FIBRA TERRAFINA

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

Consolidated financial statements as of December 31, 2021 and 2020

LIST OF CONTENTS

Independent Auditor's Report

To the Holders Assembly of Real estate certificates of CI Banco, S. A..
Institución de Banca Múltiple, Fideicomiso F/00939 and subsidiaries

Opinion

We have audited the consolidated financial statements of CI Banco, S. A., Institución de Banca Múltiple, Fideicomiso F/00939 and its subsidiaries (the Trust), which comprise the consolidated statement of financial position as at December 31, 2021, and the relative consolidated statements of comprehensive income and other comprehensive income, of changes in net assets attributable to the investors and of cash flows for the year then ended and notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Other matter

This version of our report is a translation from the original report, which was prepared in Spanish. In all matters of interpretation of information, views or opinions, the original Spanish language version of our report takes precedence over this translation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with the Professional Code of Ethics of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Fair value of investment properties	

As mentioned in notes 4 and 7 to the consolidated financial statements, the Trust recognizes its investment properties at its fair value in the consolidated statement of financial position. Changes in fair value from year to year are recognized as a profit or loss in the consolidated statement of income. The relevant assumptions and the corresponding valuation method are disclosed in the same Note 7.
 	
We have focused on this item in our audit, due to: 1) the importance of the value of the investment properties for $50,812,050 thousands of Mexican pesos, which represent 93% of the total assets, 2) for being the asset from which the main activity of the Trust derives and 3) because the assumptions used in the determination of fair value require judgments from the Management.
 	
In particular, we focused on the process to determine the cash flows and the following significant assumptions that the Trust considered to estimate the valuation of financial projections: discount rate, terminal capitalization rate, direct capitalization rate and rental prices used for income projections of non-stabilized properties.
	We analyzed the investment portfolio of the Trust, evaluating any relevant variation in the significant assumptions and particular characteristics of each investment, as follows:
	
	- With the support of our valuation specialists, we evaluate the discount rate, terminal capitalization rate, and direct capitalization rate against comparable market rates for the investments of the Trust.
	
	- For properties with occupancy less than 80% (non-stabilized properties), we compared the rental prices of properties used as a basis for income projections, with information available in the market for comparable properties.
	
	- We compared against the previous year of the fair value of the year, the performance of the net operating income of the financial projection's base year, and the occupancy rate of the investment properties.
	
	- To evaluate the financial projections of the cash flows of investment properties, we performed on a selective basis:
	
	    - We compared historical and current year income and expenses, considered for the preparation of cash flow projections, against the terms of current contracts, including the consideration of adjustments for inflation.
	
	    - Evaluation of the assumptions used in projected revenues, comparing the rental prices of properties used as a basis, with information available in the market for comparable properties.

- Evaluation of the assumptions used in the projected figures considered in the calculations of the determination of cash flows, evaluating the consistent application of these assumptions in the determination of the fair value of the properties.

- Test arithmetic accuracy of the model used for the determination and projection of cash flows.

- We compared the model applied in the determination of fair values of the assets against methods used and recognized in the industry in the valuation of assets of similar characteristics.

- Additionally, we evaluated the consistency of the valuation information disclosed in the footnotes to the financial statements with the information provided by the Trust Management as described in the preceding paragraphs.

Other Information

Management is responsible for the other information. The other information comprises the annual report presented to Comisión Nacional Bancaria y de Valores (CNBV) but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust´s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Trust and subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S.C.

C.P.A. Nicolas Germán Ramírez
Audit Partner

Mexico City, February 23, 2022

FIBRA Terrafina

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

	Note	December 31, 2021	December 31, 2020
Assets			
Non-current assets			
Investment properties	7 and 18	$ 50,812,050	$ 46,600,309
(Cost: 12/31/2021 - $41,661,924; 12/31/2020 - $41,471,141)			
Investments accounted using equity method	7 and 8	889,741	777,773
Deferred rents receivable	12	287,220	231,750
Other accounts receivable	9 and 12	139,350	16,882
Restricted cash	12	32,356	31,358
Total non-current assets		**52,160,717**	**47,658,072**
Current assets			
Other accounts receivable	9 and 12	188,977	197,818
Recoverable taxes	10	97,095	97,993
Prepaid expenses		32,318	30,671
Deferred rents receivable	12	3,217	18,919
Accounts receivable	11 and 12	118,049	122,694
(Net of allowance for doubtful accounts: 12/31/2021 - $113,779; 12/31/2020 - $118,890)			
Cash and cash equivalents	12 and 17	1,834,691	1,443,720
Total current assets		**2,274,347**	**1,911,815**
Total assets		**54,435,064**	**49,569,887**
Net assets attributable to the investors			
Contributions, net		18,650,342	18,701,218
Retained earnings (losses)		4,089,202	(431,334)
Translation from functional to reporting currency	5	10,319,798	9,419,599
Own credit risk reserve		157,219	975,122
Total net assets attributable to the investors	5 and 16	**33,216,561**	**28,664,605**
Liabilities			
Non-current liabilities			
Borrowings	5, 7, 12, 13 and 17	18,052,862	19,544,562
(Cost: 12/31/2021 - $17,187,222; 12/31/2020 - $18,175,643)			
Tenant deposits	5 and 12	323,797	273,057
Accounts payable	5, 12 and 15	137,233	6,851
Total non-current liabilities		**18,513,892**	**19,824,470**
Current liabilities			
Borrowings	5, 7, 12, 13 and 17	2,151,050	534,861
(Cost: 12/31/2021 - $2,097,769; 12/31/2020 - $534,861)			
Derivative financial instruments	5, 12 and 14	-	32,329
Tenant deposits	5 and 12	76,693	125,264
Accounts payable	5, 12 and 15	476,868	388,358
Total current liabilities		**2,704,611**	**1,080,812**
Total liabilities (excluding net assets attributable to the investors)		**21,218,503**	**20,905,282**
Total net liabilities and assets attributable to the investors		**$ 54,435,064**	**$ 49,569,887**

