

## THIRD QUARTER 2018 EARNINGS REPORT

Mexico City, October 25, 2018 – 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 2018 (3Q18) 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, 2018

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#### Operating

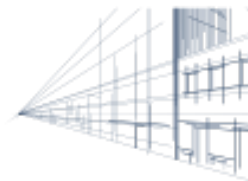
- As of September 30, 2018, the occupancy rate was 95.2%, a five basis point increase compared to the third quarter of 2017 (3Q17). Additionally, considering signed letters of intent (LOI), occupancy for 3Q18 was 95.3%.
- Annualized average leasing rate per square foot at 3Q18 was US\$5.13, a US\$0.13 increase compared to 3Q17.
- Terrafina reported a total of 41.0 million square feet (msf) of Gross Leasable Area (GLA) comprised of 287 properties and 293 tenants in 3Q18.
- 3Q18 leasing activity totaled 2.7 msf, of which 7.7% corresponded to new leases, 39.2% to lease renewals and 53.2% to early renewals. Leasing activity was mainly concentrated in the Ramos Arizpe, Ciudad Juarez, Chihuahua, San Luis Potosi, Saltillo, Cuautitlan Izcalli, Apodaca, Irapuato, Tijuana, Queretaro and Hermosillo markets.

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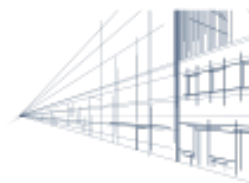
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## Financial

- Rental revenues reached US\$48.0 million, a 16.6% or US\$6.8 million increase compared to 3Q17.
- NOI was US\$48.1 million, a 16.2% or US\$6.7 million increase compared to 3Q17.
- The NOI margin reached 94.0%, a 76 basis point increase compared to 3Q17.
- EBITDA reached US\$43.3 million, an increase of 16.5% or US\$6.1 million compared to 3Q17.
- EBITDA margin was 84.6%, a 90 basis point increase compared to 3Q17.
- Adjusted funds for operations (AFFO) reached US\$29.1 million, an increase of 26.5% or US\$6.1 million compared to 3Q17.
- AFFO margin was 56.6%, a 520 basis point increase compared to 3Q17.
- Distributions totaled US\$29.1 million. As a result, Terrafina will distribute Ps.0.6993 per CBFi (US\$0.0368 per CBFi) for distributions corresponding to the July 1 to September 30, 2018 period.
- The annualized distribution was US\$0.1473; considering the average share price for 3Q18 of US\$1.49 (Ps.28.28), Terrafina's dividend yield for the quarter was 9.9%.



## Operating and Financial Highlights

<i>Operating</i>	Sep18	Sep17	Var.
Number of Developed Properties	287	268	19
Gross Leasable Area (GLA) (msf) <sup>1</sup>	41.0	37.8	3.2
Land Reserves (msf)	6.06	6.17	-0.11
Occupancy Rate <sup>2</sup>	95.2%	95.1%	5 bps
Avg. Leasing Rent / Square Foot (dollars)	5.13	5.00	0.13
Weighted Average Remaining Lease Term (years)	3.42	3.57	-0.15
Renewal Rate <sup>3</sup>	95.8%	89.3%	653 bps

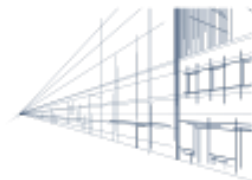
<i>Quarterly Financial</i>	3Q18	3Q17	Var.		3Q18	3Q17	Var.
				fx	18.9859	17.8255	
	(millions of pesos unless otherwise stated)				(millions of dollars unless otherwise stated)		
Rental Revenues <sup>4</sup>	912.0	734.3	24.2%		48.0	41.2	16.6%
Other Operating Income	55.8	67.0	-16.8%		2.9	3.8	-22.0%
Net Revenues	973.5	810.3	20.1%		51.3	45.5	12.8%
Net Operating Income (NOI)*	913.3	737.7	23.8%		48.1	41.4	16.2%
NOI Margin	94.0%	93.3%	76 bps		94.0%	93.3%	76 bps
EBITDA <sup>5</sup> *	822.1	662.3	24.1%		43.3	37.2	16.5%
EBITDA Margin	84.6%	83.7%	90 bps		84.6%	83.7%	90 bps
Funds from Operations (FFO)*	592.4	456.8	29.7%		31.2	25.6	21.7%
FFO Margin	61.0%	57.8%	324 bps		61.0%	57.8%	324 bps
Adjusted Funds from Operations (AFFO)*	553.1	410.4	34.8%		29.1	23.0	26.5%
AFFO Margin	56.6%	51.4%	520 bps		56.6%	51.4%	520 bps
Distributions	553.1	410.4	34.8%		29.1	23.0	26.5%
Distributions per CBF <sup>6</sup>	0.6993	0.5188	34.8%		0.0368	0.0291	26.5%

<i>Balance Sheet</i>	Sep18	Jun18	Var.		Sep18	Jun18	Var.
				fx	18.8120	19.8633	
	(millions of pesos unless otherwise stated)				(millions of dollars unless otherwise stated)		
Cash & Cash Equivalents	1,911.2	2,042.4	-6.4%		101.6	102.8	-1.2%
Investment Properties	43,467.5	46,176.3	-5.9%		2,310.6	2,324.7	-0.6%
Land Reserves	1,032.2	1,032.2	0.0%		54.9	52.0	5.6%
Total Debt	19,115.9	19,826.6	-3.6%		1,016.2	998.2	1.8%
Net Debt	17,204.7	17,784.2	-3.3%		914.6	895.3	2.1%

Figures in dollars in the Income Statement were converted into pesos using the average exchange rate for the period. (1) Millions of square feet. (2) Occupancy at the end of the period. (3) Indicates the lease renewal rate of the leases, includes early renewals. (4) Excluding accrued income as it is a non-cash item. (5) Earnings before interest, taxes, depreciation and amortization. (6) Certificados Bursátiles Fiduciarios Inmobiliarios - Real Estate Investment Certificates. (\*) Revenues and expenses have been adjusted for the calculation of the above mentioned metrics. Figures in dollars in the Balance Sheet were converted using the closing exchange rate of the period. Please refer to the "3Q18 Financial Performance" and "Appendices" section available in this document.

Source: PGIM Real Estate – Asset Management and Fund Accounting



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

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In the third quarter of 2018, Terrafina's main operational and financial indicators remained in-line with our expectations, and moving forward with these solid results we expect to reach our 2018 guidance. The economic activity of our tenants continues to strengthen Mexico's manufacturing-for-export and logistics and distribution sectors – and the more than 6.8 million square feet of leasing activity generated by Terrafina during the past nine months are evidence of the continued strength in these sectors.

Additionally, we are pleased to announce the recent signing of a binding contract for the development of an industrial property for an existing tenant in the Ciudad Juarez market. This development will increase our gross leasable area (GLA) between 260,000 square feet to 365,000 square feet and will have a ten-year lease maturity. Finally, the total estimated investment in this property (excluding taxes) is of US\$13.8 million, thus generating an expected development yield over stabilized net operating income of above 12%.

Leasing activity for the third quarter was mainly concentrated in the Ramos Arizpe, Ciudad Juarez, Chihuahua, San Luis Potosi, Saltillo, Cuautitlan Izcalli, Apodaca, Irapuato, Tijuana, Queretaro and Hermosillo markets. Terrafina reached 2.5 million square feet of renewals and 0.2 million square feet of new contracts. As a result of our successful leasing activity, Terrafina lowered the remaining portion of the maturity schedule for the year from 5.2% at the beginning of 2018 to 2.0% in the fourth quarter of 2018.

Third quarter 2018 occupancy levels reached 95.2% and same-store occupancy was 94.8%. Including signed letters of intent, occupancy levels for the quarter reached 95.3%. Occupancy rates by region remained stable, reaching 96.7% in the Northern region, 91.9% in the Bajio region and 93.7% in the Central region.

Average annual leasing rent for 3Q18 was US\$5.13 per square foot, a US\$0.13 increase compared to the third quarter of 2017 and a US\$0.06 increase compared to the second quarter of 2018. Average rents by region remained stable, with US\$5.06 per square foot in the Northern region, US\$5.22 per square foot in the Bajio region and a US\$5.31 average rent per square foot in the Central region.

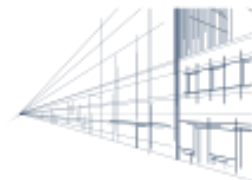
Finally, Terrafina's main financial indicators were positive as rental revenues reached US\$48.0 million, Net Operating Income reached US\$48.1 million with an NOI Margin of 94.0%, as well as generating US\$29.1 million in Adjusted Funds from Operations and a 56.6% AFFO margin. Finally, Annualized Distributions per CBFI were Ps. 2.80, or US\$0.1473, which represented a 9.9% dividend yield, considering the average CBFI price for the third quarter of 2018.

Thank you for your interest in Terrafina.

