4	640.8%
Investment Properties	39,048.5	37,393.9	4.4%		2,145.8	2,089.4	2.7%
Land Reserves	962.9	934.8	3.0%		52.9	52.2	1.3%
Total Debt	19,267.1	18,526.0	4.0%		1,058.8	1,035.1	2.3%
Net Debt	12,608.4	17,642.0	-28.5%		692.8	985.7	-29.7%

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. (*) Revenues and expenses have been adjusted for the calculation of the above mentioned metrics. Figures in dollars in the Balance Sheet were converted using the closing exchange rate of the period. Please refer to the "3Q17 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

In the third quarter of 2017, Terrafina successfully closed the acquisition of eight Class A industrial properties located in the Northern region for US\$59 million – excluding taxes and transaction costs. With this transaction, the Company purchased 1.1 million square feet of properties leased by multinational companies, with 100% occupancy rates and the entirety of the leasing contracts denominated in U.S. dollars. Moreover, we continued to improve the portfolio's characteristics, with the addition of properties with an average age of four years and an average lease term of 8.1 years.

We are pleased to have closed this first phase of acquisitions, within the timeframe agreed upon with the market, using the follow-on resources from the issuance concluded in July 2017.

Additionally, we signed a binding agreement to acquire 20 Class A industrial properties for US\$220 million – excluding taxes and transaction costs. The closing of this transaction is subject to the approval of the Mexican Anti-Trust Commission (*Comisión Federal de Competencia Económica* or COFECE). This transaction will be financed with the remaining proceeds of the follow-on offering and is expected to be included in the first quarter 2018 results.

Regarding our main operational metrics for the third quarter of 2017, Terrafina closed a total of 1.7 million square feet in leasing activity throughout the main markets of Chihuahua, Ciudad Juarez, San Luis Potosi, Tijuana, Monterrey, Toluca, Reynosa, Queretaro, Irapuato, Cuautitlan Izcalli and Ramos Arizpe. 31.9% of these were new leasing contracts, 39.2% were lease renewals and 28.9% were early renewals.

The average annual leasing rent for the third quarter of 2017 was US\$5.00 per square foot, a US\$0.10 increase compared to the third quarter of 2016 and a US\$0.01 increase compared to the second quarter of 2017. By region, average rents remained stable, at US\$4.88 per square foot in the Northern region, US\$5.13 per square foot in the Bajío region and US\$5.23 average rent per square foot in the Central region.

Occupancy rate levels for the third quarter reached 95.1% and 95.4% including signed letters of intent. By region, occupancy remained within expectations, reaching 96.6% in the Northern region, 92.2% in the Bajío region and 94.1% in the Central region.

Finally, with respect to the main financial indicators for the third quarter, rental revenues reached US\$41.2 million, Net Operating Revenue reached US\$41.4 million with a 93.3% Operating Margin, as well as US\$23.0 million in Adjusted Funds from Operations. Distributions per CBFI were Ps. 0.5188, or US\$0.0291, which represented an annualized distribution of Ps. 2.08 or US\$0.1165 per CBFI, as well as a 6.6% dividend yield, considering the average CBFI price for the third 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 September 30, 2017)

	North	Bajío	Central	Total
# Buildings	182	56	30	268
# Tenants	188	58	41	287
GLA (msf)	22.4	9.2	6.3	37.8
Land Reserves (msf)	2.7	0.2	3.3	6.2
Occupancy Rate	96.6%	92.2%	94.1%	95.1%
Average Leasing Rent / Square Foot (dollars)	4.88	5.13	5.23	5.00
Annualized Rental Base %	58.8%	24.1%	17.1%	100.0%

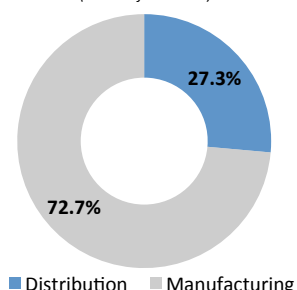
Source: PGIM Real Estate - Asset Management



Composition by Asset Type

as of 3Q17

(as a % of total GLA)



Operating Highlights

Leasing Activity

	3Q17	3Q16	Var.
Operating Portfolio (msf):			
Renewals	0.7	0.8	-0.1
Early Renewals	0.5	0.3	0.2
New Leases	0.5	0.2	0.3
Total Square Feet of Leases Signed	1.7	1.3	0.4

Source: PGIM Real Estate - Asset Management

(continued)

Occupancy and Rents by Region

(As of September 30, 2017)

	Occupancy Rate	Avg. Leasing Rent/ Square Foot (dollars)
North	96.6%	4.88
Baja California	100.0%	4.29
Tijuana	100.0%	4.29
Sonora	88.5%	4.53
Hermosillo	88.5%	4.53
Chihuahua	97.5%	4.99
Chihuahua	96.9%	5.42
Ciudad Juarez	98.0%	4.64
Delicias	100.0%	5.93
Gomez Farias	100.0%	3.34
Casas Grandes	100.0%	4.15
Coahuila	92.3%	4.62
Ciudad Acuña	100.0%	6.11
Monclova	100.0%	5.37
Ramos Arizpe	89.1%	4.32
Saltillo	91.0%	5.39

Maturities and Renewals by Region

(As of September 30, 2017)

	Consolidated			
	Maturities (number of contracts)	% of Total Maturities	Renewals (number of contracts)	% of Total Renewals
North	12	70.6%	10	83.3%
Baja California	2	11.8%	2	100.0%
Tijuana	2	11.8%	2	100.0%
Sonora	0	0.0%	0	0.0%
Hermosillo	0	0.0%	0	0.0%
Chihuahua	8	47.1%	7	87.5%
Chihuahua	4	23.5%	3	75.0%
Ciudad Juarez	4	23.5%	4	100.0%
Delicias	0	0.0%	0	0.0%
Gomez Farias	0	0.0%	0	0.0%
Casas Grandes	0	0.0%	0	0.0%
Coahuila	1	5.9%	0	0.0%
Ciudad Acuña	0	0.0%	0	0.0%
Monclova	0	0.0%	0	0.0%
Ramos Arizpe	1	5.9%	0	0.0%
Saltillo	0	0.0%	0	0.0%