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

FIBRA Terrafina

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

	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
Rental revenues	18 and 19	$ 3,830,394	$ 4,233,946
Other operating income	19	144,711	121,169
Real estate operating expenses	20	(624,299)	(675,946)
Other real estate expenses	21	(122,644)	-
Fees and other expenses	22	(437,668)	(454,485)
Realized gain (loss) from disposal of investment properties	7	23,848	(81,614)
Reserve on collection of proceeds from disposal of investment properties		-	(13,130)
Net unrealized gain (loss) from fair value adjustment on investment properties	7	2,900,478	129,757
Net unrealized gain (loss) from fair value adjustment on borrowings		1,334,470	(1,119,297)
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		33,148	(33,096)
Net realized gain (loss) from derivative financial instruments		(32,539)	(9,760)
Foreign exchange gain		75,974	142,797
Foreign exchange loss		(70,988)	(188,741)
Operating profit (loss)		**7,054,885**	**2,051,600**
Finance income	23	2,487	3,026
Finance costs	23	(980,717)	(1,115,324)
Finance costs - net		**(978,230)**	**(1,112,298)**
Share of profit from equity accounted investments	8	98,894	104,039
Profit (loss) for the period		**6,175,549**	**1,043,341**
Other comprehensive income:			
Items that can be reclassified subsequently to gain (loss) for the period			
Translation gain (loss) from functional to reporting currency		900,199	1,635,908
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	13	(817,903)	305,729
Comprehensive income (loss)		**82,296**	**1,941,637**
Total comprehensive income (loss) for the period		**$ 6,257,845**	**$ 2,984,978**
Earnings per CBFI			
Basic earnings per CBFI (Pesos)		$ 7.8116	$ 1.3197
Diluted earnings per CBFI (Pesos)		$ 7.8116	$ 1.3197

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

FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Consolidated statements of changes in net assets attributable to the investors
For the periods ended December 31, 2021 and December 31, 2020
(Expressed in thousands of Mexican Pesos)

	Note	Attributable to investors				
		Net contributions	**Translation from functional to reporting currency**	**Own credit risk reserve**	**Retained earnings (losses)**	**Total net assets**
Balance at January 1, 2020		$ 18,701,218	$ 7,783,691	$ 669,393	$ 414,187	$ 27,568,489
Transactions with investors						
Distributions to investors	16	-	-	-	(1,888,862)	(1,888,862)
Total transactions with investors		**-**	**-**	**-**	**(1,888,862)**	**(1,888,862)**
Comprehensive income						
Profit for the period		-	-	-	1,043,341	1,043,341
Other comprehensive income						
Translation from functional to reporting currency		-	1,635,908	-	-	1,635,908
Changes in the fair value adjustment on borrowings		-	-	305,729	-	305,729
Total comprehensive (loss) income		**-**	**1,635,908**	**305,729**	**1,043,341**	**2,984,978**
Net assets attributable to the investors at December 31, 2020		**$ 18,701,218**	**$ 9,419,599**	**$ 975,122**	**$ (431,334)**	**$ 28,664,605**
Balance at January 1, 2021		$ 18,701,218	$ 9,419,599	$ 975,122	$ (431,334)	$ 28,664,605
Transactions with investors						
Distributions to investors	16	-	-	-	(1,655,013)	(1,655,013)
Repurchase of certificates, including transaction costs	16	(50,876)	-	-	-	(50,876)
Total transactions with investors		**(50,876)**	**-**	**-**	**(1,655,013)**	**(1,705,889)**
Comprehensive income						
Profit for the period		-	-	-	6,175,549	6,175,549
Other comprehensive income						
Translation from functional to reporting currency		-	900,199	-	-	900,199
Changes from fair value adjustment on borrowings		-	-	(817,903)	-	(817,903)
Total comprehensive income (loss)		**-**	**900,199**	**(817,903)**	**6,175,549**	**6,257,845**
Net assets attributable to the investors at December 31, 2021		**$ 18,650,342**	**$ 10,319,798**	**$ 157,219**	**$ 4,089,202**	**$ 33,216,561**