Sincerely,

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

Alberto Chretin  
Chief Executive Officer and Chairman of the Board



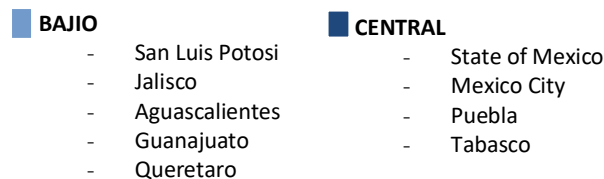
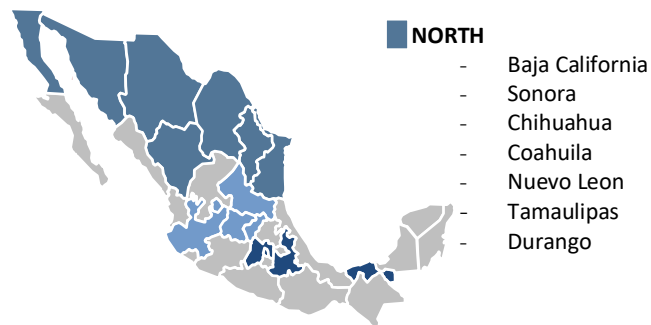
## Operating Highlights

### Highlights by Region

(as of September 30, 2018)

	North	Bajío	Central	Total
# Buildings	202	55	30	287
# Tenants	198	56	39	293
GLA (msf)	25.7	9.1	6.3	41.0
Land Reserves (msf)	2.6	0.2	3.3	6.1
Occupancy Rate	96.7%	91.9%	93.7%	95.2%
Average Leasing Rent / Square Foot (dollars)	5.06	5.22	5.31	5.13
Annualized Rental Base %	62.7%	21.8%	15.5%	100.0%

Source: PGIM Real Estate - Asset Management

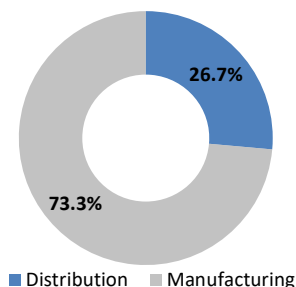


Terrafina's 3Q18 Operations

### Composition by Asset Type

as of 3Q18

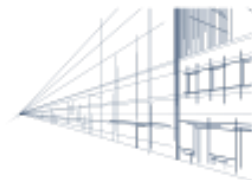
(as a % of total GLA)



### Leasing Activity

	3Q18	3Q17	Var.
Operating Portfolio (msf):			
Renewals	1.1	0.7	0.4
Early Renewals	1.4	0.5	0.9
New Leases	0.2	0.5	-0.3
<b>Total Square Feet of Leases Signed</b>	<b>2.7</b>	<b>1.7</b>	<b>1.0</b>

Source: PGIM Real Estate - Asset Management



## Operating Highlights *(continued)*

### Occupancy and Rents by Region

<i>(As of September 30, 2018)</i>		Occupancy Rate	Avg. Leasing Rent/ Square Foot (dollars)
<b>North</b>		<b>96.7%</b>	<b>5.06</b>
Baja California		89.8%	4.41
Tijuana		89.8%	4.41
Sonora		88.5%	4.57
Hermosillo		88.5%	4.57
Chihuahua		97.9%	5.04
Chihuahua		98.5%	5.43
Ciudad Juarez		97.5%	4.72
Delicias		100.0%	5.98
Gomez Farias		100.0%	3.34
Casas Grandes		100.0%	4.21
Coahuila		96.1%	5.26
Ciudad Acuña		100.0%	6.23
Monclova		100.0%	5.46
Ramos Arizpe		94.4%	5.16
Saltillo		100.0%	5.38
Derramadero		100.0%	6.88
San Pedro de las Colinas		89.3%	2.10
Torreon		100.0%	4.26
Nuevo Leon		93.3%	5.07
Apodaca		100.0%	5.59
Monterrey		91.0%	4.88
Tamaulipas		100.0%	4.65
Reynosa		100.0%	4.65
Durango		100.0%	4.79
Durango		100.0%	4.95
Gomez Palacio		100.0%	3.14
<b>Bajío</b>		<b>91.9%</b>	<b>5.22</b>
San Luis Potosi		89.6%	4.91
San Luis Potosi		89.6%	4.91
Jalisco		100.0%	6.59
Guadalajara		100.0%	6.59
Aguascalientes		100.0%	4.76
Aguascalientes		100.0%	4.76
Guanajuato		91.9%	4.92
Celaya		100.0%	5.29
Irapuato		81.8%	5.32
Silao		95.9%	4.69
Queretaro		85.8%	4.85
Queretaro		85.8%	4.85
<b>Central</b>		<b>93.7%</b>	<b>5.31</b>
State of Mexico		92.7%	5.50
Cuautitlan Izcalli		100.0%	5.52
Toluca		81.6%	5.40
Ciudad de Mexico		100.0%	9.22
Azcapotzalco		100.0%	9.22
Puebla		100.0%	3.38
Puebla		100.0%	3.38
Tabasco		100.0%	4.20
Villahermosa		100.0%	4.20
<b>Total</b>		<b>95.2%</b>	<b>5.13</b>

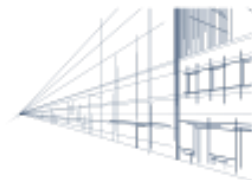
Source: PGIM Real Estate - Asset Management

### Maturities and Renewals by Region

<i>(As of September 30, 2018)</i>		Consolidated			
		Maturities (number of contracts)	% of Total Maturities	Renewals (number of contracts)	% of Total Renewals
<b>North</b>		<b>14</b>	<b>77.8%</b>	<b>12</b>	<b>85.7%</b>
Baja California		0	0.0%	0	0.0%
Tijuana		0	0.0%	0	0.0%
Sonora		1	5.6%	1	100.0%
Hermosillo		1	5.6%	1	100.0%
Chihuahua		11	61.1%	10	90.9%
Chihuahua		5	27.8%	5	100.0%
Ciudad Juarez		6	33.3%	5	83.3%
Delicias		0	0.0%	0	0.0%
Gomez Farias		0	0.0%	0	0.0%
Casas Grandes		0	0.0%	0	0.0%
Coahuila		2	11.1%	1	50.0%
Ciudad Acuña		0	0.0%	0	0.0%
Monclova		0	0.0%	0	0.0%
Ramos Arizpe		2	11.1%	1	0.0%
Saltillo		0	0.0%	0	0.0%
Derramadero		0	0.0%	0	0.0%
San Pedro de las Colinas		0	0.0%	0	0.0%
Torreon		0	0.0%	0	0.0%
Nuevo Leon		0	0.0%	0	0.0%
Apodaca		0	0.0%	0	0.0%
Monterrey		0	0.0%	0	0.0%
Tamaulipas		0	0.0%	0	0.0%
Reynosa		0	0.0%	0	0.0%
Durango		0	0.0%	0	0.0%
Durango		0	0.0%	0	0.0%
Gomez Palacio		0	0.0%	0	0.0%
<b>Bajío</b>		<b>3</b>	<b>16.7%</b>	<b>3</b>	<b>100.0%</b>
San Luis Potosi		1	5.6%	1	0.0%
San Luis Potosi		1	5.6%	1	0.0%
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	5.6%	1	100.0%
Celaya		0	0.0%	0	0.0%
Irapuato		1	5.6%	1	100.0%
Silao		0	0.0%	0	0.0%
Queretaro		1	5.6%	1	100.0%
Queretaro		1	5.6%	1	100.0%
<b>Central</b>		<b>1</b>	<b>5.6%</b>	<b>1</b>	<b>100.0%</b>
State of Mexico		1	5.6%	1	100.0%
Cuautitlan Izcalli		1	5.6%	1	100.0%
Toluca		0	0.0%	0	0.0%
Ciudad de México		0	0.0%	0	0.0%
Azcapotzalco		0	0.0%	0	0.0%
Puebla		0	0.0%	0	0.0%
Puebla		0	0.0%	0	0.0%
Tabasco		0	0.0%	0	0.0%
Villahermosa		0	0.0%	0	0.0%
<b>Total</b>		<b>18</b>	<b>100.0%</b>	<b>16</b>	<b>88.9%</b>

Source: PGIM Real Estate - Asset Management

\*Over the number of matured leases in the quarter



## 3Q18 Operational Performance

### Composition by Geographical Diversification

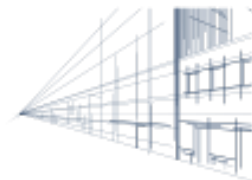
The geographic diversification of Terrafina's properties at 3Q18 (based on GLA per square foot) was as follows: the Northern region of Mexico represented 62.5% of GLA, while the Bajío and Central regions represented 22.2% and 15.2% of GLA, respectively.