San Pedro de las Colinas	89.3%	2.10
Torreon	100.0%	4.21
Nuevo Leon	96.2%	5.00
Apodaca	100.0%	5.45
Monterrey	94.9%	4.83
Tamaulipas	100.0%	4.54
Reynosa	100.0%	4.54
Durango	100.0%	4.71
Durango	100.0%	4.86
Gomez Palacio	100.0%	3.09
Bajo	92.2%	5.13
San Luis Potosi	91.8%	4.85
San Luis Potosi	91.8%	4.85
Jalisco	100.0%	6.44
Guadalajara	100.0%	6.44
Aguascalientes	100.0%	4.61
Aguascalientes	100.0%	4.61
Guanajuato	88.9%	4.92
Celaya	100.0%	5.18
Irapuato	93.9%	5.36
Silao	84.9%	4.63
Queretaro	85.8%	4.75
Queretaro	85.8%	4.75
Central	94.1%	5.23
Estado de Mexico	93.1%	5.43
Cuautitlan Izcalli	100.0%	5.41
Toluca	84.4%	5.56
Ciudad de Mexico	100.0%	8.97
Azcapotzalco	100.0%	8.97
Puebla	100.0%	3.27
Puebla	100.0%	3.27
Tabasco	100.0%	4.10
Villahermosa	100.0%	4.10
Total	95.1%	5.00

Source: PGIM Real Estate - Asset Management

San Pedro de las Colinas	0	0.0%	0	0.0%
Torreon	0	0.0%	0	0.0%
Nuevo Leon	1	5.9%	1	100.0%
Apodaca	0	0.0%	0	0.0%
Monterrey	1	5.9%	1	100.0%
Tamaulipas	0	0.0%	0	0.0%
Reynosa	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Gomez Palacio	0	0.0%	0	0.0%
Bajo	2	11.8%	2	100.0%
San Luis Potosi	1	5.9%	1	100.0%
San Luis Potosi	1	5.9%	1	100.0%
Jalisco	0	0.0%	0	0.0%
Guadalajara	0	0.0%	0	0.0%
Aguascalientes	0	0.0%	0	0.0%
Aguascalientes	0	0.0%	0	0.0%
Guanajuato	1	5.9%	1	100.0%
Celaya	0	0.0%	0	0.0%
Irapuato	1	5.9%	1	100.0%
Silao	0	0.0%	0	0.0%
Queretaro	0	0.0%	0	0.0%
Queretaro	0	0.0%	0	0.0%
Central	3	17.6%	2	66.7%
Estado de Mexico	3	17.6%	2	66.7%
Cuautitlan Izcalli	0	0.0%	0	0.0%
Toluca	3	17.6%	2	66.7%
Ciudad de Mexico	0	0.0%	0	0.0%
Azcapotzalco	0	0.0%	0	0.0%
Puebla	0	0.0%	0	0.0%
Puebla	0	0.0%	0	0.0%
Tabasco	0	0.0%	0	0.0%
Villahermosa	0	0.0%	0	0.0%
Total	17	100.0%	14	82.4%

Source: PGIM Real Estate - Asset Management

*Over the number of matured leases in the quarter



3Q17 Operational Performance

Composition by Geographical Diversification

The geographical diversification of TerraFina's properties at 3Q17 (based on GLA per square foot) was as follows: the Northern region of Mexico represented 59.2% of GLA, while the Bajío and Central regions represented 24.2% and 16.5% of GLA, respectively.

Geographic Distribution by Region and State

	3Q17	as a % of Total GLA 3Q17	3Q16	as a % of Total GLA 3Q16
North	22.42	59.2%	16.36	54.5%
Baja California	0.90	2.4%	1.13	3.8%
Tijuana	0.90	2.4%	1.13	3.8%
Sonora	0.33	0.9%	0.28	0.9%
Hermosillo	0.33	0.9%	0.28	0.9%
Chihuahua	14.27	37.7%	9.55	31.8%
Chihuahua	5.83	15.4%	4.07	13.6%
Ciudad Juarez	7.74	20.4%	5.00	16.6%
Delicias	0.52	1.4%	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	3.74	9.9%	3.43	11.4%
Ciudad Acuña	0.24	0.6%	0.24	0.8%
Monclova	0.34	0.9%	0.34	1.1%
Ramos Arizpe	2.00	5.3%	1.94	6.5%
Saltillo	0.62	1.6%	0.62	2.1%
San Pedro de las Colinas	0.15	0.4%	0.15	0.5%
Torreon	0.39	1.0%	0.13	0.4%
Nuevo Leon	1.94	5.1%	1.16	3.9%
Apodaca	0.50	1.3%	0.32	1.1%
Monterrey	1.44	3.8%	0.84	2.8%
Tamaulipas	0.47	1.2%	0.34	1.1%
Reynosa	0.47	1.2%	0.34	1.1%
Durango	0.78	2.0%	0.46	1.5%
Durango	0.71	1.9%	0.40	1.3%
Gomez Palacio	0.07	0.2%	0.07	0.2%
Bajío	9.17	24.2%	7.55	25.1%
San Luis Potosi	3.37	8.9%	2.75	9.1%
San Luis Potosi	3.37	8.9%	2.75	9.1%
Jalisco	1.66	4.4%	1.29	4.3%
Guadalajara	1.66	4.4%	1.29	4.3%
Aguascalientes	0.75	2.0%	0.75	2.5%
Aguascalientes	0.75	2.0%	0.75	2.5%
Guanajuato	1.42	3.7%	0.78	2.6%
Celaya	0.12	0.3%	0.12	0.4%
Irapuato	0.44	1.2%	0.24	0.8%
Silao	0.86	2.3%	0.42	1.4%
Queretaro	1.98	5.2%	1.98	6.6%
Queretaro	1.98	5.2%	1.98	6.6%
Central	6.25	16.5%	6.12	20.4%
Estado de Mexico	5.40	14.3%	5.26	17.5%
Cuautitlan Izcalli	4.26	11.3%	4.12	13.7%
Toluca	0.91	2.4%	0.23	0.8%
Ciudad de Mexico	0.02	0.1%	0.91	3.0%
Azcapotzalco	0.02	0.1%	0.02	0.1%
Puebla	0.18	0.5%	0.02	0.1%
Puebla	0.18	0.5%	0.18	0.6%
Tabasco	0.65	1.7%	0.18	0.6%
Villahermosa	0.65	1.7%	0.65	2.2%
Total	37.85	100.0%	30.03	100.0%

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

Source: PGIM Real Estate - Asset Management



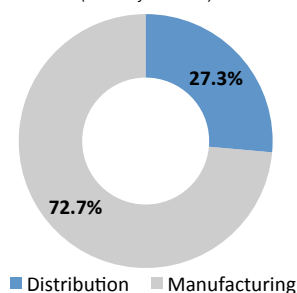
Composition by Asset Type

At the end of 3Q17, 72.7% of Terrafina's portfolio consisted of properties dedicated to manufacturing activities while 27.3% were dedicated to distribution and logistics activities.