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

FIBRA Terrafina

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

	Note	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Cash flows from operating activities:			
Profit (loss) for the period		$ 6,175,549	$ 1,043,341
Adjustments:			
Net unrealized gain (loss) from fair value adjustment on investment properties	7	(2,900,478)	(129,757)
Net unrealized gain (loss) from fair value adjustment on borrowings	7	(1,334,470)	1,119,297
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments	7	(33,148)	33,096
Realized gain (loss) from disposal of investment properties		(23,848)	81,614
Reserve on collection of proceeds from disposal of investment properties		-	13,130
Bad debt expense		1,047	24,320
Accrued interest expense	23	872,073	1,047,308
Interest income on bank accounts	23	(2,487)	(3,026)
Share of profit from equity accounted investments	8	(98,894)	(104,039)
(Increase) decrease in:			
Deferred rents receivable		(39,768)	27,371
Accounts receivable		3,598	(52,675)
Recoverable taxes		(90,238)	(45,019)
Value added tax refunded		91,136	53,203
Prepaid expenses		(1,647)	(9,644)
Other acconts receivable		(113,627)	25,973
Increase (decrease) in:			
Tenant deposits		2,169	16,509
Accounts payable		218,892	27,116
Net cash generated from operating activities		**2,725,859**	**3,168,118**
Cash flows from investing activities:			
Acquisition of investment properties	7	(254,748)	-
Improvements of investment properties	7	(528,446)	(472,927)
Proceeds from disposition of investment properties	7	986,495	2,465,307
Interest income on bank accounts		2,487	3,026
Investments accounted using equity method	7 and 8	37,426	(32,642)
Net cash used in investing activities		**243,214**	**1,962,764**
Cash flows from financing activities:			
Proceeds from borrowings	13	3,735,280	3,928,031
Principal payments on borrowings	13	(3,774,393)	(5,670,623)
Interest paid on borrowings		(864,319)	(1,058,978)
Distributions to investors	16	(1,655,013)	(1,888,862)
Repurchase of certificates, including transaction costs	16	(50,876)	-
Net cash used in financing activities		**(2,609,321)**	**(4,690,432)**
Net increase (decrease) in cash		359,752	440,450
Cash at the beginning of the period		1,443,720	1,266,322
Exchange rate effects on cash		31,219	(263,052)
Cash at the end of the period		**$ 1,834,691**	**$ 1,443,720**

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

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, an open-ended fund.

Terrafina is a Mexican trust with 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 America, which provides 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"), 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.

During 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 continues to monitor COVID-19 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 consolidated financial statements and accompanying notes. Management believes the estimates and assumptions underlying our consolidated 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.

While the COVID-19 pandemic has impacted the world, Terrafina's commitment to its fiduciary obligations has not changed. In response to the pandemic, Terrafina quickly adjusted its operations to ensure business continuity while complying with the guidelines of the main authorities and health experts. With strong business practices in place, Terrafina was dedicated to leading transparently, proactively communicating and supporting tenants and communities to maintain a long-term focus for the Trust during the pandemic.

Resilience continues to be a priority for the Trust and more so now with the COVID-19 pandemic, Terrafina has a robust strategy and rigorous risk management framework that is specifically designed for challenging market events. In order to strengthen the liquidity of the Trust, strategic decisions were taken and within the actions, the reduction of non-essential capital expenditures, as well as the use of the revolving credit line by adding resources to the cash, which was paid in full during 2020. In addition, tenants were supported through the implementation of rent relief programs. The rent relief programs consisted in rent deferrals for a defined period reviewed case by case, when requested.

As of December 31, 2021, the Trust has recovered one hundred percent of the rent relief program.

2. BASIS OF PREPARATION

(a) Compliance statement

The enclosed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and its interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"), applicable at December 31, 2021.

The consolidated 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, Investments under the equity method of accounting and borrowings, which have been measured at fair value.

(b) Criteria and estimates

Preparation of consolidated financial statements in accordance with IFRS requires to make certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant for the consolidated financial statements are disclosed in Note 6.

(c) Standards and amendments to existing standards effective January 1, 2021

A series of standards and amendments effective as of January 1, 2021 are described below. The amendments to the standards do not have a significant impact in the Trust's consolidated financial statements and therefore no disclosures have been included in this regard.

Amendments to IFRS 16 'Leases': COVID-19-related rent concessions

In May 2020, the IASB published an amendment to IFRS 16 that provides an additional resources for lessees to assess whether a COVID-19-related rent concessions is a lease modification.

IFRS 7 *'Financial instruments'*, IFRS 9 *'Financial instruments'* and IAS 39 *'Financial instruments'* reference rate reform (Phase 2).

In August 2020, the IASB published the reference rate reform (Phase 2) that complements the amendments issued in 2019 to IFRS 9, IAS 39 and IFRS 7. This final phase is focused in financial statements the effects when a company replaces the previous reference rate with an alternative rate as a result of the reform.

Phase 2 modifications provide the following temporary exceptions:

- By changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), the exceptions have the effect that the changes, which are necessary as a direct consequence of the IBOR reform, and which are considered economically equivalent, they will not result in an immediate effect on the statements of income and other comprehensive income.
- Hedge accounting exceptions will allow most IAS 39 or IFRS 9 hedging relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness may need to be recorded.