#### Geographic Distribution by Region and State

	3Q18	as a % of Total GLA 3Q18	3Q17	as a % of Total GLA 3Q17
<b>North</b>	<b>25.66</b>	<b>62.5%</b>	<b>22.42</b>	<b>59.2%</b>
Baja California	0.91	2.2%	0.90	2.4%
Tijuana	0.91	2.2%	0.90	2.4%
Sonora	0.33	0.8%	0.33	0.9%
Hermosillo	0.33	0.8%	0.33	0.9%
Chihuahua	14.40	35.1%	14.27	37.7%
Chihuahua	5.83	14.2%	5.83	15.4%
Ciudad Juarez	7.87	19.2%	7.74	20.4%
Delicias	0.52	1.3%	0.52	1.4%
Gomez Farias	0.08	0.2%	0.08	0.2%
Camargo	0.02	0.1%	0.02	0.1%
Casas Grandes	0.09	0.2%	0.09	0.2%
Coahuila	6.84	16.7%	3.74	9.9%
Ciudad Acuña	0.24	0.6%	0.24	0.6%
Monclova	0.35	0.8%	0.34	0.9%
Ramos Arizpe	4.54	11.1%	2.00	5.3%
Saltillo	0.62	1.5%	0.62	1.6%
Derramadero	0.54	1.3%	0.00	0.0%
San Pedro de las Colinas	0.15	0.4%	0.15	0.4%
Torreon	0.39	1.0%	0.39	1.0%
Nuevo Leon	1.94	4.7%	1.94	5.1%
Apodaca	0.50	1.2%	0.50	1.3%
Monterrey	1.44	3.5%	1.44	3.8%
Tamaulipas	0.47	1.1%	0.47	1.2%
Reynosa	0.47	1.1%	0.47	1.2%
Durango	0.78	1.9%	0.78	2.0%
Durango	0.71	1.7%	0.71	1.9%
Gomez Palacio	0.07	0.2%	0.07	0.2%
<b>Bajío</b>	<b>9.13</b>	<b>22.2%</b>	<b>9.17</b>	<b>24.2%</b>
San Luis Potosi	3.32	8.1%	3.37	8.9%
San Luis Potosi	3.32	8.1%	3.37	8.9%
Jalisco	1.66	4.0%	1.66	4.4%
Guadalajara	1.66	4.0%	1.66	4.4%
Aguascalientes	0.75	1.8%	0.75	2.0%
Aguascalientes	0.75	1.8%	0.75	2.0%
Guanajuato	1.42	3.5%	1.42	3.7%
Celaya	0.12	0.3%	0.12	0.3%
Irapuato	0.44	1.1%	0.44	1.2%
Silao	0.87	2.1%	0.86	2.3%
Queretaro	1.98	4.8%	1.98	5.2%
Queretaro	1.98	4.8%	1.98	5.2%
<b>Central</b>	<b>6.25</b>	<b>15.2%</b>	<b>6.25</b>	<b>16.5%</b>
State of Mexico	5.40	13.1%	5.40	14.3%
Cuautitlan Izcalli	4.26	10.4%	4.26	11.3%
Toluca	0.91	2.2%	0.91	2.4%
Huehuetoca	0.23	0.6%	0.00	0.0%
Ciudad de Mexico	0.02	0.1%	0.02	0.1%
Azcapotzalco	0.02	0.1%	0.02	0.1%
Puebla	0.18	0.4%	0.18	0.5%
Puebla	0.18	0.4%	0.18	0.5%
Tabasco	0.65	1.6%	0.65	1.7%
Villahermosa	0.65	1.6%	0.65	1.7%
<b>Total</b>	<b>41.05</b>	<b>100.0%</b>	<b>37.85</b>	<b>100.0%</b>

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

Source: PGIM Real Estate - Asset Management

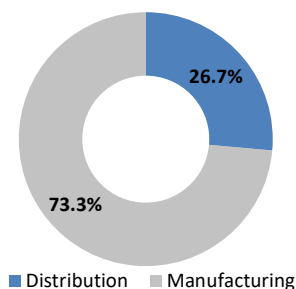


## Composition by Asset Type

At the end of 3Q18, 73.3% of Terrafina's portfolio consisted of properties dedicated to manufacturing activities while 26.7% were dedicated to distribution and logistics activities.

### Composition by Asset Type as of 3Q18

(as a % of total GLA)



### Composition by Asset Type

	3Q18	3Q17	Var.
Distribution	26.7%	27.3%	-60 bps
Manufacturing	73.3%	72.7%	60 bps

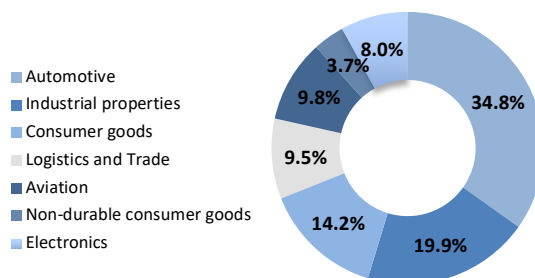
Source: PGIM Real Estate - Asset Management

## Composition by Sector

As of September 30, 2018, tenant diversification by industrial sector was as follows:

### Diversification by Sector as of 3Q18

(as a % of leased GLA)

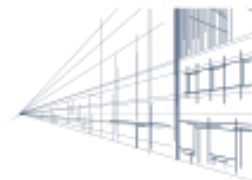


### Industrial Sector Diversification

	3Q18	3Q17	Var.
Automotive	34.8%	31.6%	320 bps
Industrial properties	19.9%	20.1%	-16 bps
Consumer goods	14.2%	15.7%	-142 bps
Logistics and Trade	9.5%	9.5%	04 bps
Aviation	9.8%	10.6%	-83 bps
Non-durable consumer goods	3.7%	4.3%	-54 bps
Electronics	8.0%	8.3%	-28 bps
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: PGIM Real Estate - Asset Management





## Composition of Top Clients

Terrafina has a widely diversified tenant base that leases industrial properties throughout several of Mexico's main cities. For 3Q18, Terrafina's top client, top 10 clients and top 20 clients, represented 3.2%, 18.1% and 29.0% of total revenues, respectively.

### Top Clients

	Leased Square Feet (millions)	% Total GLA	% Total Revenues
<i>(As of September 30, 2018)</i>			
<b>Top Client</b>	1.24	3.2%	3.2%
<b>Top 10 Clients</b>	6.92	17.7%	18.1%
<b>Top 20 Clients</b>	11.19	28.7%	29.0%

Source: PGIM Real Estate - Asset Management

## Occupancy

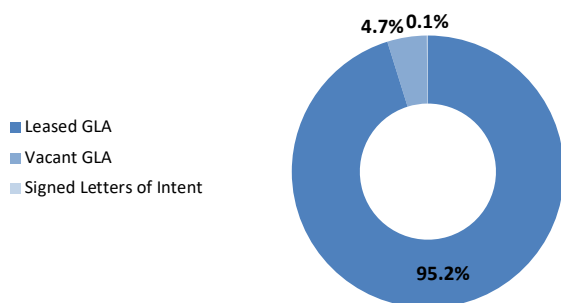
3Q18 occupancy rate was 95.2%, a five basis point increase compared to 3Q17. Including signed LOIs, the occupancy rate was 95.3%. It is important to note that occupancy rate indicators presented in this report reflect the quarterly closing rate.

For 3Q18, Terrafina's leasing activity reached 2.7 msf, of which 7.7% corresponded to new leasing contracts (including expansions), 39.2% for contract renewals and 53.2% for early renewals.

Leasing activity mainly took place in the Ramos Arizpe, Ciudad Juarez, Chihuahua, San Luis Potosi, Saltillo, Cuautitlan Izcalli, Apodaca, Irapuato, Tijuana, Queretaro and Hermosillo markets. In addition to this leasing activity, Terrafina signed LOIs for an additional 53,500 square feet.

### Occupancy as of 3Q18

(as % of Total GLA)

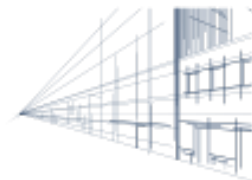


	3Q18	3Q17	Var.
Leased GLA	95.2%	95.1%	26 bps
Vacant GLA	4.7%	4.6%	7 bps
Signed Letters of Intent	0.1%	0.3%	-12 bps
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: PGIM Real Estate - Asset Management

## Lease Maturities

Terrafina had 293 tenants under leasing contracts at the end of 3Q18. 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 2% to 23% for the next five years.



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

	<b>Annual Base Rent</b> (millions of dollars)	<b>% of Total</b>	<b>Occupied Sq. Ft (millions)</b>	<b>% of Total</b>
2018	3.9	1.9%	0.79	2.0%
2019	31.9	15.9%	6.31	16.1%
2020	44.9	22.4%	8.81	22.6%
2021	38.0	19.0%	7.39	18.9%
2022	19.7	9.8%	3.95	10.1%
Thereafter	62.0	30.9%	11.81	30.2%

Source: PGIM Real Estate – Asset Management

## Capital Deployment

### 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.

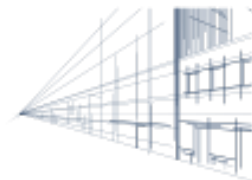
In 3Q18, Terrafina's investments in tenant improvements and recurring CAPEX was US\$0.8 million. Total CAPEX for 3Q18 is broken down in the following table:

### Capital Expenditures

	<b>3Q18</b> (millions of pesos)	<b>3Q18</b> (millions of dollars)
Tenant Improvements & Recurring CAPEX	15.7	0.8
Leasing Commissions	18.2	1.0
Development CAPEX <sup>1</sup>	24.5	1.3
<b>Total Capital Expenditures</b>	<b>58.4</b>	<b>3.1</b>

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

Source: PGIM Real Estate - Asset Management



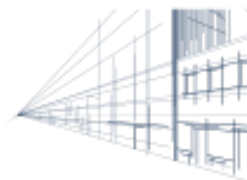
## Land Reserves

Terrafina's land reserve as of September 30, 2018 was comprised of 12 land reserve properties, equivalent to 6.1 msf of potential GLA for the development of future industrial properties.

