FIBRA TERRAFINA

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

Condensed consolidated interim financial statements for the period ended September 30, 2020

Unaudited

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FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed consolidated interim statements of financial position
(Expressed in thousands of Mexican Pesos)

	Note		September 30, 2020 (Unaudited)		December 31, 2019 (Audited)
Assets					
Non-current assets					
Investment properties	4	$	54,046,636	$	45,787,261
(Cost: 09/30/2020 - $44,261,774; 12/31/2019 - $43,820,597)					
Investments accounted using equity method	5		824,000		610,233
Deferred rents receivable			325,571		214,025
Other accounts receivable			31,675		80,920
Restricted cash			35,301		29,623
Total non-current assets			**55,263,183**		**46,722,062**
Current assets					
Other accounts receivable			155,924		140,712
Recoverable taxes			90,597		106,177
Prepaid expenses			33,460		21,027
Deferred rents receivable			19,958		64,015
Accounts receivable			142,482		94,341
(Net of allowance for doubtful accounts: 09/30/2020 - $128,676; 12/31/2019 - $92,982)					
Restricted cash			-		5,418
Cash and cash equivalents			1,841,968		1,266,322
Total current assets			**2,284,389**		**1,698,012**
Total assets			**57,547,572**		**48,420,074**
Net assets attributable to the investors					
Contributions, net			18,701,218		18,701,218
Retained earnings (losses)			(1,350,817)		414,187
Translation from functional to reporting currency			12,992,364		7,783,691
Own credit risk reserve			1,715,883		669,393
Total net assets attributable to the investors			**32,058,648**		**27,568,489**
Liabilities					
Non-current liabilities					
Borrowings	4 and 7		24,153,199		19,555,269
(Principal balance: 09/30/2020 - $23,574,301; 12/31/2019 - $19,133,494)					
Derivative financial instruments	4 and 6		45,054		2,864
Tenant deposits			311,899		282,480
Accounts payable			7,328		5,585
Total non-current liabilities			**24,517,480**		**19,846,198**
Current liabilities					
Borrowings	4 and 7		411,213		543,545
(Principal balance: 09/30/2020- $411,213; 12/31/2019 - $543,545)					
Tenant deposits			136,454		99,333
Accounts payable			423,777		362,509
Total current liabilities			**971,444**		**1,005,387**
Total liabilities (excluding net assets attributable to the investors)			**25,488,924**		**20,851,585**
Total net liabilities and assets attributable to the investors		**$**	**57,547,572**	**$**	**48,420,074**

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

FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed consolidated interim statements of comprehensive income
(Expressed in thousands of Mexican Pesos)
(Unaudited)

	Note	Three months ended September 30, 2020	Nine months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2019
Rental revenues		$ 1,101,875	$ 3,290,233	$ 957,905	$ 2,876,881
Other operating income		29,662	76,962	32,326	77,348
Real estate operating expenses		(207,737)	(533,656)	(134,755)	(471,195)
Fees and other expenses		(116,286)	(346,624)	(119,171)	(325,063)
Realized gain (loss) from disposal of investment properties		-	-	-	58,599
Reserve on collection of proceeds from disposal of investment properti		-	(13,130)	-	-
Net unrealized gain (loss) from fair value adjustment on investment properties	4	744,898	(964,071)	1,629,311	1,669,958
Net unrealized gain (loss) from fair value adjustment on borrowings	4	121,313	(1,005,180)	(310,451)	(524,656)
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments	4	2,291	(40,801)	(6,751)	(55,224)
Net realized gain (loss) from derivative financial instruments		(2,721)	(1,204)	4,195	12,888
Foreign exchange gain		33,009	119,710	24,077	44,275
Foreign exchange loss		(31,492)	(163,595)	(31,905)	(58,286)
Operating profit (loss)		**1,674,812**	**418,644**	**2,044,781**	**3,305,525**
Finance income		943	2,483	1,334	5,374
Finance cost		(286,441)	(846,834)	(660,522)	(1,161,468)
Finance cost - net		**(285,498)**	**(844,351)**	**(659,188)**	**(1,156,094)**
Share of profit from equity accounted investments	5	71,791	60,097	10,434	28,619
Profit (loss) for the period		**$ 1,461,105**	**$ (365,610)**	**$ 1,396,027**	**$ 2,178,050**
Other comprehensive income:					
Items that can be reclassified subsequently to gain (loss) for the period					
Translation gain (loss) from functional to reporting currency		(699,613)	5,208,673	660,077	(74,224)
Items that can not be reclassified subsequently to gain (loss) for the period					
Changes in the fair value adjustment on borrowings at fair value through other comprehensive income		(1,262,661)	1,046,490	315,093	102,487
Comprehensive income (loss)		**(1,962,274)**	**6,255,163**	**975,170**	**28,263**
Total comprehensive income (loss) for the period		**$ (501,169)**	**$ 5,889,553**	**$ 2,371,197**	**$ 2,206,313**
Earnings per CBFI					
Basic earnings per CBFI			$ (0.4624)		$ 2.7549
Diluted earnings per CBFI			$ (0.4624)		$ 2.7549