These modifications are effective for annual periods beginning on or after January 1, 2021 and must be applied retrospectively. The modifications listed above did not have a significant impact in the Trust's consolidated financial statements, therefore, no disclosures have been issued.

2. BASIS OF PREPARATION (continued)

(d) New standards, modifications, and interpretations to existing standards effective after December 31, 2021 and that have not been adopted in advance

Certain new standards and interpretations have been published but are not applicable for the reporting period as of December 31, 2021 and have not been early adopted by the Trust. These standards are not expected to have a material impact on the Trust in current or future reporting periods and in foreseeable future transactions.

3. SIGNIFICANT TRANSACTIONS

On August 17, 2020, one of the Trust properties which the market value at June 30, 2020 (excluding land) amounted $102,652 ($4.5 million dollars), was substantially damaged by a fire. The property has an insurance policy that covers material damage up to approximately $4.8 million dollars and consequential losses up to $454 thousands dollars for 12 months. The property is undergoing construction and its completion is estimated for 2022. As of December 31, 2021, Terrafina has received $3.4 million dollars from the insurer and the remainder is expected to be received in early 2022.

On November 9, 2020, one of the Trust properties which the market value at December 31, 2020 (excluding land) amounted $127,472 ($6.4 million dollars), was damaged by a fire. The property has an insurance policy that covers material damage up to approximately $4.9 million dollars and consequential losses up to $499 thousands dollars for 12 months. The reconstruction is expected to begin and finalize during 2022.

On November 19, 2020, Terrafina completed the sale of an industrial property portfolio and a land reserve for the amount of $2,580,668 ($127 million dollars) as part of the capital recycling strategy.

On December 3, 2020, one of the Trust properties with a market value at December 31, 2020 (excluding land) amounted to $91,565 ($4.6 million dollars), was damaged by a fire. The property has an insurance policy that covers material damage up to approximately $3.3 million dollars and consequential losses up to $335 thousands dollars for 12 months. The reconstruction is expected to begin during 2022 and to be finalized in early 2023. As of December 31, 2021, Terrafina has received $1 million dollars from the insurer.

On April 13, 2021, Terrafina acquired 13 hectares of land for $250,451 ($12.4 million dollars) (see note 7).

On June 24, 2021, Terrafina completed the sale of a land located in Hermosillo for $51,513 ($2.5 million dollars) as part of its capital recycling strategy.

On July 16, 2021 Terrafina refinanced the (i) $ 3,728,587 ($179 million dollars) outstanding from Banamex's unsecured term loan and (ii) the $300 million dollars commitments from Citibank's unsecured revolving credit facility, through a new sustainable unsecured credit line of $485 million dollars composed of two tranches: (a) an unsecured term loan for an amount of $185 million dollars and (b) an unsecured revolving credit line for an amount of $300 million dollars with BBVA Bancomer and Scotiabank as main organizers and other financial institutions (the “New Credit Line”). The New Credit Line includes the following changes and improvements: (1) it will be linked to sustainability with a Key Performance Indicator (“KPI”) to the “Green Building Certification”, (2) a reduction in the base points for interest rates, (3) principal payment at the maturity date (see note 13).

On December 11, 2021 and December 22, 2021, Terrafina completed the sale of two industrial properties for the amount of $ 924,386 ($44.3 million dollars) as part of the capital recycling strategy.

During the fourth quarter of 2021, Terrafina repurchased 1,835,318 CBFIs equivalent to $50,876 (including transaction costs), according to the CBFI’s repurchase program announced in 2018, which will be subsequently canceled in the following twelve months (see note 16).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these consolidated financial statements are set out below, these policies have been consistently applied to all the years presented:

A. CONSOLIDATION BASIS

These consolidated financial statements include net assets and results of operations of the entities listed below controlled by Terrafina as of December 31, 2021 and 2020. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

Subsidiaries

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

Contributions to the subsidiaries have been made with the purpose of investing in investment properties, as well as the management of these investment properties.

As of December 31, 2021 and 2020, the Trust has 100% interest participation in all the subsidiaries mentioned below:

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

- Trust F/307939

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

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

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

- Trust F/128
- Trust F/129
- Trust F/824
- Trust F/666
- Trust F/463 (2)
- Trust F/824 (1)
- Trust F/2171
- Trust F/2989
- Trust F/2991
- Trust F/2996
- Trust F/3275
- Trust F/3276
- Trust F/3277
- Trust F/3457

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Trust F/3458
- Trust F/3459

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

- Trust F/3186
- Trust F/3230
- Trust F/3231
- Trust F/3232
- Trust F/3233
- Trust F/3234
- Trust F/3235
- Trust F/3236
- Trust F/4581
- Trust F/4582
- Trust F/4583

(1) Trust was liquidated on April 28, 2021
(2) Trust was liquidated on May 25, 2021

TF Administradora, S. de R.L. de C.V. ("the Manager"). All related party transactions between the Manager and the Trust have been eliminated in these consolidated financial statements, to comply with the requirements of accounting standards and for other business information purposes; other transactions of the Manager are included in the consolidated financial statements (see Note 24).

B. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures are accounted for using the equity method. The carrying amount of the investment in joint ventures is increased or decreased to recognize the Trust's share of the profit or loss and other comprehensive income of the joint venture, adjusted whenever necessary to ensure consistency with the accounting policies of the Trust. Unrealized gains and losses on transactions between the Trust and joint ventures are eliminated to the extent of the Trust's interest in those entities.

As of December 31, 2021 and 2020, the Trust's interest participation in joint ventures is 50% for both periods.

Investment in joint ventures, in its interest participation, includes net assets and the results of operations of the entities mentioned below:

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

- Trust F/2717
- Trust F/3485

C. FOREIGN CURRENCY TRANSLATION

a. Functional and reporting currency

Items included in these consolidated financial statements are measured using the United States dollar ("Dollar" or "USD") which is the Trust's functional currency, since its cash sources and uses environment, a representative percentage of its income and costs, as well as various operating expenses are denominated in Dollars. The Mexican Peso ("Peso") is the Trust's reporting currency. This functional currency applies to all consolidated and non-consolidated project trusts.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FOREIGN CURRENCY TRANSLATION (continued)

b. Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of these transactions and from the translation of the monetary items in foreign currency at the exchange rate at the date of the consolidated statement of financial position are included in foreign exchange gain (losses) in the consolidated statements of income and other comprehensive income, as part of the results of operations.

Non-monetary items are not translated using the end of period exchange rate but are measured at historical cost (using the exchange rates in effect at the date of the transaction), except for non-monetary items measured at fair value, which are translated using the exchange rates on the date on which the fair value was determined.

c. Translation

The Trust's consolidated financial statements as of December 31, 2021 and 2020 were translated as follows:

(i) All assets and liabilities were translated using the exchange rate at the date of the consolidated financial position.

(ii) Net assets components were translated at the historical exchange rate.

(iii) Income and expenses of the consolidated statements of income and comprehensive income are translated at a monthly average exchange rate (corresponding to the days in which operations were carried out, unless that average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the transaction dates.); and

(iv) All exchange differences resulting from net assets translation to their historical amounts are recognized in other comprehensive income.

The exchange rates used for preparation of these consolidated financial statements were as follows:

Reporting period	Year-end rate	Average rate (*)
December 31, 2021 USD/MXN	**20.5835**	**20.2787**
December 31, 2020 USD/MXN	**19.9487**	**21.4834**

(*) For the years from January 1 to December 31, 2021 and 2020.

D. LEASES

Leases in which a significant portion of the property risks and benefits are retained by the lessor are classified as operating leases (see Note 25). Operating lease income where the Trust operates as a lessor is recognized in consolidated statements of income and other comprehensive income on a straight-line basis during the term of the lease. When the Trust offers incentives to tenants ("free months"), these costs are recognized throughout the lease life, on a straight-line basis, as a reduction in lease income. These incentives are presented in the deferred rents receivable in the consolidated statement of financial position.

The other components that are not leasing (maintenance and other services) are recognized in accordance with IFRS 15 "*Revenue from Contracts with Customers*" (see Note 4M and Note 19).

Properties leased under operating leases are included on Investment Properties in the consolidated statement of financial position (see Note 7a).

The Trust makes payments (leasing commissions) to certain agents for services related to lease agreement negotiations with the lessees. The initial leasing commissions are capitalized as part of the carrying amount of the related investment property; subsequent leasing fees are expensed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. INVESTMENT PROPERTIES

Investment Properties held for long-term rental yields or for capital appreciation or both, that are not used by the owners, are classified as Investment Properties. Investment Properties are comprised of freehold land, freehold industrial buildings, and properties under construction or development for future use as Investment properties. Investment properties are initially measured at acquisition cost, including related transaction costs. After initial recognition, the Investment properties are measured at fair value.

The Chief Real Estate Appraiser of PGIM, Inc., an affiliate company of the Advisor and Administrator, is responsible for ensuring that the valuation process provides estimated fair values, based on appraisal reports prepared by third party independent real estate appraisers (members of the Appraisers Institute or an equivalent organization). The purpose of an appraisal is to estimate the fair value of a property as of a specific date. Fair value estimates require the exercise of significant judgment.

The fair value of Investment Properties is subject to numerous and various assumptions and limitations as of the valuation date. Many different individual assumptions may be supportable and reasonable, and the interplay and compounding of different assumptions, or the use of different accepted methodologies, may produce very different estimates of value for the same property.

The fair value of Investment Properties is an estimate of value and not a measure of realizable value. In addition, such valuations may be viewed as subject to change with the simple passage of time.

The fair value of Investment Properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. Fair value also reflects, on a similar basis, any cash outflows that could be expected in relation to the property.

The fair value measurement of investment property under construction is only applied if the fair value can be reliably measured. It may sometimes be difficult to reliably determine the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be reliably determined, management considers the following factors, among others:

- The terms and conditions of the construction contract.
- The percentage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- The status of construction permits.

Subsequent expenditure is added to the investment property's carrying value only when it is probable that future financial benefits associated with the item will flow to the Trust and the cost of the item can be measured in a reliable manner. All other repairs and maintenance costs are charged to the consolidated statement of income and other comprehensive income during the financial period in which they are incurred.