As of September 30, 2018, Terrafina's land reserves were distributed as follows:

	As of September 30, 2018				
	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	487.2	25.9	562.5	29.9
Bajío	0.1	13.2	0.7	13.2	0.7
Central	3.1	697.9	37.1	402.6	21.4
Total Land Portfolio	6.2	1,198.3	63.7	978.2	52.0

Source: PGIM Real Estate - Asset Management and Fund Accounting



## 3Q18 Financial Performance

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### Financial Results and Calculations

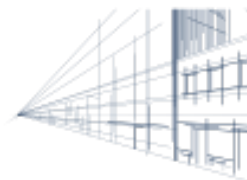
Terrafina's financial results are presented in Mexican pesos and U.S. dollars. Figures on the income statement for each period were converted to dollars using the average exchange rate for 3Q18, while for the balance sheet, the exchange rate at the close of September 30, 2018 was applied.

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 3Q18 same-store highlights and consolidated information:

	Same-Store <sup>1</sup> 3Q18	Consolidated <sup>2</sup> 3Q18		
(as of September 30, 2018)				
Number of Properties	261.0	287.0		
Occupancy Rate	94.8%	95.2%		
Gross Leasable Area (GLA) (msf)	37.0	41.0		
Avg. Leasing Rent / Square Foot (dollars)	5.06	5.13		
	Same-Store 3Q18	Consolidated 3Q18	Same-Store 3Q18	Consolidated 3Q18
	(millions of pesos)		(millions of dollars)	
Rental Revenues	808.2	912.0	42.6	48.0
Net Operating Income	813.3	913.3	42.8	48.1
NOI Margin	93.8%	94.0%	93.8%	94.0%
EBITDA	730.8	822.1	38.5	43.3
EBITDA Margin	84.2%	84.6%	84.2%	84.6%
FFO	530.7	592.4	26.6	31.2
FFO Margin	58.2%	61.0%	58.2%	61.0%
Adjusted Funds from Operations	479.8	553.1	24.6	29.1
AFFO Margin	53.9%	56.6%	53.9%	56.6%

(1) Same properties information evaluates the performance of the industrial properties without including recent acquisitions closed in January, September and December 2017. (2) Includes acquisitions closed in January, September and December 2017.  
Source: PGIM Real Estate - Asset Management and Fund Accounting

## Rental Revenues

In 3Q18, Terrafina reported rental revenues of US\$48.0 million, a 16.6% or US\$6.8 million increase compared to 3Q17.

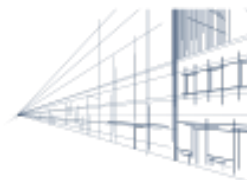
Rental revenues do not include accrued revenues as these are a non-cash item.

## Other Operating Income

In 3Q18, other operating income totaled US\$2.9 million, a 22.0% or US\$0.8 million decrease compared to 3Q17.

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\$51.3 million in 3Q18, an increase of US\$5.8 million, or 12.8% compared to 3Q17.



### Revenues

	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos)			(millions of dollars)		
<b>Rental Revenue</b>	<b>912.0</b>	<b>734.3</b>	<b>24.2%</b>	<b>48.0</b>	<b>41.2</b>	<b>16.6%</b>
Accrued Income <sup>1</sup>	5.7	8.9	-35.8%	0.3	0.5	-40.4%
<b>Other Operating Revenues</b>	<b>55.8</b>	<b>67.0</b>	<b>-16.8%</b>	<b>2.9</b>	<b>3.8</b>	<b>-22.0%</b>
Reimbursable Expenses as Revenues <sup>2</sup>	48.5	54.2	-10.5%	2.6	3.0	-16.0%
Reimbursable Tenant Improvements	6.7	10.8	-37.8%	0.4	0.6	-41.7%
Other non-cash income	0.5	2.0	-75.6%	0.0	0.1	-77.1%
<b>Net Revenue</b>	<b>973.5</b>	<b>810.3</b>	<b>20.1%</b>	<b>51.3</b>	<b>45.5</b>	<b>12.8%</b>

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

Source: PGIM Real Estate - Fund Accounting

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

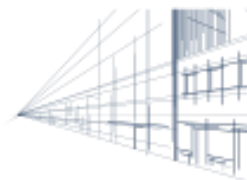
### Real Estate Expenses

In 3Q18, real estate expenses totaled US\$6.1 million, a decrease of 5.9% or US\$0.4 million compared to 3Q17.

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 3Q18, NOI totaled US\$48.1 million, a 16.2% or US\$6.7 million increase compared with 3Q17. NOI margin increased by 76 basis points reaching 94.0% compared to 93.3% in 3Q17.

The following table displays the NOI calculation for 3Q18:

Net Operating Income						
	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Rental Revenues <sup>1</sup>	912.0	734.3	24.2%	48.0	41.2	16.6%
Other Operating income <sup>2</sup>	59.5	56.8	4.7%	3.1	3.2	-1.7%
<b>Net Revenues for NOI Calculation</b>	<b>971.5</b>	<b>791.1</b>	<b>22.8%</b>	<b>51.2</b>	<b>44.4</b>	<b>15.3%</b>
Repair and Maintenance	-8.1	-8.8	-8.6%	-0.4	-0.5	-14.3%
Property Taxes	-0.1	-0.1	-19.3%	0.0	0.0	-24.8%
Property Management Fees	-17.4	-16.3	7.2%	-0.9	-0.9	0.7%
Electricity	-21.7	-15.9	36.4%	-1.1	-0.9	28.1%
Property Insurance	-2.6	-2.6	-3.3%	-0.1	-0.1	-9.2%
Security	-4.4	-3.2	35.9%	-0.2	-0.2	27.4%
Other Operational Expenses	-3.9	-6.4	-38.7%	-0.2	-0.4	-42.5%
<b>Real Estate Operating Expenses for NOI Calculation</b>	<b>-58.1</b>	<b>-53.4</b>	<b>9.0%</b>	<b>-3.1</b>	<b>-3.0</b>	<b>2.3%</b>
<b>Net Operating Income<sup>3</sup></b>	<b>913.3</b>	<b>737.7</b>	<b>23.8%</b>	<b>48.1</b>	<b>41.4</b>	<b>16.2%</b>
<b>NOI Margin</b>	<b>94.0%</b>	<b>93.3%</b>	<b>76 bps</b>	<b>94.0%</b>	<b>93.3%</b>	<b>76 bps</b>

(1) Excludes accrued income from straight line rent adjustments as it is a non-cash item. (2) Excludes tenant improvements reimbursements which are included in 'AFFO'. (3) The income calculation generated by the operation of the property, independent of external factors such as financing and income taxes. NOI is the result of Net Revenues (includes rental income and triple net leases expenses reimbursements) minus Real Estate Operating Expenses (costs incurred during the operation and maintenance of the industrial portfolio).

Source: PGIM Real Estate - Fund Accounting

## Fees and Administrative Expenses (G&A)

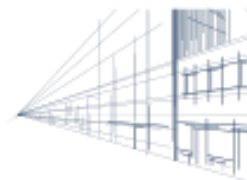
G&A in 3Q18 totaled US\$5.3 million, a 26.0% or US\$1.8 million decrease compared to 3Q17.

The following table breaks down total G&A:

G&A						
	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
External Advisor Fees <sup>1</sup>	-56.0	-47.9	17.0%	-2.9	-2.7	9.5%
Professional and Consulting Services	-9.6	-11.3	-14.8%	-0.5	-0.6	-20.1%
Payroll, Admin. Fees and Other Expenses	-34.6	-67.7	-48.9%	-1.8	-3.8	-52.1%
<b>Total G&amp;A<sup>2</sup></b>	<b>-100.2</b>	<b>-126.8</b>	<b>-21.0%</b>	<b>-5.3</b>	<b>-7.1</b>	<b>-26.0%</b>

(1) PLA Administradora Industrial, S. de R.L. de C.V., is a Mexican affiliate of PGIM Real Estate 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 3Q18, EBITDA totaled US\$43.3 million, an increase of US\$6.1 million, or 16.5%, compared to 3Q17. EBITDA margin for 3Q18 was 84.6%, a 90 basis point increase compared to 3Q17.