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

FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed consolidated interim statements of changes in net assets attributable to the investors
For the period ended September 30, 2020 and September 30, 2019
(Expressed in thousands of Mexican Pesos)
(Unaudited)

		Attributable to investors				
	Note	Net contributions	Translation from functional to reporting currency	Own credit risk reserve	Retained earnings (losses)	Total net assets
Balance at January 1, 2019		$ 18,701,218	$ 9,034,634	$ 1,016,185	$ (206,403)	$ 28,545,634
Transactions with investors						
Distributions to investors		-	-	-	(1,723,017)	(1,723,017)
Total transactions with investors		**-**	**-**	**-**	**(1,723,017)**	**(1,723,017)**
Comprehensive income						
Profit for the period		-	-	-	2,178,050	2,178,050
Other comprehensive income						
Translation from functional to reporting currency		-	(74,224)	-	-	(74,224)
Changes in the fair value adjustment on borrowings		-	-	102,487	-	102,487
Total comprehensive (loss) income		**-**	**(74,224)**	**102,487**	**2,178,050**	**2,206,313**
Net assets attributable to the investors at September 30, 2019		**$ 18,701,218**	**$ 8,960,410**	**$ 1,118,672**	**$ 248,630**	**$ 29,028,930**
Balance at January 1, 2020		$ 18,701,218	$ 7,783,691	$ 669,393	$ 414,187	$ 27,568,489
Transactions with investors						
Distributions to investors	8	-	-	-	(1,399,394)	(1,399,394)
Total transactions with investors		**-**	**-**	**-**	**(1,399,394)**	**(1,399,394)**
Comprehensive income						
Loss for the period		-	-	-	(365,610)	(365,610)
Other comprehensive income						
Translation from functional to reporting currency		-	5,208,673	-	-	5,208,673
Changes from fair value adjustment on borrowings		-	-	1,046,490	-	1,046,490
Total comprehensive income (loss)		**-**	**5,208,673**	**1,046,490**	**(365,610)**	**5,889,553**
Net assets attributable to the investors at September 30, 2020		**$ 18,701,218**	**$ 12,992,364**	**$ 1,715,883**	**$ (1,350,817)**	**$ 32,058,648**

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

FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed consolidated interim statements of cash flows
(Expressed in thousands of Mexican Pesos)
(Unaudited)