Changes in fair value are recorded as unrealized gains (losses) in the consolidated statement of income and other comprehensive income.

Investment Properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future financial benefit is expected from its disposal.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and short-term investments with initial maturity of less than three months and that are subject to insignificant risk of change in value. Interest income on short term investments is recognized as it is earned.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. RESTRICTED CASH

Restricted cash represents funds held in guaranty trusts for payment of maintenance, interest and long-term principal related to borrowings.

Reserves included in restricted cash are required by the lenders under loan documents, in order to cover interest payments in an event of default.

H. FINANCIAL INSTRUMENTS

a. Recognition, initial measurement and derecognition of financial instruments

Financial assets and liabilities are recognized when the Trust is part of the contractual clauses of a financial instrument.

Financial assets are derecognized when the contractual rights over the financial asset cash flows is expired or when the asset and substantially all its risks and benefits are transferred. A financial liability is derecognized when it is extinguished, canceled or expired.

Classification and initial measurement of financial assets

All financial assets are measured initially at their fair value.

Financial assets are classified in the following categories:

- Amortized cost.
- Fair value through profit or loss ("FVTPL").
- Fair value through other comprehensive income ("FVOCI").

During presented periods, the Trust does not have financial assets categorized as amortized cost and FVOCI.

The above classification is determined by:

- The business model within which the entity holds the financial asset, also by,
- The contractual characteristics of the cash flows arising from the financial asset.

All income related to financial assets are recognized in the consolidated statements of comprehensive income.

b. Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the following conditions are met:

- The financial asset is held within a business model which objective is to collect the contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest.

After the initial recognition, these are measured at amortized cost using the effective interest method. The discount is omitted when the effect is not material. Cash and cash equivalents and accounts receivable are included in this category of financial instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. FINANCIAL INSTRUMENTS (continued)

Impairment of accounts receivable and other accounts receivable

The Trust uses a simplified approach to book the accounts receivable and recognizes the estimated impairment as credit losses expected in the lifetime of the instrument. These are the expected deficits in the contractual cash flows, considering the potential default at any time during the life of the financial instrument. When calculating, the Trust uses its historical experience, external indicators and future information to calculate expected credit losses using a provision matrix.

Trust assesses the impairment of accounts receivable on a collective basis, since they have shared credit risk characteristics that have been grouped based on days past due. (see Note 11).

c. Classification and measurement of financial liabilities

Financial liabilities are measured initially at their fair value.

Subsequently, they are measured at amortized cost using the effective interest method. Tenant deposits and accounts payable are included as financial liabilities. Accounts payable are liquidated within a period of 60 days. These are included in current liabilities, except when their maturities are greater than 12 months after the closing date of the year, in which case they are classified as non-current liabilities.

Borrowings are subsequently measured at fair value (FVTPL) and recognized in net unrealized gain (loss) from fair value adjustment on borrowings. Borrowings include two convertible bonds.

For most loans, the fair values are equal to their cost basis, since the interest rates are very close to current market; however, there is a significant difference in the bonds, whose rates are related to changes in their own credit risk, same effects that are recognized in other comprehensive income (FVOCI).

Since the Trust manages and evaluates performance based on fair value in accordance with its investment strategy (Investment Properties), the use of the fair value option to measure borrowings is a practice that is consistent with the risk management and investment strategy of the Trust.

All charges related to interest and changes in the fair value of financial liabilities are recognized in statements of income and other comprehensive income.

d. Derivative financial instruments

Derivative financial instruments are accounted at fair value through profit or loss (FVTPL), except for derivatives designated as hedging instruments in cash flow hedging relationships, which require a specific accounting treatment. During the reporting periods, the Trust does not have any designation as a hedge relationship.

All derivative financial instruments are recognized and subsequently measured at fair value, the changes in fair value are recognized in results.

I. RECOVERABLE TAXES

Recoverable taxes include recoverable income tax withholdings (“ISR”) and value added taxes (“VAT”) paid to suppliers of goods and services and declared to the tax authority periodically in compliance with applicable law. The current VAT rate throughout the national territory is 16%, with limited number of exceptions.

J. PREPAID EXPENSES

The prepaid expenses include mainly prepaid insurance which are charged to expense over the term of the related service coverage period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, or construction of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to be ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

L. TENANT DEPOSITS

Tenant deposits are recognized when received in accordance with the relevant lease terms and they are retained by the Trust until the lease expiration under certain circumstances established in the respective lease agreements.

According to IFRS 9, these items are recognized as financial liabilities with initial recognition at fair value, and subsequently at amortized cost.

M. REVENUE RECOGNITION

Lease agreements include lease revenues, variable revenues from insurance and property taxes. Lease revenues are recognized on a straight-line basis over the lease term as described in the leases policy previously mentioned.

The non-leasing components are recognized in accordance with IFRS 15. To determine the recognition of these revenues, the Trust follows a 5-step process:

1. Identifying the customer
2. Identifying performance obligations
3. Determining the transaction price
4. Allocating the transaction price to separate performance obligations
5. Recognizing revenue as the performance obligations are fulfilled

Revenues are recognized at a specific time or over time, when the Trust fulfills performance obligations by transferring the promised goods or services to its customers. In the case of revenues from non-lease components, being the maintenance income the main revenue related to this concept, the Trust satisfies the performance obligation as customers receive the corresponding services during the term of the contract, therefore the revenue is recognized over time. The transaction price for revenue from non-lease components is identified in each of the contracts and corresponds to the market sale prices, and they do not include variable payments, financing or any other.