The following shows the EBITDA calculation for 3Q18:

EBITDA						
	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Rental Revenues <sup>1</sup>	912.0	734.3	24.2%	48.0	41.2	16.6%
Other Operating income <sup>2</sup>	59.5	56.8	4.7%	3.1	3.2	-1.7%
<b>Real Estate Expenses for EBITDA Calculation</b>	<b>-62.5</b>	<b>-57.6</b>	<b>8.5%</b>	<b>-3.3</b>	<b>-3.2</b>	<b>2.2%</b>
Real Estate Operating Expenses for NOI Calculation	-58.1	-53.4	9.0%	-3.1	-3.0	2.3%
Advertising	-0.4	0.0	835.2%	0.0	0.0	-
Admin. Property Insurance Expenses	-0.8	-0.7	13.1%	0.0	0.0	36.0%
Other Admin. Real Estate Expenses	-3.2	-3.5	-8.9%	-0.2	-0.2	-14.7%
<b>Fees and Admin. Expenses</b>	<b>-86.9</b>	<b>-71.1</b>	<b>22.2%</b>	<b>-4.6</b>	<b>-4.0</b>	<b>14.4%</b>
External Advisor Fees	-56.0	-47.9	17.0%	-2.9	-2.7	9.5%
Legal, Admin. and Other Professional Fees	-19.7	-10.9	80.4%	-1.0	-0.6	69.2%
Trustee Fees	-1.0	-4.0	-74.5%	-0.1	-0.2	-76.0%
Payroll	-6.3	-6.1	3.0%	-0.3	-0.3	-3.3%
Other Expenses	-3.9	-2.3	72.6%	-0.2	-0.1	61.3%
<b>EBITDA<sup>3</sup></b>	<b>822.1</b>	<b>662.3</b>	<b>-1.8%</b>	<b>43.3</b>	<b>37.2</b>	<b>16.5%</b>
<b>EBITDA Margin</b>	<b>84.6%</b>	<b>83.7%</b>	<b>90 bps</b>	<b>84.6%</b>	<b>83.7%</b>	<b>90 bps</b>

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

Source: PGIM Real Estate - Fund Accounting

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

## Financing Expenses

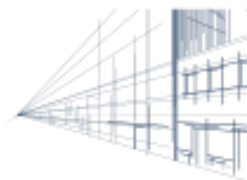
In 3Q18, financing expenses totaled US\$13.2 million, an increase of 11.5% or US\$1.4 million compared to 3Q17.

### Financial Expenses

	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Interest Paid	-237.3	-208.5	13.8%	-12.5	-11.7	6.9%
Borrowing Expenses	-20.8	-5.8	256.5%	-1.1	-0.3	232.6%
Recurring	0.0	-0.7	-	0.0	0.0	-
Non Recurring	-20.8	-5.2	303.0%	-1.1	-0.3	276.0%
Interest Income	7.7	3.6	111.9%	0.4	0.2	98.7%
<b>Total</b>	<b>-250.4</b>	<b>-210.7</b>	<b>18.9%</b>	<b>-13.2</b>	<b>-11.8</b>	<b>11.5%</b>

Source: PGIM Real Estate - Fund Accounting





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

In 3Q18, FFO increased by US\$5.6 million, or 21.7% compared to 3Q17, reaching US\$31.2 million. FFO Margin was 61.0%, a 324 basis point increase compared to 3Q17. Additionally, Terrafina reported an AFFO of US\$29.1 million, an increase of US\$6.0 million, or 26.0% compared to 3Q17. AFFO margin was 56.6%, an increase of 514 basis points versus 3Q17.

### Funds from Operations (FFO)

	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
EBITDA	822.1	662.3	24.1%	43.3	37.2	16.5%
Finance Cost <sup>1</sup>	-229.7	-205.5	11.7%	-12.1	-11.5	4.9%
<b>Funds from Operations (FFO)</b>	<b>592.4</b>	<b>456.8</b>	<b>29.7%</b>	<b>31.2</b>	<b>25.6</b>	<b>21.7%</b>
<i>FFO Margin</i>	<i>61.0%</i>	<i>57.8%</i>	<i>324 bps</i>	<i>61.0%</i>	<i>57.8%</i>	<i>324 bps</i>
Tenant Improvements	-15.7	-18.2	-13.8%	-0.8	-1.0	-19.0%
Leasing Commissions	-18.2	-20.7	-12.0%	-1.0	-1.2	-17.2%
Other Non Recurring Expenses <sup>3</sup>	-5.4	-6.4	-16.3%	-0.3	-0.3	-12.0%
<b>Adjusted Funds from Operations (AFFO)</b>	<b>553.1</b>	<b>411.5</b>	<b>34.4%</b>	<b>29.1</b>	<b>23.1</b>	<b>26.0%</b>
<i>AFFO Margin</i>	<i>56.6%</i>	<i>51.4%</i>	<i>514 bps</i>	<i>56.6%</i>	<i>51.4%</i>	<i>514 bps</i>

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

Source: PGIM Real Estate - Fund Accounting

## Comprehensive Income

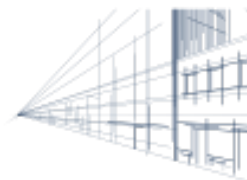
Comprehensive Income for 3Q18 reached a loss of US\$78.6 million, compared to a gain of US\$44.3 million in 3Q17.

The following table presents the calculation of Comprehensive Income for 3Q18:

### Comprehensive Income

	3Q18	3Q17	Var. %	3Q18	3Q17	Var. %
	(millions of pesos unless otherwise stated)			(millions of dollars unless otherwise stated)		
Net Revenues	976.9	810.3	20.6%	51.5	45.5	13.2%
Real Estate Expenses	-115.2	-114.6	0.5%	-6.1	-6.4	-5.9%
Fees and Other Expenses	-100.2	-126.8	-21.0%	-5.3	-7.1	-25.8%
Gain (Loss) from Sales of Real Estate Properties	0.0	-5.8	-	0.0	-0.3	-
Net Income (Loss) from Fair Value Adjustment on Investment Properties	-292.6	103.1	-	-15.4	5.8	-
Net Income (Loss) from Fair Value Adjustment on Derivative Financial Instruments	20.2	4.7	330.5%	1.1	0.3	304.2%
Net Income (Loss) from Fair Value Adjustment on Borrowings	-237.5	-134.8	76.2%	-12.5	-7.6	65.5%
Realized gain (loss) on derivative financial instruments	2.9	-	-	0.2	-	-
Foreign Exchange Gain (loss)	43.0	-71.9	-	2.3	-4.0	-
<b>Operating Profit</b>	<b>297.5</b>	<b>464.2</b>	<b>-35.9%</b>	<b>15.7</b>	<b>26.0</b>	<b>-39.8%</b>
Financial Income	7.7	3.6	111.9%	0.4	0.2	-
Financial Expenses	-258.1	-214.3	20.4%	-13.6	-12.0	13.1%
Net Financial Cost	-250.4	-210.7	18.9%	-13.2	-11.8	11.6%
Share of Profit from Equity Accounted Investments	7.5	-3.7	-	0.4	-0.2	-
<b>Net Profit (Loss)</b>	<b>54.5</b>	<b>249.8</b>	<b>-78.2%</b>	<b>2.9</b>	<b>14.0</b>	<b>-79.5%</b>
Items Reclassified after Net Profit (Loss) - Currency Translation Adjustments	-1,546.3	540.9	-	-81.4	30.3	-
<b>Comprehensive Income</b>	<b>-1,491.7</b>	<b>790.7</b>	<b>-</b>	<b>-78.6</b>	<b>44.3</b>	<b>-</b>

Source: PGIM Real Estate - Fund Accounting



## Distributions per CBFIs

In 3Q18, Terrafina generated US\$29.1 million of AFFO and therefore will distribute US\$0.0368 per CBFI.

### Distributions

<i>(millions of pesos unless otherwise stated)</i>	3Q17	4Q17	1Q18	2Q18	3Q18	Var.% (3Q18 vs 3Q17)
Total Outstanding CBFIs (millions of CBFIs)	791.0	791.0	791.0	791.0	791.0	0.0%
CBFI Price <sup>1</sup>	31.29	30.20	28.68	28.46	28.28	-9.6%
Distributions	410.4	484.9	505.2	555.3	553.1	34.8%
<b>Distributions Per CBFI</b>	<b>0.5188</b>	<b>0.6130</b>	<b>0.6386</b>	<b>0.7020</b>	<b>0.6993</b>	<b>34.8%</b>
FX Rate USD/MXN (average closing period)	17.83	18.93	18.78	19.39	18.99	6.5%
Distributions (million dollars)	23.0	25.6	26.9	28.8	29.1	26.5%
<b>Distributions Per CBFI (dollars)</b>	<b>0.0291</b>	<b>0.0324</b>	<b>0.0340</b>	<b>0.0364</b>	<b>0.0368</b>	<b>26.5%</b>
Annualized Distribution Yield <sup>2</sup>	6.6%	8.1%	8.9%	9.9%	9.9%	326 bps

(1) Average closing price for the period. (2) 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

## Debt

As of September 30, 2018, Terrafina's total debt reached US\$1,016.2 million. The average cost of Terrafina's long-term debt was 4.99%. All of Terrafina's debt is denominated in U.S. dollars.