	Note	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cash flows from operating activities:			
Profit (loss) for the period		$ (365,610)	$ 2,178,050
Adjustments:			
Net unrealized gain (loss) from fair value adjustment on investment properties	4	964,071	(1,669,958)
Net unrealized gain (loss) from fair value adjustment on borrowings	4	1,005,180	524,656
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments	4 and 6	40,801	55,224
Realized gain (loss) from disposal of investment properties		-	(58,599)
Reserve on collection of proceeds from disposal of investment properties		13,130	-
Bad debt expense		19,186	8,486
Accrued interest expense		818,722	731,604
Interest income on bank accounts		(2,483)	(4,128)
Share of profit from equity accounted investments	5	(60,097)	(28,619)
(Increase) decrease in:			
Deferred rents receivable		(67,489)	(53,318)
Accounts receivable		(67,325)	(7,808)
Recoverable taxes		66,578	152,411
Value added tax refunded		(50,998)	(90,422)
Prepaid expenses		(12,433)	5,182
Other acconts receivable		20,903	(156,799)
Increase (decrease) in:			
Tenant deposits		66,540	6,293
Accounts payable		63,011	71,771
Net cash generated from operating activities		**2,451,687**	**1,664,026**
Cash flows from investing activities:			
Improvements of investment properties	4	(441,177)	(275,443)
Proceeds from dispositions of investment properties		-	189,015
Interest income on bank accounts		2,483	4,128
Investments accounted using equity method	5	(30,426)	21,438
Principal collections on loan receivable		-	38,906
Net cash (used in) generated from investing activities		**(469,120)**	**(21,956)**
Cash flows from financing activities:			
Proceeds from borrowings	7	3,928,031	10,179,032
Principal payments on borrowings	7	(2,961,359)	(9,525,538)
Interest paid on borrowings	7	(910,315)	(686,165)
Restricted cash		-	87
Distributions to investors	8	(1,399,394)	(1,723,017)
Net cash used in financing activities		**(1,343,037)**	**(1,755,601)**
Net increase (decrease) in cash		639,530	(113,531)
Cash at the beginning of the period		1,266,322	1,557,651
Exchange rate effects on cash		(63,884)	(169,879)
Cash and cash equivalents at the end of the period		**$ 1,841,968**	**$ 1,274,241**

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

Notes to the condensed consolidated interim financial statements for the period ended September 30, 2020 (Unaudited)

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

1. GENERAL INFORMATION

Terrafina ("Terrafina" or "the Trust") is a Mexican trust created pursuant to trust agreement F/00939 dated January 29, 2013 (as amended on March 15, 2013) entered into by and among PLA Administradora Industrial, S. de R.L. de C.V. as Trustor and beneficiary ("the Trustor") and CI Banco S.A., Institución de Banca Múltiple, as trustee ("the Trustee") and Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, as common representative ("the Common Representative") of the real estate trust certificate ("Certificados Bursátiles Fiduciarios Inmobiliarios" or "CBFI's") holders. The Trust agreement is for an indefinite term.

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

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

Terrafina is treated as a Real Estate Investment Trust (also known as a Mexican "FIBRA") according with Articles 187 and 188 of the Mexican Federal Income Tax Law ("Ley del Impuesto sobre la Renta" or "LISR") for tax purposes.

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

(i) An advisory agreement with PLA Administradora Industrial, S. de R.L. de C.V. ("the Advisor"), an affiliated company of PGIM Real Estate, which will provide advisory and real estate investment management services, as well as other related services.

(ii) A management agreement with TF Administradora, S. de R.L. de C.V. ("the Manager"), in order for the latter to carry out certain management services on behalf of the Trust.

Capitalized terms used herein without definition shall have the meanings assigned to them in the Trust Agreement F/00939, or in the Management and Advisory Agreement of the Trust.

2. BASIS OF PREPARATION

(a) Compliance statement

The enclosed condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" which is part of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and its interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed consolidated interim financial statements do not include all the information and disclosure required in annual consolidated financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019, which were prepared in accordance with IFRS.

The condensed consolidated interim financial statements have been prepared under the assumption of going concern and on a historical cost basis, except for the real estate investments included within the scope of the definition provided under International Accounting Standard ("IAS") 40 ("Investment Properties"), derivative financial instruments and borrowings, which have been measured at fair value.

(b) Criteria and estimates

Preparation of condensed consolidated interim financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to apply its judgment in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the condensed consolidated financial statements in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate. The accounting policies, judgments and estimates used in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2019.