Composition by Asset Type

as of 3Q17

(as a % of total GLA)



Composition by Asset Type

	3Q17	3Q16	Var.
Distribution	27.3%	29.9%	-379 bps
Manufacturing	72.7%	70.1%	379 bps

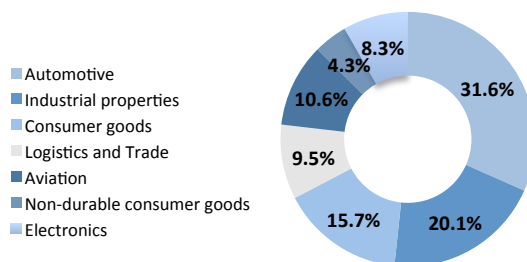
Source: PGIM Real Estate - Asset Management

Composition by Sector

As of September 30, 2017, tenant diversification by industrial sector was as follows:

Diversification by Sector as of 3Q17

(as a % of leased GLA)



Industrial Sector Diversification

	3Q17	3Q16	Var.
Automotive	31.6%	30.5%	113 bps
Industrial properties	20.1%	19.3%	79 bps
Consumer goods	15.7%	18.6%	-297 bps
Logistics and Trade	9.5%	9.9%	-40 bps
Aviation	10.6%	9.6%	99 bps
Non-durable consumer goods	4.3%	5.7%	-145 bps
Electronics	8.3%	6.4%	192 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 3Q17, TerraFina's top client, top 10 clients and top 20 clients, represented 3.5%, 18.5% and 29.9% of total revenues, respectively.

Top Clients

	Leased Square Feet (millions)	% Total GLA	% Total Revenues
<i>(As of September 30, 2017)</i>			
Top Client	1.24	3.4%	3.5%
Top 10 Clients	6.75	18.7%	18.5%
Top 20 Clients	10.83	30.1%	29.9%

Source: PGIM Real Estate - Asset Management

Occupancy

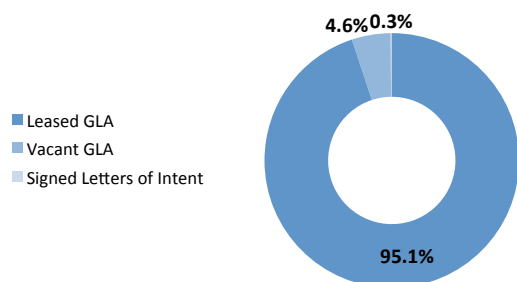
3Q17 occupancy rate was 95.1%, a 233 basis point increase compared to 3Q16. Including signed LOIs for the quarter, the occupancy rate was 95.4%. It is important to note that occupancy rate indicators presented in this report reflect the quarterly closing rate.

For 3Q17, TerraFina's leasing activity reached 1.7 msf, of which 31.9% corresponded to new leasing contracts (including expansions), 39.2% for contract renewals and 28.9% for early renewals.

Leasing activity mainly took place in the Chihuahua, Ciudad Juarez, San Luis Potosi, Tijuana, Monterrey, Toluca, Reynosa, Queretaro, Irapuato, Cuautitlan Izcalli and Ramos Arizpe markets. In addition to this leasing activity, TerraFina signed an additional 96,000 square feet in LOIs.

Occupancy as of 3Q17

(as % of Total GLA)



	3Q17	3Q16	Var.
Leased GLA	95.1%	92.8%	233 bps
Vacant GLA	4.6%	5.2%	-61 bps
Signed Letters of Intent	0.3%	1.9%	-169 bps
Total	100.0%	100.0%	

Source: PGIM Real Estate - Asset Management

Lease Maturities

TerraFina had 287 tenants under leasing contracts at the end of 3Q17. 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 3% to 22% 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	5.0	2.8%	1.07	3.0%
2018	26.6	14.8%	5.48	15.2%
2019	31.3	17.4%	6.36	17.7%
2020	39.4	21.9%	7.78	21.6%
2021	25.8	14.3%	5.13	14.2%
Thereafter	51.8	28.8%	10.19	28.3%

Source: PGIM Real Estate – Asset Management

Capital Deployment

Acquisitions

During the third quarter of 2017, TerraFina concluded the first tranche of its acquisition strategy using the resources obtained from the issuance in July 2017. TerraFina acquired eight Class A industrial properties for US\$59.0 million – excluding transaction and VAT expenses, at an 8.8% stabilized cap rate for the next 12 months.

These properties are located in the Northern region and add 1.1 million square feet of GLA to the portfolio. The acquired portfolio is 100% occupied and all leases are U.S. dollar-denominated under a triple-net lease (NNN) structure. Moreover, the average age for these properties is four years. With this acquisition, the annualized AFFO is expected to increase between 4% and 6%.

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

In 3Q17, TerraFina's investments in tenant improvements and recurring CAPEX was US\$1.0 million. Total CAPEX for 3Q17 is broken down in the following table:

Capital Expenditures	3Q17 (millions of pesos)	3Q17 (millions of dollars)
Tenant Improvements & Recurring Capex	18.2	1.0
Leasing Commissions	20.7	1.2
Development Capex ⁽¹⁾	39.2	2.2
Total Capital Expenditures	78.1	4.4

Maintenance expenses for vacant properties are included in the Tenant Improvements & Recurring CAPEX figures.

(1) CAPEX for expansions/new developments.

Source: PGIM Real Estate - Asset Management



Land Reserves

Terrafina's land reserve as of September 30, 2017 was comprised of 12 land reserve properties, equivalent to 6.2 msf of potential GLA for the development of future industrial properties.

As of September 30, 2017, Terrafina's land reserves were distributed as follows:

As of September 30, 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	2.7	723.7	39.8	558.7	30.7
Bajio	0.2	13.0	0.7	13.5	0.7
Central	3.3	675.9	37.1	390.7	21.5
Total Land Portfolio	6.2	1,412.6	77.6	962.9	52.9

Source: PGIM Real Estate - Asset Management and Fund Accounting



3Q17 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 3Q17, while for the balance sheet, the exchange rate at the close of September 30, 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.