### Outstanding Debt

	Currency	Millions of pesos	Millions of dollars	Interest Rate	Terms	Maturity	Extension Option	Derivatives
<i>(As of September 30, 2018)</i>								
<b>Long Term Debt</b>								
Citibank <sup>1</sup>	Dollars	977.5	52.0	Libor + 2.45%	Interest Only	Jan 2023	-	US\$150M cap <sup>4</sup>
Metlife	Dollars	2,821.8	150.0	4.75%	Interest Only	Jan 2027	-	-
Banamex <sup>2</sup>	Dollars	6,643.8	353.2	Libor + 2.45%	Interest Only	Oct 2022	-	US\$105M swap <sup>5</sup>
Senior Notes <sup>3</sup>	Dollars	8,380.1	445.5	5.25%	Interest Only	Nov 2022	-	-
New York Life	Dollars	292.7	15.6	5.19%	Interest + Principal	Feb 2020	-	-
<b>Total Debt</b>		<b>19,115.9</b>	<b>1,016.2</b>					
<b>Net Cash</b>		<b>1,911.2</b>	<b>101.6</b>					
<b>Net Debt</b>		<b>17,204.7</b>	<b>914.6</b>					

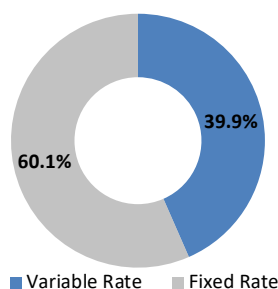
(1) Unsecured syndicated revolving credit facility. (2) Unsecured syndicated term loan facility; interest only for the first three years. (3) Value at Cost: US\$425 million / Ps.8,069 million.

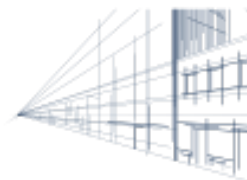
(4) Interest rate Cap: 2.75%. (5) Interest rate Swap fixed rate: 1.768%

Source: PGIM Real Estate - Fund Accounting and Transactions

### Interest Rate Breakdown

*(as of September 30, 2018)*





The following tables show leverage and debt service coverage as of September 30, 2018 as well as Terrafina's projections for the following six quarters:

#### Loan-to-Value (LTV)

(as of September 30, 2018)	(millions of pesos)	(millions of dollars)
Total Assets	46,683.7	2,481.6
Total Debt	19,115.9	1,016.2

**Loan-to-Value (LTV)<sup>1</sup>** **40.9%**

(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, 2018	1,911.2	101.6
Recoverable Taxes	Σ next 6 quarters	306.1	16.3
EBIT <sup>1</sup> after distributions	Σ next 6 quarters	1,613.6	85.8
Available Credit Line	September 30, 2018	4,674.8	248.5

	period	(millions of pesos)	(millions of dollars)
Interest Payments	Σ next 6 quarters	1,424.0	75.7
Principal Payments	Σ next 6 quarters	292.7	15.6
Recurring CAPEX	Σ next 6 quarters	188.1	10.0
Development Expenses	Σ next 6 quarters	225.7	12.0

**Debt Service Coverage Ratio (DSCR)<sup>2</sup>** **4.0x**

(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, 2018, Terrafina was in full compliance with its debt covenants related to the US\$425 million bond issuance (November 2015), as follows:

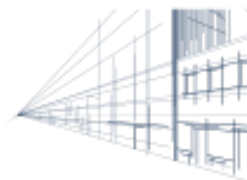
#### Unsecured Bond Covenants

(as of September 30, 2018)	Terrafina	Bond Covenants
Loan-to-Value (LTV) <sup>1</sup>	40.9%	≤ 60%
Debt Service Coverage Ratio (DSCR) <sup>2</sup>	3.3x	≥ 1.5x
Secured Debt to Gross Assets Limitation	6.7%	≤ 40%
Unencumbered Assets to Unsecured Debt Limitation	236%	≥ 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)

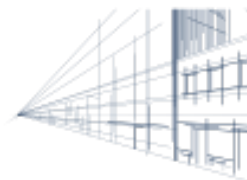
Source: PGIM Real Estate - Transactions



### Analyst Coverage

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

- Barclays
- BBVA Bancomer
- Bradesco
- BofA ML
- BTG Pactual
- BX+
- Citi Banamex
- Credit Suisse
- GBM
- HSBC
- 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 299 real estate properties, including 287 developed industrial facilities with a collective GLA of approximately 41.0 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](http://www.terrafinamx)

### PGIM Real Estate

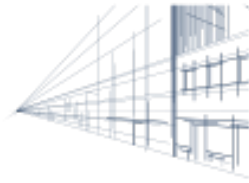
PGIM Real Estate is the real estate investment business of PGIM Inc., the global investment management business of Prudential Financial, Inc. (NYSE: PRU). Redefining the real estate investing landscape since 1970, PGIM Real Estate has professionals in 18 cities in the Americas, Europe and Asia Pacific with deep local knowledge and expertise, and gross assets under management of US\$69.2 billion (US\$49.5 billion net) as of June 30, 2018. 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](http://www.pgimrealestate.com)

### About Prudential Financial, Inc.

Prudential Financial, Inc. (NYSE:PRU), a financial services leader with more than US\$1.4 trillion of assets under management as of June 30, 2018, has operations in the United States, Asia, Europe, and Latin America. Prudential's diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., Prudential's iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit [www.news.prudential.com](http://www.news.prudential.com)

### Forward Looking Statements

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



## Conference Call

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### Terrafina (BMV: TERRA13)

Cordially invites you to participate in its  
Third Quarter 2018 Results

Friday, October 26, 2018  
11:00 a.m. Eastern Time  
10:00 a.m. Central Time

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**To access the call, please dial:**

from within the U.S. 1-877-830-2576

from outside the U.S. 1-785-424-1726

Conference ID Number: Terrafina

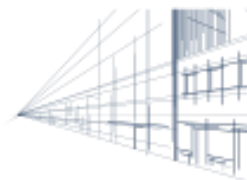
Audio Webcast Link: <https://webcasts.eqs.com/register/terrafina20181026>

**Conference Replay**

U.S. 1-844-488-7474

International (outside the US) 1-862-902-0129

Passcode: 92909191



## Appendix

### Appendix 1 – Revenues

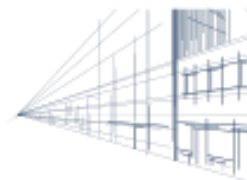
Terrafina's revenues are mainly classified as rental revenues and other operating reimbursable revenues.

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.

<b>Revenues</b>		<b>3Q18</b>	<b>3Q17</b>	<b>3Q18</b>	<b>3Q17</b>
		<i>(millions of pesos)</i>		<i>(millions of dollars)</i>	
<i>NOI calculation</i>	<b>Rental Revenue</b>	<b>912.0</b>	<b>734.3</b>	<b>48.0</b>	<b>41.2</b>
<i>Non Cash</i>	Accrued Income <sup>1</sup>	5.7	8.9	0.3	0.5
	<b>Other Operating Revenues</b>	<b>55.8</b>	<b>67.0</b>	<b>2.9</b>	<b>3.8</b>
<i>NOI calculation</i>	Reimbursable Expenses as Revenues <sup>2</sup>	48.5	54.2	2.6	3.0
<i>AFFO calculation</i>	Reimbursable Tenant Improvements	6.7	10.8	0.4	0.6
<i>Non Cash</i>	Other non-cash income	0.5	2.0	0.0	0.1
	<b>Net Revenue</b>	<b>973.5</b>	<b>810.3</b>	<b>51.3</b>	<b>45.5</b>
<i>NOI calculation</i>	Share of Profit from Equity Accounted Investments <sup>3</sup>	10.9	2.6	0.6	0.1

(1) Straight line rent adjustment. (2) Triple net leases expenses reimbursed to Terrafina from its tenants. (3) Profit from joint-venture developments.  
Source: PGIM Real Estate - Fund Accounting



## Appendix 2 – Real Estate Expenses

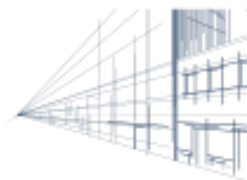
Real estate expenses are comprised of recurring figures related with the operation (used for the Net Operating Profit calculation) as well as non-recurring figures used for metric calculations such as Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), 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		3Q18	3Q17	3Q18	3Q17
		(million of pesos)		(million of dollars)	
	Repair and Maintenance	-30.5	-37.8	-1.6	-2.1
NOI calculation	Recurring	-8.1	-8.8	-0.4	-0.5
AFFO calculation	Non Recurring	-22.4	-29.0	-1.2	-1.6
	Property Taxes	-2.5	-5.5	-0.1	-0.3
NOI calculation	Operating	-0.1	-0.1	0.0	0.0
Non Cash	Non Operating	-2.5	-5.5	-0.1	-0.3
NOI calculation	Property Management Fees	-17.4	-16.3	-0.9	-0.9
NOI calculation	Electricity	-21.7	-15.9	-1.1	-0.9
AFFO calculation	Brokers Fees	-18.2	-20.7	-1.0	-1.2
	Property Insurance	-3.3	-3.3	-0.2	-0.2
NOI calculation	Operating	-2.6	-2.6	-0.1	-0.1
EBITDA calculation	Administrative	-0.8	-0.7	0.0	0.0
NOI calculation	Security	-4.4	-3.2	-0.2	-0.2
EBITDA calculation	Advertising	-0.4	0.0	0.0	0.0
	Other Expenses	-7.4	-9.9	-0.4	-0.6
NOI calculation	Operational Related	-3.9	-6.4	-0.2	-0.4
Non Cash	Non Operational Related	-0.3	0.0	0.0	0.0
EBITDA calculation	Administrative	-3.2	-3.5	-0.2	-0.2
Non Cash	Bad Debt Expense	-9.3	-1.8	-0.5	-0.1
<b>Total Real Estate Expenses</b>		<b>-115.2</b>	<b>-114.6</b>	<b>-6.1</b>	<b>-6.4</b>