2. BASIS OF PREPARATION (continued)

(c) Standards and amendments to existing standards effective January 1, 2020

IFRS 3 'Business Combination'

On October 2018, the IASB issued "Definition of a business" modifying IFRS 3 "Business Combination". The amendment to the IFRS 3, clarifies the definition of a business with the purpose of helping entities to determine whether a transaction should be accounted as an asset acquisition or a business combination. This amendment to the standard does not have a significant impact on the consolidated financial statements, therefore no disclosures have been included in this regard.

IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors'

On October 2018, the IASB issued "Definition of material" making amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors". The amendments redefine and replace the definition of material in IAS 1 and IAS 8 to ensure consistency to the definition of materiality. These amendments to the standard do not have a significant impact on the consolidated financial statements, therefore no disclosures have been included in this regard.

3. SIGNIFICANT TRANSACTIONS

On February 05, 2020, Terrafina made a disposition of $277 million ($14.7 million US Dollars) from the revolving credit facility with Citibank. The received cash proceeds were used to fully prepay the debt due to Seguros Monterrey New York Life ("SMNYL")

On April 1, 2020, Terrafina made a disposition of $3,681 million ($150.3 million US Dollars) from the revolving credit facility with Citibank. The cash proceeds of the credit will be kept in Trust's bank accounts with the purpose of strengthening Trust's liquidity position during the current health contingency.

On June 29, 2020, Terrafina prepaid the revolving debt with Citibank an amount of $1,026 million ($45 million US Dollars).

On August 17, 2020, one of the Trust properties with a market value as of June 30, 2020 (excluding land) amounted to $ 102.6 million ($ 4.5 million US Dollars), was substantially damaged by a fire. The property has an insurance policy that covers material damage up to approximately $4.8 million USD and consequential losses up to $454,000 USD for 12 months. As of the date of these interim condensed consolidated financial statements, the losses incurred by the Trust derived from the incident could not be reliably determined since specialists were still in the initial process of evaluating and determining the extent of the damages.

On September 25, 2020, Terrafina prepaid the revolving debt with Citibank an amount of $1,657 million ($75 million US Dollars).

4. FAIR VALUE MEASUREMENTS

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

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

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

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

a. Investment Properties

In general terms, the fair value estimations are provided by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) on a quarterly basis for operating properties. Acquisitions are carried at purchase price and valued within a reasonable amount of time following the acquisition (typically within 12 months). The Chief Real Estate Appraiser of PGIM, Inc., an affiliated company of the Advisor and the Manager, is responsible for ensuring that the valuation process provides independent and reasonable property fair value estimates.

4. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties (continued)

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

The fair value estimate is predominately based on the discounting of a series of income cash flows and their reversion at a specific yield. Key assumptions include rental income and expense amounts, discount rates and capitalization rates.

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

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

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

- Discount rate: The internal yield rate (“internal rate of return” or “IRR”) is the single rate that discounts all future assets benefits to net present value. The discount rate as of September 30, 2020 and December 31, 2019, was 9.32% (ranges between 7.75% to 12.50%) and 9.09% (ranges between 8.00% to 12.25%), respectively.

- Market yield growth rate: Based on information gathered from surveys, as well as market experience and management’s projections. Market yield growth rate ranges between 1.0% and 2.5% for both periods ends.

- Vacancy and collection loss assumptions: This is a function of the interrelationship between absorption, lease expiration, renewal probability, and estimated downtime between leases and a collection loss factor based on the relative stability and credit of the subject´s tenant base. Vacancy assumption used by the Trust’s management as of September 30, 2020 and December 31, 2019 was 5% and collection loss 1% for both periods ends.

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

Unrealized gains (losses) from fair value adjustments on Investment Properties are included in the condensed consolidated interim statements of income and other comprehensive income.

b. Borrowings

The valuations for financial reporting purposes, including Level 2 fair values, are prepared by an independent third party and they are based on discounted cash flows. Discussions of valuation processes and results are held between the corporate vice president of valuations and the appraiser at least once every year.