Same Store

The following table shows TerraFina's 3Q17 same-store and consolidated information:

	Same-Store ¹ 3Q17	Consolidated ² 3Q17		
(as of September 30, 2017)				
Number of Properties	207	268		
Occupancy Rate	94.6%	95.1%		
Gross Leasable Area (GLA) (msf)	30.1	37.8		
Avg. Leasing Rent / Square Foot (dollars)	4.95	5.00		
	Same-Store 3Q17	Consolidated 3Q17	Same-Store 3Q17	Consolidated 3Q17
	(millions of dollars)		(millions of pesos)	
Rental Revenues	33.2	41.2	591.8	734.3
Net Operating Income	33.6	41.4	598.9	737.7
NOI Margin	93.5%	93.3%	93.5%	93.3%
EBITDA	30.1	37.2	536.5	662.3
EBITDA Margin	83.8%	83.7%	83.8%	83.7%
FFO	21.3	25.6	379.7	456.8
FFO Margin	59.2%	57.8%	59.2%	57.8%
Adjusted Funds from Operations	18.9	23.0	336.9	410.4
AFFO Margin	51.7%	51.4%	51.7%	51.4%

(1) Same properties information evaluates performance of the industrial properties, excluding acquisitions completed in January 2017.

(2) Includes acquisitions completed in January 2017 and September 2017.
Source: PGIM Real Estate - Asset Management and Fund Accounting

Rental Revenues

In 3Q17, TerraFina reported rental revenues of US\$41.2 million, a 25.3% or US\$8.3 million increase compared to 3Q16.

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

Other Operating Income

In 3Q17, other operating income totaled US\$3.8 million, a 72.1% or US\$1.6 million decrease compared to 3Q16.

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

Net revenues reached US\$45.5 million in 3Q17, an increase of US\$10.0 million, or 28.2% compared to 3Q16.



Revenues

	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos)			(millions of dollars)		
Rental Revenue	734.3	615.5	19.3%	41.2	32.9	25.3%
Accrued Income ¹	8.9	7.5	19.1%	0.5	0.4	26.4%
Other Operating Revenues	67.0	40.5	65.6%	3.8	2.2	72.1%
Reimbursable Expenses as Revenues ²	54.2	34.2	58.7%	3.0	1.8	64.5%
Reimbursable Tenant Improvements	10.8	4.7	130.5%	0.6	0.3	142.2%
Other non-cash income	2.0	1.6	-	0.1	0.1	-
Net Revenue	810.3	663.5	22.1%	45.5	35.5	28.2%

(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 3Q17, real estate expenses totaled US\$6.4 million, an increase of 3.7% or US\$0.2 million compared to 3Q16. 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 3Q17, NOI totaled US\$41.4 million, a 22.1% or US\$7.5 million increase compared with 3Q16. NOI margin declined by 104 basis points reaching 93.3% compared to 94.3% in 3Q16.

The following table displays the NOI calculation for 3Q17:

Net Operating Income						
	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Rental Revenues ¹	734.3	615.5	19.3%	41.2	32.9	25.3%
Other Operating income ²	56.8	57.8	-1.8%	3.2	3.1	3.2%
Net Revenues for NOI Calculation	791.1	673.4	17.5%	44.4	36.0	23.4%
Repair and Maintenance	-8.8	-6.6	33.2%	-0.5	-0.4	40.0%
Property Taxes	-0.1	-0.6	-87.6%	0.0	0.0	-86.8%
Property Management Fees	-16.3	-13.5	20.2%	-0.9	-0.7	26.4%
Electricity	-15.9	-7.1	125.3%	-0.9	-0.4	139.2%
Property Insurance	-2.6	-3.1	-14.0%	-0.1	-0.2	-9.9%
Security	-3.2	-3.3	-0.6%	-0.2	-0.2	4.6%
Other Operational Expenses	-6.4	-4.4	43.9%	-0.4	-0.2	52.3%
Real Estate Operating Expenses for NOI Calculation	-53.4	-38.6	38.4%	-3.0	-2.1	45.8%
Net Operating Income³	737.7	634.8	16.2%	41.4	33.9	22.1%
NOI Margin	93.3%	94.3%	-104 bps	93.3%	94.3%	-104 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 3Q17 totaled US\$7.1 million, a 74.2%, or US\$3.0 million increase compared to 3Q16.

The following table breaks down total G&A:

G&A						
	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
External Advisor Fees ¹	-47.9	-40.0	19.7%	-2.7	-2.1	28.6%
Professional and Consulting Services	-11.3	-8.1	38.5%	-0.6	-0.5	35.1%
Payroll, Admin. Fees and Other Expenses	-67.7	-28.6	136.9%	-3.8	-1.5	148.7%
Total G&A²	-126.8	-76.7	65.3%	-7.1	-4.1	74.2%

(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 3Q17, EBITDA totaled US\$37.2 million, an increase of US\$6.7 million, or 21.8%, compared to 3Q16. EBITDA margin for 3Q17 was 83.7%, a 108 basis point decrease compared to 3Q16.

The following shows the EBITDA calculation for 3Q17:

EBITDA						
	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Rental Revenues ¹	734.3	615.5	19.3%	41.2	32.9	25.3%
Other Operating income ²	56.8	57.8	-1.8%	3.2	3.1	3.2%
Real Estate Expenses for EBITDA Calculation	-57.6	-41.4	39.2%	-3.2	-2.2	46.5%
Real Estate Operating Expenses for NOI Calculation	-53.4	-38.6	38.4%	-3.0	-2.1	45.8%
Advertising	0.0	-0.1	-69.2%	0.0	0.0	-
Admin. Property Insurance Expenses	-0.7	-0.9	-26.2%	0.0	0.0	-
Other Admin. Real Estate Expenses	-3.5	-1.8	-	-0.2	-0.1	115.0%
Fees and Admin. Expenses	-71.1	-61.2	16.2%	-4.0	-3.3	22.6%
External Advisor Fees	-47.9	-40.0	19.7%	-2.7	-2.1	28.6%
Legal, Admin. and Other Professional Fees	-10.9	-12.7	-14.3%	-0.6	-0.7	-14.1%
Trustee Fees	-4.0	-1.5	172.7%	-0.2	-0.1	187.7%
Payroll	-6.1	-5.7	6.2%	-0.3	-0.3	11.8%
Other Expenses	-2.3	-1.3	73.3%	-0.1	-0.1	82.2%
EBITDA³	662.3	570.7	-37.9%	37.2	30.5	21.8%
EBITDA Margin	83.7%	84.8%	-108 bps	83.7%	84.8%	-108 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 3* located in the last section of this document.