The Trust obtains other income that mainly includes reimbursable costs such as water supply, electricity, which are billed to the tenants. The Trust recognizes this revenue as an agent, so the income, if any, corresponds to the differential between the expense incurred by the client and the amount invoiced for this concept by the Trust and is presented in the consolidated statement of income as other operating income.

N. FEES AND OTHER EXPENSES

Fees and other expenses include legal fees, accounting fees, audit fees and other professional fees. They are recognized in the consolidated statement of income and comprehensive income in the period in which they are incurred (on an accruals basis).

O. TAXATION

The Trust's intention is to operate in a manner enabling it to maintain its tax status as a Real Estate Investment Trust or FIBRA. The Trust will not be subjected to Income Tax (“ISR”) to the extent that it distributes taxable income to its shareholders and complies with certain other requirements. The Trust meets the requirements of the LISR for the FIBRAs. Based on this, income tax provision is not accrued in the accompanying consolidated financial statements.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. NET ASSETS

The CBFI's are classified as net assets and are recognized at the fair value based on the consideration received (issuance proceeds) by Terrafina. Transaction costs arising from the issuance of CBFI's attributable to investors are recognized in net assets as a reduction in the proceeds from CBFI's related to such costs.

All cash distributions will be made at the sole discretion of the Technical Committee based on the results of the Trust's operations, the economic situation of the Trust and other factors considered as relevant by the Technical Committee.

Any consideration paid in the purchase of CBFIs issued by the Trust, including costs directly attributable to such acquisition, is recognized as a decrease in net assets until the CBFIs are canceled or reissued.

Q. CONSOLIDATED STATEMENTS OF RESULTS AND OTHER COMPREHENSIVE RESULTS

The Trust elected to present the statement of income and other comprehensive income in a single financial statement. Costs and expenses were classified according to their function and not to their nature as this presentation is considered to provide more relevance and value to the users of these consolidated financial statements.

R. EARNINGS PER CBFI

The result or earnings by basic CBFI is calculated by dividing the Trust's profits attributable to CBFI holders by the weighted average number of CBFI's circulating during the financial period.

The basic and diluted earnings per CBFI are as follows:

	2021	2020
Basic and diluted earnings per CBFI (Pesos)	$7.81	$1.32
Profit for the period	6,175,549	$1,043,341
Weighted average number of CBFI´s	790,560,831	790,602,803

S. ASSET ACQUISITION CLASSIFIED AS INVESTMENT PROPERTIES

It is necessary to carry out an in-depth analysis and determine whether, an acquisition of investment properties should be reflected in accounting as the acquisition of an asset or group of assets or, as the case may be, a business combination in accordance with IFRS 3 Business Combinations ("IFRS 3"). According to the analysis carried out by the management of the Trust, it determined to account the acquisitions of the investment properties as an asset acquisition.

Management determines the acquisitions did not meet the definition of a Business as required under IFRS 3 in order to qualify for business combination treatment since no substantive business processes, employees or operational systems from the sellers were retained by the Terrafina to be able to operate the Property Investments after the acquisition was executed. The acquisitions executed by Terrafina during 2021 were classified as asset acquisition.

5. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow risk and interest rate risk), credit risk, liquidity risk, financial risk, fair value estimation and net assets management risk. There are no changes to the risk management policies during the period ended December 31, 2021 and 2020.

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

5. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk

Foreign exchange risk

The Trust is exposed to foreign exchange risk arising from different currency exposures considering the functional currency used in its operations, primarily with respect to Investment Properties, leasing agreements and borrowings, which are mostly denominated in Dollar. Foreign exchange risk also arises from services provided by foreign vendors.

The Trust has not contracted hedging instruments to offset the effect of currency rate changes, mainly because its investments and revenues are denominated in Dollar.

The effect on net assets resulting from converting Dollar denominated assets and liabilities to Mexican Pesos for the periods ended December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Translation from functional to reporting currency	$ 10,319,798	$ 9,419,599

A sensitivity analysis prepared by management illustrates how changes in the currency rates affect the net assets in Mexican Pesos at December 31, 2021 and 2020 as a result of the conversion of functional currency to reporting currency, is shown as follows:

Sensitivity analysis	10% (+) (-) December 31, 2021	10% (+) (-) December 31, 2020
Exchange rate	20.5835	19.9487
Weakening	22.6419	21.9436
Strengthening	18.5252	17.9538
Net assets attributable to the investors	$ 33,216,561	$ 28,664,605
Adjusted Net Assets attributable to the investors (weakness)	36,538,217	31,531,109
Adjusted Net Assets attributable to the investors (strength)	29,894,905	25,798,101

Price risk

The Trust is exposed to Investment Properties price and market rental risks. The Trust uses local knowledge and experience plus local property managers to minimize these risks.