The significant Level 2 inputs used by the Trust are derived and evaluated as follows:

- Reference interest rates: The interest rate curves applicable to each borrowing are used in accordance with the contractual conditions.

- Credit risk: Estimated based on the spread over the reference interest rate of comparable borrowings available in public sources of information or in other sources available to the Trust.

- Country risk: The index of emerging market bonds applicable to Mexico is used to adjust the credit risk of comparable borrowing when necessary.

The discount rate resulting from adding to the benchmark interest rate the credit risk of comparable debts, as of Septiembre 30, 2020 and December 31, 2019, ranges between 1.75% and 5.00% and 4.66% and el 5.14%, respectively.

A significant increase (decrease) in discount rate would result in a significantly lower (high) fair value.

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

4. FAIR VALUE MEASUREMENTS (continued)

c. Derivative financial instruments

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

The tables below summarize assets and liabilities measured at fair value on a recurring basis and their respective level in the fair value hierarchy:

Fair Value Measurementes at September 30, 2020

	Cost / Principal	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 44,261,774	$ 54,046,636	$ -	$ -	$ 54,046,636
Total assets	**$ 44,261,774**	**$ 54,046,636**	**$ -**	**$ -**	**$ 54,046,636**
Liablilities:					
Borrowings	$ 23,985,514	$ 24,564,412	$ -	$ 24,564,412	$ -
Derivative financial instruments	-	45,054	-	45,054	-
Total liabiities	**$ 23,985,514**	**$ 24,609,466**	**$ -**	**$ 24,609,466**	**$ -**

Fair Value Measurementes at December 31, 2019

	Cost / Principal	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 43,820,597	$ 45,787,261	$ -	$ -	$ 45,787,261
Total assets	**$ 43,820,597**	**$ 45,787,261**	**$ -**	**$ -**	**$ 45,787,261**
Liablilities:					
Borrowings	$ 19,677,039	$ 20,098,814	$ -	$ 20,098,814	$ -
Derivative financial instruments	-	2,864	-	2,864	-
Total liabiities	**$ 19,677,039**	**$ 20,101,678**	**$ -**	**$ 20,101,678**	**$ -**

The tables below present a reconciliation of the beginning and ending balances for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2020 and for the year ended December 31, 2019.

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 1/1/2020	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 09/30/2020	Unrealized gain (loss) for the period for investments still held at 09/30/2020
Assets:							
Investment properties	$ 45,787,261	$ (964,071)	$ 8,782,269	$ 441,177	$ -	$ 54,046,636	$ (964,071)
Total assets	**$ 45,787,261**	**$ (964,071)**	**$ 8,782,269**	**$ 441,177**	**$ -**	**$ 54,046,636**	**$ (964,071)**

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 1/1/2019	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/2019	Unrealized gain (loss) for the period for investments still held at 12/31/2019
Assets:							
Investment properties	$ 45,880,211	$ 1,651,324	$ (2,016,712)	$ 494,809	$ (222,371)	$ 45,787,261	$ 1,582,369
Total assets	**$ 45,880,211**	**$ 1,651,324**	**$ (2,016,712)**	**$ 494,809**	**$ (222,371)**	**$ 45,787,261**	**$ 1,582,369**

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

5. INVESTMENTS UNDER THE EQUITY METHOD OF ACCOUNTING

The Trust has two joint venture agreements with the following entities:

• Controladora and Parques American Industries, S.A. of C.V., with an equity interest of 50% for each one of the parties involved (Trust F/2717).

• Avante, with an equity interest of 50% for each one of the parties involved (Trust F/3485).