Financing Expenses

In 3Q17, financing expenses totaled US\$11.8 million, an increase of 23.8% or US\$2.3 million compared to 3Q16.

Financial Expenses

	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Interest Paid	-208.5	-168.5	23.7%	-11.7	-9.0	30.0%
Borrowing Expenses	-5.8	-12.1	-51.8%	-0.3	-0.6	-48.4%
Recurring	-0.7	-0.2	200.0%	0.0	0.0	215.4%
Non Recurring	-5.2	-11.9	-56.6%	-0.3	-0.6	-53.5%
Interest Income	3.6	1.6	122.6%	0.2	0.1	133.6%
Total	-210.7	-178.9	17.7%	-11.8	-9.5	23.8%

Source: PGIM Real Estate - Fund Accounting



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

In 3Q17, FFO increased by US\$4.1 million, or 18.8% compared to 3Q16, reaching US\$25.6 million. FFO Margin was 57.8%, a 225 basis point decrease compared to 3Q16. Additionally, Terrafina reported AFFO of US\$23.0 million, an increase of US\$4.5 million, or 24.4% compared to 3Q16. AFFO margin was 51.4%, an increase of 158 basis points versus 3Q16.

Funds from Operations (FFO)

	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
EBITDA	662.3	570.7	16.0%	37.2	30.5	21.8%
Finance Cost ¹	-205.5	-167.1	23.0%	-11.5	-8.9	29.2%
Funds from Operations (FFO)	456.8	403.8	13.1%	25.6	21.6	18.8%
FFO Margin	57.8%	60.0%	-225 bps	57.8%	60.0%	-225 bps
Tenant Improvements	-18.2	-32.1	-43.5%	-1.0	-1.7	-40.5%
Leasing Commissions	-20.8	-20.4	1.8%	-1.2	-1.1	6.1%
Other Non Recurring Expenses ²	-7.5	-4.8	57.1%	-0.4	-0.3	65.0%
Adjusted Funds from Operations (AFFO)	410.4	346.4	18.5%	23.0	18.5	24.4%
AFFO Margin	51.4%	52.9%	-158 bps	51.4%	52.9%	-158 bps

(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 3Q17 reached US\$44.3 million, compared to the US\$39.0 million in 3Q16.

The following table presents the calculation of Comprehensive Income for 3Q17:

Comprehensive Income

	3Q17	3Q16	Var. %	3Q17	3Q16	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Net Revenues	810.3	663.5	22.1%	45.5	35.5	28.2%
Real Estate Expenses	-114.6	-116.5	-1.6%	-6.4	-6.2	3.7%
Fees and Other Expenses	-126.8	-76.7	65.3%	-7.1	-4.1	74.2%
Gain (Loss) from Sales of Real Estate Properties	-5.8	0.0	-	-0.3	0.0	-
Net Income (Loss) from Fair Value Adjustment on Investment Properties	103.1	-175.9	-	5.8	-9.2	-
Net Income (Loss) from Fair Value Adjustment on Derivative Financial Instruments	4.7	0.0	-	0.3	0.0	-
Net Income (Loss) from Fair Value Adjustment on Borrowings	-134.8	-106.6	26.5%	-7.6	-5.6	35.8%
Net Income (Loss) from Fair Value Adjustment on Loans Receivable	0.0	-1.7	-	0.0	-0.1	-
Foreign Exchange Gain (loss)	-71.9	-14.1	411.0%	-4.0	-0.7	501.6%
Operating Profit	464.2	172.1	169.7%	26.0	9.6	171.1%
Financial Income	3.6	1.6	122.6%	0.2	0.1	-
Financial Expenses	-214.3	-180.6	18.7%	-12.0	-9.6	24.8%
Net Financial Cost	-210.7	-178.9	17.7%	-11.8	-9.5	23.8%
Share of Profit from Equity Accounted Investments	-3.7	23.7	-	-0.2	1.2	-
Net Profit (Loss)	249.8	16.8	1387.4%	14.0	1.3	957.8%
Items Reclassified after Net Profit (Loss) - Currency Translation Adjustments	540.9	705.1	-23.3%	30.3	37.7	-19.4%
Comprehensive Income	790.7	721.9	9.5%	44.3	39.0	13.7%

Source: PGIM Real Estate - Fund Accounting



Distributions per CBFIs

In 3Q17, TerraFina distributed US\$23.0 million, or US\$0.0291 per CBFI.

Distributions

(millions of pesos unless otherwise stated)	3Q16	3Q16	4Q16	1Q17	3Q17 ³	Var.% (3Q17 vs 3Q16)
Total Outstanding CBFIs ¹ (millions of CBFIs)	607.4	607.4	607.5	791.0	791.0	30.2%
CBFI Price ²	30.84	29.48	28.74	32.35	31.29	1.5%
Distributions	346.4	400.4	450.5	452.4	410.4	18.5%
Distributions Per CBFI	0.5703	0.6593	0.7417	0.5720	0.5188	-9.0%
FX Rate USD/MXN (average closing period)	18.72	19.81	20.39	18.57	17.83	-4.8%
Distributions (million dollars)	18.5	20.4	22.1	24.3	23.0	24.4%
Distributions Per CBFI (dollars)	0.0305	0.0335	0.0364	0.0308	0.0291	-4.5%
Annualized Distribution Yield ⁴	7.4%	8.9%	10.3%	7.1%	6.6%	-76 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) In 3Q17, TerraFina concluded an equity follow-on for 183,546,039 CBFIs (4) Annualized distribution per share divided by the average CBFI price of the quarter.

Source: PGIM Real Estate - Fund Accounting

Debt

As of September 30, 2017, TerraFina's total debt reached US\$1,058.8 million. The average cost of TerraFina's long-term debt was 4.49%. All of TerraFina's debt is denominated in U.S. dollars.