Source: PGIM Real Estate - Fund Accounting





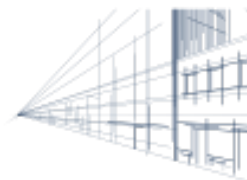
### Appendix 3 – Fees and Administrative Expenses

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

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

Fees and Administrative Expenses		3Q18	3Q17	3Q18	3Q17
		(million of pesos)		(million of dollars)	
EBITDA calculation	External Advisor Fees	-56.0	-47.9	-2.9	-2.7
	Legal Fees	-3.8	-6.2	-0.2	-0.3
EBITDA calculation	Recurring	-0.4	-0.3	0.0	0.0
AFFO calculation	Non Recurring	-3.4	-5.9	-0.2	-0.3
	Other Professional Fees	-5.8	-5.1	-0.3	-0.3
EBITDA calculation	Recurring	-3.8	-3.5	-0.2	-0.2
AFFO calculation	Non Recurring	-2.0	-1.6	-0.1	-0.1
	Administrative Fees	-23.4	-55.3	-1.2	-3.1
EBITDA calculation	Recurring	-15.5	-7.2	-0.8	-0.4
Non Operational related	Non Recurring <sup>1</sup>	-7.9	-48.2	-0.4	-2.7
EBITDA calculation	Payroll	-6.3	-6.1	-0.3	-0.3
EBITDA calculation	Trustee Fees	-1.0	-4.0	-0.1	-0.2
EBITDA calculation	Other Expenses	-3.9	-2.3	-0.2	-0.1
<b>Total Fees and Admin. Expenses</b>		<b>-100.2</b>	<b>-126.8</b>	<b>-5.3</b>	<b>-7.1</b>

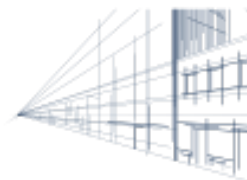
(1) Non operational related administrative fees.  
Source: PGIM Real Estate - Fund Accounting



## Appendix 4 – Reconciliation

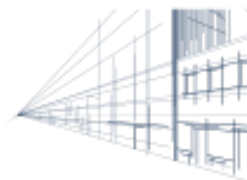
### Reconciliation of Net Profit (Loss) to FFO, EBITDA and NOI

	3Q18 (millions of pesos)	3Q17 (millions of pesos)	3Q18 (millions of dollars)	3Q17 (millions of dollars)
<b>Comprehensive Income (Loss)</b>	<b>1,491.7</b>	<b>790.7</b>	<b>-78.6</b>	<b>44.3</b>
<i>Add (deduct) Currency Translation Adjustment:</i>				
Currency Translation Adjustment	1,546.3	-540.9	81.4	-30.3
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	20.8	5.2	1.1	0.3
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	-43.0	71.9	-2.3	4.0
Gain (Loss) on Derivative Financial Instruments	-2.9	-	-0.2	-
Fair Value Adjustment on Borrowings	237.5	134.8	12.5	7.6
Fair Value Adjustment on Derivative Financial Instruments	-20.2	-4.7	-1.1	-0.3
Fair Value Adjustment on Investment Properties	292.6	-96.9	15.4	-5.4
Gain (Loss) from Sales of Real Estate Properties	0.0	5.8	0.0	0.3
<i>Add (deduct) Expenses Adjustment:</i>				
Non Recurring Repair and Maintenance	22.4	29.0	1.2	1.6
Non Operating Property Taxes	2.5	5.5	0.1	0.3
Brokers Fees	18.2	20.7	1.0	1.2
Bad Debt Expense	9.3	1.8	0.5	0.1
Other Non Operational Related Expenses	0.3	0.0	0.0	0.0
Non Recurring Legal Fees	3.4	5.9	0.2	0.3
Non Recurring Other Professional Fees	2.0	1.6	0.1	0.1
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-5.7	-8.9	-0.3	-0.5
Other Non-Cash Income	-0.5	-2.0	0.0	-0.1
Reimbursable Tenant Improvements	-6.7	-10.8	-0.4	-0.6
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Operational Administrative Fees	7.9	48.2	0.4	2.7
<b>FFO</b>	<b>592.4</b>	<b>456.8</b>	<b>31.2</b>	<b>25.6</b>
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Interest Paid	237.3	208.5	12.5	11.7
Recurring Borrowing Expenses	0.0	0.7	0.0	0.0
Interest Income	-7.7	-3.6	-0.4	-0.2
<b>EBITDA</b>	<b>822.1</b>	<b>662.3</b>	<b>43.3</b>	<b>37.2</b>
<i>Add (deduct) Expenses Adjustment:</i>				
External Advisor Fees	56.0	47.9	2.9	2.7
Recurring Legal Fees	0.4	0.3	0.0	0.0
Recurring Other Professional Fees	3.8	3.5	0.2	0.2
Administrative Fees	15.5	7.2	0.8	0.4
Payroll	6.3	6.1	0.3	0.3
Trustee Fees	1.0	4.0	0.1	0.2
Other Expenses	3.9	2.3	0.2	0.1
Advertising	0.4	0.0	0.0	0.0
Administrative Property Insurance	0.8	0.7	0.0	0.0
Other Administrative Expenses	3.2	3.5	0.2	0.2
<b>NOI</b>	<b>913.3</b>	<b>737.6</b>	<b>48.1</b>	<b>41.5</b>
<i>Add (deduct) Expenses Adjustment:</i>				
Recurring Repair and Maintenance	8.1	8.8	0.4	0.5
Operating Property Taxes	0.1	0.1	0.0	0.0
Property Management Fees	17.4	16.3	0.9	0.9
Electricity	21.7	15.9	1.1	0.9
Operating Property Insurance	2.6	2.6	0.1	0.1
Security	4.4	3.2	0.2	0.2
Other Operational Expenses	3.9	6.4	0.2	0.4
<i>Add (deduct) Revenues Adjustment:</i>				
Other Non-Cash Income	0.5	2.0	0.0	0.1
Accrued Income	5.7	8.9	0.3	0.5
Reimbursable Tenant Improvements	6.7	10.8	0.4	0.6
Share of Profit from Equity Accounted Investments	-10.9	-2.6	-0.6	-0.1
<b>Net Revenue</b>	<b>973.5</b>	<b>810.3</b>	<b>51.3</b>	<b>45.4</b>



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

	3Q18	3Q17	3Q18	3Q17
	<i>(millions of pesos)</i>		<i>(millions of dollars)</i>	
<b>Comprehensive Income (Loss)</b>	<b>-1,491.7</b>	<b>790.7</b>	<b>-78.6</b>	<b>44.3</b>
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	1,546.3	-540.9	81.4	-30.3
<i>Add (deduct) Cost of Financing Adjustment:</i>				
Non Recurring Borrowing Expenses	20.8	5.2	1.1	0.3
<i>Add (deduct) Non-Cash Adjustment:</i>				
Foreign Exchange Adjustments	-43.0	71.9	-2.3	4.0
Gain (Loss) on Derivative Financial Instruments	-2.9	-	-0.2	-
Fair Value Adjustment on Borrowings	237.5	134.8	12.5	7.6
Fair Value Adjustment on Derivative Financial Instruments	-20.2	-4.7	-1.1	-0.3
Fair Value Adjustment on Investment Properties	292.6	-96.9	15.4	-5.4
Gain (Loss) from Sales of Real Estate Properties	0.0	5.8	0.0	0.3
<i>Add (deduct) Expenses Adjustment:</i>				
Non Operating Property Taxes	2.5	5.5	0.1	0.3
Bad Debt Expense	9.3	1.8	0.5	0.1
Other Expenses Non Operational Related	0.3	0.0	0.0	0.0
<i>Add (deduct) Revenues Adjustment:</i>				
Accrued Income	-5.7	-8.9	-0.3	-0.5
Other Non-Cash Income	-0.5	-2.0	0.0	-0.1
<i>Add (deduct) Non Operational Administrative Fees</i>				
Non Administrative Fees	7.9	48.2	0.4	2.7
<i>Add (deduct) Capex Adjustment:</i>				
<b>AFFO</b>	<b>553.1</b>	<b>410.4</b>	<b>29.1</b>	<b>23.0</b>



## Appendix 5 - Cap Rate Calculation

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

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

### Implied Cap Rate

Quarterly Average Price (dollars) <sup>1</sup>	1.49
(x) CBFIs (million shares)	791.0
(=) Market Capitalization	1,178.2
(+) Total Liabilities	1,047.3
(-) Cash	101.6
(=) Enterprise Value	<b>2,123.9</b>
(-) Landbank	52.0
(=) Implied Operating Real Estate Value	<b>2,071.9</b>
Net Operating Income (NOI) 2018e	185.0
Implied Cap Rate	<b>8.9%</b>

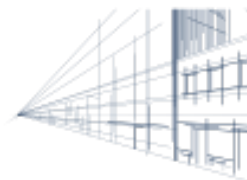
Figures expressed in millions of dollars unless otherwise stated.