Entity Name	Country of establishment / Principal Activity	Ownership interest as of September 30, 2020	Ownership interest as of December 31, 2019	September 30, 2020	December 31, 2019
Fideicomiso F/2717	México / Property leasing	50%	50%	$ 718,960	$ 521,155
Fideicomiso F/3485	México / Property leasing	50%	50%	105,040	89,078
		Total Investment under the equity method		**$ 824,000**	**$ 610,233**

Below is a book value activity reconciliation for the periods between January 1 to September 30, 2020 and January 1 to December 31, 2019:

	September 30, 2020		December 31, 2019	
	Fid. 2717	Fid. 3485	Fid. 2717	Fid. 3485
Begining Balance	$ 521,155	$ 89,078	$ 461,824	$ 85,884
Capital contributions (distributions)	32,614	(2,188)	44,939	7,119
Share of profit from equity accounted investments	58,984	1,113	36,626	(1,256)
Currency translation	106,207	17,037	(22,234)	(2,669)
Ending balance	**$ 718,960**	**$ 105,040**	**$ 521,155**	**$ 89,078**

6. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust entered into interest rate derivatives contracts in order to manage the potential impact of interest rate fluctuations on the borrowings described in Note 7. The derivative financial instruments include interest rate Caps and fixed rate options.

The interest rate Caps provides that in the case the underlying LIBOR rate becomes higher than the strike price; the counterparty will pay the Trust an amount equal to the difference between the strike price and the LIBOR rate on a monthly or quarterly basis.

The fixed rate option provides that in the case the underlying LIBOR rate rises, on the exercise date (as defined in the contract), the Trust will have the right to receive from the counterparty an amount in cash equal to the fair value of the derivative financial instrument with the characteristics described in the fixed rate option contract, particularly in respect to the strike price and maturity.

The outstanding derivate financial instruments as of September 30, 2020 and at December 31, 2019, are summarized as follows:

Derivative Type	Bank	Notional amount USD	Underlying variable rate	Strike price	September 30, 2020	December 31, 2019	Inception date	Maturity date
Fixed rate options	Barclays	105,000	3M LIBOR	1.768%	$ (45,054)	$ (2,864)	May 2017	October 2021
Caps options	JP Morgan	150,000	3M LIBOR	2.750%	-	-	July 2018	July 2020
Total					**$ (45,054)**	**$ (2,864)**		

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

7. BORROWINGS

Borrowings include mortgage loans payable as summarized below:

	As of September 30, 2020		As of December 31, 2019				
Credit entity / Instrument	Principal balance	Fair value	Principal balance	Fair value	Interest rate (p.a.) [1], [2]	Maturity date	Terms [3]
BOND (2029)	$ 11,340,083	$ 11,898,709	$ 9,634,111	$ 9,963,148	Fixed - 4.962%	July, 2029	I
BOND (2022)	2,044,336	3,035,117	1,693,387	1,786,125	Fixed - 5.25%	November, 2022	I
Banamex	4,197,383	4,197,383	3,521,975	3,521,975	3 months Libor + 2.45% [4]	October, 2022	I [5]
Metlife	3,368,595	3,368,595	2,826,780	2,826,780	Fixed - 4.75%	January, 2027	I [6]
Citibank [7]	3,035,117	2,064,608	1,721,694	1,721,694	3 months Libor + 2.45% [4]	January, 2023	I
SMNYL	-	-	279,092	279,092	Fixed - 5.19%	Febrero, 2020	P&I
Total borrowings	$ 23,985,514	$ 24,564,412	$ 19,677,039	$ 20,098,814			

[1] p.a. = per year.
[2] At September 30, 2020, and December 31, 2019, the 3 months LIBOR rates were 0.23388% and 1.9083%, respectively.
[3] P&I = Principal and interest; I = Interest only.
[4] The margin may vary according to the loan to value ratio ("LTV") .
[5] Interest only until January 2021.
[6] Interest only until February 2024.
[7] Unsecured, committed, revolving credit, up to an amount of $300 million Dollars with an option to increase it up to $400 million Dollars.

At September 30, 2020, the loan payable to MetLife was collateralized by Investment Properties with an aggregate estimated fair value of $8,143,915. As of December 31, 2019, the MetLife and SMNYL loan payables were collateralized by Investment Properties with an aggregate estimated fair value of $7,828,377.