Outstanding Debt

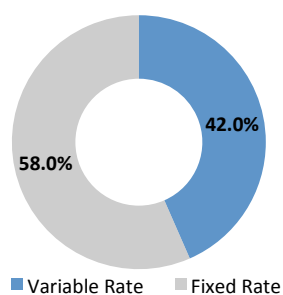
	Currency	millions of pesos	millions of dollars	Interest Rate	Terms	Maturity	Extension Option	Derivatives
(as of September 30, 2017)								
Long Term Debt								
Citibank ¹	Dollars	5,368.4	295.0	Libor + 2.65%	Interest Only	Aug 2019	-	US\$120M swap ² / US\$100M cap ³
Metlife	Dollars	2,729.7	150.0	4.75%	Interest Only	Jan 2027	-	-
BBVA / JP Morgan	Dollars	2,729.7	150.0	Libor + 2.25%	Interest + Principal	Sep 2021	-	US\$100M swap ⁴
Senior Notes	Dollars	8,147.1	447.7	5.25%	Interest Only	Nov 2022	-	-
New York Life	Dollars	292.2	16.1	5.19%	Interest Only	Feb 2020	-	-
Total Debt		19,267.1	1,058.8					
Net Cash		6,658.7	365.9					
Net Debt		12,608.4	692.8					

(1) Unsecured syndicated loan facility with seven banks. (2) Swap fixed rate: 1.286%. (3) Cap strike price: 1.75% (4) Swap fixed rate: 1.768%.

Source: PGIM Real Estate - Fund Accounting and Transactions

Interest Rate Breakdown

(as of September 30, 2017)





The following tables show leverage and debt service coverage as of September 30, 2017 as well as Terrafina's projections for the following six quarters:

Loan-to-Value (LTV)

(as of September 30, 2017)	(millions of pesos)	(millions of dollars)
Total Assets	46,753.7	2,569.2
Total Debt	19,267.1	1,058.8

Loan-to-Value (LTV)¹ 41.2%

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

Source: PGIM Real Estate - Fund Accounting and Capital Markets

Debt Service Coverage Ratio (DSCR)

	period	(millions of pesos)	(millions of dollars)
Cash & Cash Equivalents	September 30, 2017	6,658.7	365.9
Recoverable Taxes	Σ next 6 quarters	279.7	15.4
EBIT ¹ after distributions	Σ next 6 quarters	1,656.6	91.0
Available Credit Line	September 30, 2017	1,455.8	80.0

	period	(millions of pesos)	(millions of dollars)
Interest Payments	Σ next 6 quarters	1,339.2	73.6
Principal Payments	Σ next 6 quarters	15.7	0.9
Recurring CAPEX	Σ next 6 quarters	196.3	10.8
Development Expenses	Σ next 6 quarters	218.4	12.0

Debt Service Coverage Ratio (DSCR)² 5.7x

(1) Earnings Before Interest and Taxes

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

Source: PGIM Real Estate - Fund Accounting and Capital Markets

Moreover, as of September 30, 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 September 30, 2017)	Terrafina	Bond Covenants
Loan-to-Value (LTV) ¹	41.2%	≤ 60%
Debt Service Coverage Ratio (DSCR) ²	2.8x	≥ 1.5x
Secured Debt to Gross Assets Limitation	6.5%	≤ 40%
Unencumbered Assets to Unsecured Debt Limitation	251%	≥ 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
- Invex
- Interacciones
- Invex
- Itaú BBA
- JPMorgan
- Monex
- Morgan Stanley
- NAU Securities
- Scotiabank
- Vector
- Santander
- UBS



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 280 real estate properties, including 268 developed industrial facilities with a collective GLA of approximately 37.8 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.com

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\$67.3 billion (US\$49.0 billion net) as of June 30, 2017. PGIM Real Estate's tenured team offers to its global client base a broad range of real estate equity, debt and securities investment strategies that span the risk/return spectrum. For more information, visit www.pgimrealestate.com

About Prudential Financial, Inc.

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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
Second Quarter 2017 Results

Friday, October 27, 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/1111/22723>

Conference Replay
U.S. 1-877-919-4059
International (outside the US) 1-334-323-0140
Passcode: 96488567



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		3Q17	3Q16	3Q17	3Q16
		(millions of pesos)		(millions of dollars)	
NOI calculation	Rental Revenue	734.3	615.5	41.2	32.9
Non Cash	Accrued Income ¹	8.9	7.5	0.5	0.4
	Other Operating Revenues	67.0	40.5	3.8	2.2
NOI calculation	Reimbursable Expenses as Revenues ²	54.2	34.2	3.0	1.8
AFFO calculation	Reimbursable Tenant Improvements	10.8	4.7	0.6	0.3
Non Cash	Other non-cash income	2.0	1.6	0.1	0.1
	Net Revenue	810.3	663.5	45.5	35.5
NOI calculation	Share of Profit from Equity Accounted Investments ²	2.6	23.7	0.1	1.2

(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		3Q17	3Q16	3Q17	3Q16
		(millions of pesos)		(millions of dollars)	
	Repair and Maintenance	-37.8	-43.5	-2.1	-2.3
NOI calculation	Recurring	-8.8	-6.6	-0.5	-0.4
AFFO calculation	Non Recurring	-29.0	-36.8	-1.6	-2.0
	Property Taxes	-5.5	-0.6	-0.3	0.0
NOI calculation	Operating	-0.1	-0.6	0.0	0.0
Non Cash	Non Operating	-5.5	-0.1	-0.3	0.0
NOI calculation	Property Management Fees	-16.3	-13.5	-0.9	-0.7
NOI calculation	Electricity	-15.9	-7.1	-0.9	-0.4
AFFO calculation	Brokers Fees	-20.7	-20.4	-1.2	-1.1
	Property Insurance	-3.3	-4.0	-0.2	-0.2
NOI calculation	Operating	-2.6	-3.1	-0.1	-0.2
EBITDA calculation	Administrative	-0.7	-0.9	0.0	0.0
NOI calculation	Security	-3.2	-3.3	-0.2	-0.2
EBITDA calculation	Advertising	0.0	-0.1	0.0	0.0
	Other Expenses	-9.9	-10.4	-0.6	-0.6
NOI calculation	Operational Related	-6.4	-4.4	-0.4	-0.2
Non Cash	Non Operational Related	0.0	-4.3	0.0	-0.2
EBITDA calculation	Administrative	-3.5	-1.8	-0.2	-0.1
Non Cash	Bad Debt Expense	-1.8	-13.6	-0.1	-0.7
Total Real Estate Expenses		-114.6	-116.5	-6.4	-6.2