(1) 3Q18 average share price of Ps.28.28; and average exchange rate of Ps. 18.9859

### Cap Rate Calculation with NAV

(+) Investment Properties (excluding landbank)	2,246.9
(+) Land	52.0
(+) Cash	101.6
(-) Total Liabilities	1,047.3
(=) NAV <sup>1</sup>	<b>1,353.2</b>
(/) CBFIs (million shares)	791.0
(=) NAV per CBFI (dollars)	<b>1.71</b>

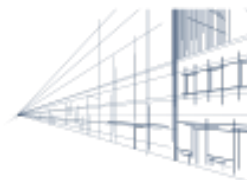
CBFI Price (NAV calculation)	<b>1.71</b>
(x) CBFIs (million shares)	791.0
(=) Market Cap	1,353.2
(+) Total Debt and Liabilities	1,047.3
(-) Cash	101.6
(=) Enterprise Value	<b>2,298.9</b>
(-) Landbank	52.0
(=) Implied Operating Real Estate Value	<b>2,246.9</b>
Net Operating Income (NOI) 2018e	185.0
Implied Cap Rate	<b>8.2%</b>



## Financial Statements

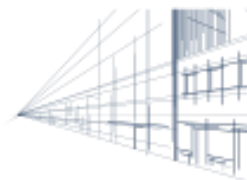
### Income Statement

	3Q18	3Q18
	(thousands of pesos)	(thousands of dollars)
Rental revenues	\$917,752	\$48,339
Other operating income	59,131	3,114
Real estate operating expenses	(115,158)	(6,065)
Fees and other expenses	(100,183)	(5,277)
Realized gain (loss) from disposal of investment properties	-	-
Net gain (loss) from fair value adjustment on investment properties	(292,620)	(15,412)
Net gain (loss) from fair value adjustment on borrowings	(237,530)	(12,511)
Net gain (loss) unrealized from fair value on derivative financial instruments	20,168	1,062
Realized gain (loss) on derivative financial instruments	2,943	155
Foreign exchange (loss) gain	43,004	2,265
<b>Operating profit</b>	<b>297,507</b>	<b>15,670</b>
Finance income	7,654	403
Finance cost	(258,089)	(13,594)
<b>Finance cost - net</b>	<b>(250,435)</b>	<b>(13,191)</b>
Share of profit from equity accounted investments	7,457	393
<b>Net Profit for the period</b>	<b>54,529</b>	<b>2,872</b>
Items that may be subsequently reclassified to profit or loss- currency translation differences	(1,546,259)	(81,442)
<b>Total Comprehensive income for the period</b>	<b>(1,491,730)</b>	<b>(78,570)</b>



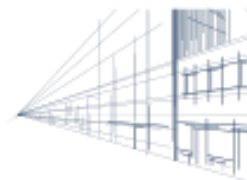
## Financial Statements

<b>Balance Sheet</b>	<b>Sep-30-18</b>	<b>Sep-30-18</b>
<i>(thousands of pesos)</i>	<i>(thousands of pesos)</i>	<i>(thousands of dollars)</i>
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties <small>(Cost: 30/06/2018 - Ps.45,597,200, US\$2,351,450; 31/03/2018 - Ps.41,634,186, US\$2,269,5735)</small>	\$43,467,507	2,310,627
Investments accounted using equity method	427,862	22,744
Derivative financial instruments	87,003	4,625
Deferred charges and accrued income	188,416	10,016
Loan receivable <small>(Cost: 30/06/2018 - Ps.38,613, US\$1,991; 31/03/2018 - Ps.35,660, US\$1,944)</small>	35,529	1,889
Restricted cash	34,979	1,859
<b>Current assets</b>		
Other assets	57,749	3,070
Loan receivable <small>(Cost: 30/06/2018 - 632, US\$33; 31/12/2017 - Ps.1,244, US\$63)</small>	1,345	71
Recoverable taxes	306,083	16,271
Prepaid expenses	3,785	201
Deferred charges and accrued income	19,624	1,043
Accounts receivable <small>(Net of allowance for doubtful accounts: 30/06/2018 - 54,084, US\$2,789; 31/03/2018 - Ps.36,454, US\$1,987)</small>	142,592	7,580
Cash and cash equivalents	1,911,178	101,594
<b>Total assets</b>	<b>46,683,652</b>	<b>2,481,589</b>
<b>Net assets attributable to Investors</b>		
Contributions, net	19,199,208	1,020,583
Retained earnings	-	-
Currency translation adjustment	7,782,663	413,707
<b>Total net assets (Net Equity)</b>	<b>26,981,871</b>	<b>1,434,290</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings <small>(Cost: 30/06/2018 - Ps.19,700,401, US\$1,015,951; 31/03/2018 - Ps.18,194,058, US\$991,799)</small>	18,871,083	1,003,141
Tenant deposits	288,825	15,353
Accounts payable	4,756	253
<b>Current liabilities</b>		
Trade and other payables	195,751	10,406
Borrowings <small>(Cost: 30/06/2018 - Ps.139,748, US\$7,207; 31/03/2018 - Ps.219,194, US\$11,949)</small>	244,771	13,011
Tenant deposits	96,595	5,135
<b>Total liabilities (excluding net assets attributable to the Investors)</b>	<b>19,701,781</b>	<b>1,047,299</b>
<b>Total net assets and liabilities</b>	<b>46,683,652</b>	<b>2,481,589</b>



## Financial Statements

Cash Flow Statement	Sep-18	Sep-18
	(thousands of pesos)	(thousands of dollars)
<b>Cash flows from operating activities</b>		
(Loss) profit for the period	\$852,643	\$45,324
Adjustments:		
Net loss (gain) unrealized from fair value adjustment on investment properties	851,418	45,259
Net loss (gain) unrealized from fair value adjustment on borrowings	(161,391)	(8,579)
Net loss (gain) unrealized from fair value adjustment on derivative financial instruments	(59,089)	(3,141)
Realized gain from disposal of investment properties	17,836	948
Bad debt expense	39,131	2,080
Interest expense	696,292	37,013
Interest income on bank accounts	(10,309)	(548)
Share of profit from equity accounted investments	(20,400)	(1,084)
Decrease (increase) deferred rents receivable	(9,862)	(524)
Decrease (increase) in accounts receivable	(123,085)	(6,543)
Decrease (increase) in recoverable taxes	843,689	44,848
Decrease (increase) in reimbursed value added tax	(466,237)	(24,784)
Decrease (increase) in prepaid expenses	7,987	425
Decrease (increase) in other assets	(31,917)	(1,697)
Decrease (increase) in tenant deposits	(3,349)	(178)
(Decrease) in accounts payable	(11,330)	(602)
<b>Net cash (used in) generated from operating activities</b>	<b>2,412,027</b>	<b>128,217</b>
<b>Cash flows from investing activities</b>		
Acquisitions of investment properties	(481,977)	(25,621)
Improvements of investment properties	(48,665)	(2,587)
Proceeds from dispositions of investment properties	-	-
Acquisition prepayment	-	-
Interest income on bank accounts	10,309	548
Investments in joint venture	4,346	231
Loans receivable payment	888	47
<b>Net cash (used in) generated from investing activities</b>	<b>(515,099)</b>	<b>(27,381)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	-
Principal payments on borrowings	(882,301)	(46,901)
Interest expense	(587,265)	(31,218)
Distributions to investors	(1,545,586)	(82,160)
Restricted cash	1,681	89
<b>Net cash (used in) generated from financing activities</b>	<b>(3,013,471)</b>	<b>(160,189)</b>
Net (decrease) in cash and cash equivalents	(1,116,543)	(59,353)
Cash and cash equivalents at the beginning of the period	3,209,041	170,585
Exchange effects on cash and cash equivalents	(181,320)	(9,639)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,911,178</b>	<b>101,594</b>



## Financial Statements

### Statement of Changes in Equity

	Net contributions	Currency translation adjustment	Retained earnings	Net assets
<i>(thousands of pesos)</i>				
Balance at January 1, 2018	\$19,844,088	\$9,169,409	\$48,063	\$ 29,061,560
Capital Contribution, Net of Issuing Costs	-	-	-	-
Distributions to Investors	(644,880)	-	(900,706)	(1,545,586)
<b>Comprehensive Income</b>				
Net loss of the period	-	-	852,643	852,643
<b>Other Comprehensive Income</b>				
Currency Translation	-	(1,386,746)	-	(1,386,746)
<b>Total Comprehensive (loss) income</b>	-	<b>(1,386,746)</b>	<b>852,643</b>	<b>(534,103)</b>
<b>Net Assets as of September 30, 2018</b>	<b>\$19,199,208</b>	<b>\$7,782,663</b>		<b>\$26,981,871</b>

<i>(thousands of dollars)</i>				
Balance at January 1, 2018	\$1,054,863	\$487,423	\$2,555	\$1,544,842
Capital Contribution, Net of Issuing Costs	-	-	-	-
Distributions to Investors	(34,280)	-	(47,879)	(82,160)
<b>Comprehensive Income</b>				
Net loss of the period	-	-	45,324	45,324
<b>Other Comprehensive Income</b>				
Currency Translation	-	(73,716)	-	(73,300)
<b>Total Comprehensive (loss) income</b>	-	<b>(73,716)</b>	<b>45,324</b>	<b>(28,392)</b>
<b>Net Assets as of September 30, 2018</b>	<b>\$1,020,583</b>	<b>\$413,707</b>	-	<b>\$1,434,707</b>