At September 30, 2020 and December 31, 2019, the borrowings at fair value were payable as follows:

	<1 year	1 – 3 years	>3 years	Total
September 30, 2020	$ 411,213	$ 8,997,328	$ 15,155,871	$ 24,564,412
December 31, 2019	$ 543,545	$ 3,942,219	$ 15,613,050	$ 20,098,814

All loans payable are denominated in Dollars. Terrafina has a benefit of not paying principal on the loan payable from Banamex until January 2021 and MetLife until February 2024. The Citibank revolving credit line and the unsecured securities (BOND 2022 and BOND 2029) are not subject to principal amortizations until their maturity dates.

The Trust's exposure to risk from changes in interest rates is largely related to the long-term borrowings. The Trust manages its interest rate risk through a combination of fixed and variable rate loans. In general, short-term borrowings may be subject to a floating rate, while longer-term loans are usually subject to a fixed rate.

The Trust has interest rate derivative contracts, as described in Note 6, in order to minimize risk on changes in the variable interest rate related to the loan payables.

8. NET ASSETS ATTRIBUTABLE TO THE INVESTORS

Net Assets consists of the initial contribution and the proceeds from the issued CBFI's. As of September 30, 2020, the investors' net contributions amount to $21,324,824 and consists of 790,602,803 outstanding CBFI's.

On March 11, 2020 the Trust made distribution to the investors, which were previously approved by the Trust's Technical Committee in the amount of $499,105. The distributed amount was considered as a tax result distribution.

On June 26, 2020 the Trust made distribution to the investors, which were previously approved by the Trust's Technical Committee in the amount of $437,380. The distributed amount was considered as a tax result distribution.

On August 07, 2020 the Trust made distribution to the investors, which were previously approved by the Trust's Technical Committee in the amount of $462,909. The distributed amount was considered as a tax result distribution.

9. RELATED PARTIES

The main Trust's related party transactions are detailed as follows:

Manager

The Trust reimburses the Manager for all costs incurred in carrying out its investment management functions plus VAT.

The amounts reimbursed for the periods ended September 30, 2020 and September 30, 2019 were $8,631 and $12,334, respectively.

Advisor

The payment of the Advisor's fee is equivalent to 0.5% per annum over the fair market value of the real estate assets plus VAT.

The Advisor's fee accrued for the periods ended September 30, 2020 and September 30, 2019 were $67,932 and $60,676, respectively.

10. RISKS

On March 11, 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic, and national governments have implemented a range of policies and actions to combat it. The impact of the COVID-19 pandemic continues to evolve and has resulted in quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty which causes market volatility. Management believes the estimates and assumptions underlying our condensed consolidated interim financial statements are reasonable and supportable based on the information available, however, uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and on the Trust in particular, makes any estimates and assumptions inherently less certain than they would be absent the current and potential impacts of COVID-19. Therefore, the probability of the fair value of investments exactly coinciding with the price achieved in the event of a sale is reduced. Management will continue to monitor developments, and their impact on the Trust including its operations, lease agreements, net investment income, lending arrangements, debt covenants, the fair value of investments and estimates reported in the condensed consolidated interim financial statements and accompanying notes. If the financial markets and/or the overall economy continue to be impacted by COVID-19 for an extended period, the Trust's investment results may be materially adversely affected.

11. RECLASIFICATIONS

Regarding to the presentation of previous periods, lease revenues, other operating income and real estate operating expenses on the condensed consolidated interim statements of income and other comprehensive income, have been reclassified according with the current period's presentation. Such reclassifications had not impact on previously issued consolidated financial statements.

12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business there can be various legal actions related to properties of the Trust. At September 30, 2020, the Trust's management was not aware of any such matter that had or would have a material effect on Trust's financial condition or results of operations.

13. SUBSEQUENT EVENTS

On October 21, 2020, the Technical Committee approved a dividend payment of $489,468 corresponding to $0.6191 cents per CBFI´s.

14. AUTHORIZATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were authorized for issuance on October 22, 2020 by the Audit Committee and also by Terrafina´s Technical Committee.