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		3Q17	3Q16	3Q17	3Q16
		(millions of pesos)		(millions of dollars)	
EBITDA calculation	External Advisor Fees	-47.9	-40.0	-2.7	-2.1
	Legal Fees	-6.2	-3.4	-0.3	-0.2
EBITDA calculation	Recurring	-0.3	-0.7	0.0	0.0
AFFO calculation	Non Recurring	-5.9	-2.7	-0.3	-0.1
	Other Professional Fees	-5.1	-4.7	-0.3	-0.3
EBITDA calculation	Recurring	-3.5	-2.7	-0.2	-0.2
AFFO calculation	Non Recurring	-1.6	-2.1	-0.1	-0.1
	Administrative Fees	-55.3	-20.1	-3.1	-1.1
EBITDA calculation	Recurring	-7.2	-9.4	-0.4	-0.5
Non Operational related	Non Recurring ¹	-48.2	-10.7	-2.7	-0.6
EBITDA calculation	Payroll	-6.1	-5.7	-0.3	-0.3
EBITDA calculation	Trustee Fees	-4.0	-1.5	-0.2	-0.1
EBITDA calculation	Other Expenses	-2.3	-1.3	-0.1	-0.1
Total Fees and Admin. Expenses		-126.8	-76.7	-7.1	-4.1

(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

	3Q17	3Q16	3Q17	3Q17
	(millions of pesos)		(millions of dollars)	
Comprehensive Income (Loss)	790.7	721.9	44.3	39.0
<i>Add (deduct) Currency Translation Adjustment:</i>				
Currency Translation Adjustment	-540.9	-705.1	-30.3	-37.7
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	5.2	11.9	0.3	0.6
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	71.9	14.1	4.0	0.8
Fair Value Adjustment on Borrowings	134.8	106.6	7.6	5.7
Fair Value Adjustment on Derivative Financial Instruments	-4.7	0.0	-0.3	0.0
Fair Value Adjustment on Investment Properties	-96.9	175.9	-5.4	9.4
Fair Value Adjustment on Loans Receivable				
Gain (Loss) from Sales of Real Estate Properties	5.8	0.0	0.3	0.0
<i>Add (deduct) Expenses Adjustment:</i>				
Non Recurring Repair and Maintenance	29.0	36.8	1.6	2.0
Non Operating Property Taxes	5.5	0.1	0.3	0.0
Brokers Fees	20.7	20.4	1.2	1.1
Bad Debt Expense	1.8	13.6	0.1	0.7
Other Non Operational Related Expenses	0.0	4.3	0.0	0.2
Non Recurring Legal Fees	5.9	2.7	0.3	0.1
Non Recurring Other Professional Fees	1.6	2.1	0.1	0.1
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-8.9	-7.5	-0.5	-0.4
Other Non-Cash Income	-2.0	-1.6	-0.1	-0.1
Reimbursable Tenant Improvements	-10.8	-4.7	-0.6	-0.3
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Operational Administrative Fees	48.2	10.7	2.7	0.6
FFO	456.8	403.7	25.6	21.6
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Interest Paid	208.5	168.5	11.7	9.0
Recurring Borrowing Expenses	0.7	0.2	0.0	0.0
Interest Income	-3.6	-1.6	-0.2	-0.1
EBITDA	662.3	570.7	37.2	30.5
<i>Add (deduct) Expenses Adjustment:</i>				
External Advisor Fees	47.9	40.0	2.7	2.1
Recurring Legal Fees	0.3	0.7	0.0	0.0
Recurring Other Professional Fees	3.5	2.7	0.2	0.1
Administrative Fees	7.2	9.4	0.4	0.5
Payroll	6.1	5.7	0.3	0.3
Trustee Fees	3.5	1.5	0.2	0.1
Other Expenses	4.0	1.3	0.2	0.1
Advertising	0.0	0.1	0.0	0.0
Administrative Property Insurance	0.7	0.9	0.0	0.0
Other Administrative Expenses	2.3	1.8	0.1	0.1
NOI	737.7	634.8	41.4	33.9
<i>Add (deduct) Expenses Adjustment:</i>				
Recurring Repair and Maintenance	8.8	6.6	0.5	0.4
Operating Property Taxes	0.1	0.6	0.0	0.0
Property Management Fees	16.3	13.5	0.9	0.7
Electricity	15.9	7.1	0.9	0.4
Operating Property Insurance	2.6	3.1	0.1	0.2
Security	3.2	3.3	0.2	0.2
Other Operational Expenses	6.4	4.4	0.4	0.2
<i>Add (deduct) Revenues Adjustment:</i>				
Other Non-Cash Income	2.0	1.6	0.1	0.1
Accrued Income	8.9	7.5	0.5	0.4
Reimbursable Tenant Improvements	10.8	4.7	0.6	0.3
Share of Profit from Equity Accounted Investments	-2.6	-23.7	-0.2	-1.3
Net Revenue	810.3	663.5	45.4	35.5



Reconciliation of Net Profit (Loss) to AFFO

	3Q17 (millions of pesos)	3Q16 (millions of pesos)	3Q17 (millions of dollars)	3Q17 (millions of dollars)
Comprehensive Income (Loss)	790.7	721.9	44.3	39.0
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	-540.9	-705.1	-30.3	-37.7
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	5.2	11.9	0.3	0.6
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	71.9	14.1	4.0	0.8
Fair Value Adjustment on Borrowings	134.8	106.6	7.6	5.7
Fair Value Adjustment on Derivative Financial Instruments	-4.7	0.0	-0.3	0.0
Fair Value Adjustment on Loans Receivable	0.0	1.7	0.0	-0.1
Fair Value Adjustment on Investment Properties	-96.9	175.9	-5.4	9.4
Gain (Loss) from Sales of Real Estate Properties	5.8	0.0	0.3	0.0
<i>Add (deduct) Expenses Adjustment:</i>				
Non Operating Property Taxes	5.5	0.1	0.3	0.0
Bad Debt Expense	1.8	13.6	0.1	0.7
Other Expenses Non Operational Related	0.0	4.3	0.0	0.2
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-8.9	-7.5	-0.5	-0.4
Other Non-Cash Income	-2.0	-1.6	-0.1	-0.1
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Administrative Fees	48.2	10.7	2.7	0.6
AFFO	410.4	346.4	23.0	18.5



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	1.76
(x) CBFIs (millions of shares)	791.0
(=) Market Capitalization	1,388.5
(+) Total Debt	1,058.8
(-) Cash	365.9
(=) Enterprise Value	2,081.4
(-) Landbank	52.9
(=) Implied Operating Real Estate Value	2,028.5
Net Operating Income (NOI) 2017e	160.8
Implied Cap Rate	7.9%

Figures expressed in millions of dollars unless otherwise stated.

(1) 3Q17 average share price of Ps.31.29; and exchange rate of Ps.17.8255

Cap Rate Calculation with NAV

(+) Investment Properties (excluding landbank)	2,068.2
(+) Land	52.9
(+) Cash	365.9
(-) Total Debt and Liabilities	1,099.3
(=) NAV¹	1,387.6
(/) CBFIs (million shares)	791.0
(=) NAV per CBFi (dollars)	1.8
CBFI Price (NAV calculation)	1.8
(x) CBFIs (million shares)	791.0
(=) Market Cap	1,387.6
(+) Total Debt and Liabilities	1,099.3
(-) Cash	365.9
(=) Enterprise Value	2,121.1
(-) Landbank	52.9
(=) Implied Operating Real Estate Value	2,068.2
Net Operating Income (NOI) 2017e	160.8
Implied Cap Rate	7.8%



Financial Statements

Income Statement

(thousands of pesos)

	3Q17	3Q16
Rental revenues	\$743,212	\$623,047
Other operating income	67,047	40,482
Real estate operating expenses	(114,595)	(116,509)
Fees and other expenses	(126,803)	(76,696)
Realized gain from disposal of investment properties	(5,752)	-
Net gain (loss) from fair value adjustment on investment properties	103,056	(175,879)
Net gain (loss) from fair value adjustment on borrowings	(134,788)	(106,554)
Net gain (loss) from fair value adjustment on loans receivable	-	(1,713)
Net (loss) gain unrealized from fair value on derivative financial instruments	4,685	(28)
Foreign exchange (loss) gain	(71,880)	(14,068)
Operating profit	464,182	172,082
Finance income	3,611	1,622
Finance cost	(214,294)	(180,572)
Finance cost - net	(210,683)	(178,950)
Share of profit from equity accounted investments	(3,660)	23,653
Net Profit for the period	249,839	16,785
Items that may be subsequently reclassified to profit or loss-currency translation differences	540,918	705,109
Total Comprehensive income for the period	790,757	721,894



Financial Statements

Balance Sheet	Sep-30-17	Jun-30-17
<i>(thousands of pesos)</i>		
Assets		
Non-current assets		
Investment properties <small>(Cost: 30/09/2017 - Ps.38,231,624; 30/06/2017 - Ps.36,718,602)</small>	\$39,048,450	\$37,393,865
Investments accounted using equity method	379,146	258,429
Loan receivable <small>(Cost: 30/09/2017 - Ps.35,360; 30/06/2017 - Ps.35,360)</small>	35,670	35,360
Financial derivative instruments	9,192	4,334
Current assets		
Other assets	59,258	28,337
Loan receivable <small>(Cost: 30/06/2017 - Ps.1,097; 31/03/2017 - Ps.1,232)</small>	1,131	1,097
Recoverable taxes	279,736	1,290,268
Prepaid expenses	3,584	4,956
Acquisition prepayment	614	-
Deferred charges and accrued income	167,781	156,037
Accounts receivable <small>(Net of allowance for doubtful accounts: 30/09/2017 - Ps.28,055; 30/06/2017 - Ps.27,775)</small>	76,634	77,400
Restricted cash	33,766	28,063
Cash and cash equivalents	6,658,691	884,045
Total assets	46,753,653	40,162,191
Net assets attributable to Investors		
Contributions, net	19,844,088	14,785,745
Retained earnings	-	-126,214
Currency translation adjustment	6,904,057	6,363,139
Total net assets (Net Equity)	26,748,145	21,022,670
Liabilities		
Non-current liabilities		
Borrowings <small>(Cost: 30/09/2017 - \$18,843,797; 30/06/2017 - \$18,255,246)</small>	19,256,799	18,526,032
Tenant deposits	242,213	197,970
Accounts payable	3,971	3,798
Current liabilities		
Trade and other payables	449,837	343,437
Borrowings <small>(Cost: 30/09/2017 - Ps.10,269; 30/06/2017 - Ps.0)</small>	10,269	-
Tenant deposits	42,419	68,284
Total liabilities (excluding net assets attributable to the Investors)	20,005,508	19,139,521
Total net assets and liabilities	46,753,653	40,162,191



Financial Statements

Cash Flow Statement

Sep-17

(thousands of pesos)

Cash flows from operating activities

(Loss) profit for the period	\$640,191
Adjustments:	
Net loss (gain) unrealized from fair value adjustment on investment properties	9,746
Net loss (gain) unrealized from fair value adjustment on borrowings	647,456
Net loss (gain) unrealized from fair value adjustment on derivative financial instruments	(9,090)
Realized gain from disposal of investment properties	2,476
Bad debt expense	30,185
Interest expense	632,608
Interest income on bank accounts	(5,267)
Share of profit from equity accounted investments	(11,659)
Decrease (increase) deferred rents receivable	5,580
Decrease (increase) in restricted cash	55,371
Decrease (increase) in accounts receivable	(63,402)
Decrease (increase) in recoverable taxes	(129,954)
Decrease (increase) in prepaid expenses	8,801
Decrease (increase) in other assets	51,999
Decrease (increase) in tenant deposits	44,945
(Decrease) in accounts payable	153,249
Net cash (used in) generated from operating activities	2,063,235

Cash flows from investing activities

Acquisitions of investment properties	(9,822,667)
Improvements of investment properties	(180,477)
Proceeds from dispositions of investment properties	133,751
Acquisition prepayment	9,195
Interest income on bank accounts	5,267
Investments in joint venture	(141,401)
Loans receivable payment	829
Net cash (used in) generated from investing activities	(9,995,503)

Cash flows from financing activities

Proceeds from borrowings	9,728,294
Principal payments on borrowings	(2,895,373)
Interest expense	(632,608)
Distributions to investors	(1,303,294)
CBFIs equity issuance	5,390,049

Net cash (used in) generated from financing activities

10,287,068

Net (decrease) in cash and cash equivalents	2,354,800
Cash and cash equivalents at the beginning of the period	4,297,096
Exchange effects on cash and cash equivalents	6,795

Cash and cash equivalents at the end of the period

\$6,658,691



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	5,390,049	-	-	5,390,049
Distributions to Investors	(328,820)	-	(974,474)	(1,303,294)
Comprehensive Income				
Net loss of the period	-	-	640,191	640,191
Other Comprehensive Income				
Currency Translation	-	(2,759,230)	-	(2,759,230)
Total Comprehensive (loss) income	-	(2,759,230)	640,191	(2,119,039)
Net Assets as of September 30, 2017	\$19,844,088	\$6,904,057	\$-	\$26,748,145