The future rental income was estimated depending on the location, type and quality of the properties, and taking into account market data and projections at the valuation date. If the market rents used in the discounted cash flow analysis were to increase or decrease by 10%, the carrying amount of Investment Properties would be an estimated $383 million lower or higher, respectively.

If the capitalization rates used in the analysis were to increase or decrease by 10%, the carrying amount of Investment Properties would be an estimated $5,081 million lower or higher, respectively.

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

5. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

Cash flow and interest rate risk

As the Trust has no significant interest-bearing assets, its income and operating cash flows are substantially independent from changes in market interest rates except for items related to its borrowings. Borrowings issued at variable rates expose the Trust to interest rate risk. The Trust's exposure to risk due to changes in interest rates is mostly related to the long-term loans contracted by them. The Trust manages its interest rate risk through a combination of fixed rate and variable rate loans. In general, short-term loans can be subject to a floating rate, while longer-term loans are usually subject to a fixed rate. The risk of changes in the variable interest rate related to the loans payable is reduced by using derivative financial instruments.

As of December 31, 2021 and 2020, 81.1% and 81.3% of the borrowings are contracted at fixed interest rate and the remaining at variable interest rate, respectively. All borrowings are denominated in Dollar.

The Trust held derivative financial instruments which were expired on October 4, 2021.

The Trust's exposure to changes in interest rates and the contractual revaluation at the end of the reporting period are shown below:

	2021	% total borrowings	2020	% total borrowings
Borrowings at variable rates	$ 3,826,325	19%	$ 3,728,587	19%
Borrowings at fixed rates – maturity date:				
Less than 1 year	2,132,672	11%	235,879	1%
From 1 – 2 years	-	-	1,812,837	9%
More than 2 years	14,244,915	70%	14,302,120	71%
	$ 20,203,912	100%	$ 20,079,423	100%

Risk of instruments used

The notional of the derivative instruments contracted by the Trust, plus the amount of principal indexed at a fixed rate amounts to approximately 0% and 91% of the unpaid balance of the borrowings as of December 31, 2021 and 2010, respectively. The interest rate of the fixed rate option is 1.768% for both 2021 and 2020; and the variable interest rate borrowings are 245 bps above the reference rate (3 months Libor).

Derivatives require the liquidation of the net interest receivable or payable every 90 days. The settlement dates coincide with the dates when interest is paid on the underlying debt. The derivative financial instruments expired on October 4, 2021 and were not renewed by the Trust.

LIBOR Discontinuance

In July 2017, the United Kingdom's Financial Conduct Authority (the "FCA") (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The FCA subsequently announced on March 5, 2021 that the publication of LIBOR will cease for the one-week and two-month USD LIBOR settings immediately after December 31,2021, and the remaining USD LIBOR settings immediately after June 30, 2023. There is currently no certainty regarding the future utilization of LIBOR or of any particular replacement rate (although the secured overnight financing rate has been proposed as an alternative to USD LIBOR). Market participants anticipate that financial instruments tied to LIBOR will require transition to an alternative reference rate if LIBOR is no longer available. The Trust's LIBOR based loan agreements and borrowing arrangements generally specify alternative reference rates such as the prime rate and federal funds rate, respectively. The potential effect of the discontinuation of LIBOR on the Trust's interest

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

5. FINANCIAL RISK MANAGEMENT (continued)

expense cannot yet be determined and any changes to benchmark interest rates could increase the Trust's financing costs and/or result in mismatches between the interest rates of the Trust's investments and the corresponding financings. Management is still evaluating the possible impacts on the transition to alternative reference rates and don't anticipate a relevant impact on the Trust's consolidated financial statements.

b. Credit risk

The Trust has no significant concentrations of credit risk. Policies have been implemented to ensure that rental agreements are made with customers with an adequate credit history. To reduce such risk, the Trust has security deposits or bonds. Cash transactions are limited to high-credit-quality financial institutions, these institutions are selected taking into account certain corporate criteria and are monitored every quarter. The Trust aims at limiting the amount of credit exposure to any financial institution. In addition, the Trust covers its credit risk through detailed analysis of clients with whom it has entered into lease agreements focusing on triple "A" customers, which ensure the return on investment.

Accounts receivable are written off when there is no reasonable expectation of recovery, which include, among others, that the client does not suggest a payment plan and the impossibility of making contractual payments.

c. Liquidity risk

Liquidity risk is managed by maintaining sufficient cash and cash equivalents, availability of funding through an adequate amount of committed credit facilities and the ability to close out or settle market positions.

In the normal course of business, the Trust enters into loan agreements with certain lenders to finance its real estate investment transactions. Unfavorable economic conditions could increase borrowing-related costs, limit access to the capital markets or result in a decision by lenders to not extend credit to the Trust.

There is no guarantee that the Trust's loan arrangements or ability to obtain leverage will continue to be available, or if available, will be available on terms and conditions acceptable to the Trust. Further, these loan agreements include, among other conditions, events of default and various covenants and representations. As of December 31, 2021, and December 31, 2020, the Trust had no past due/callable loans.

A decline in market value of the Trust's assets may also have adverse consequences in instances where the Trust borrowed money based on the fair value of specific assets. A decrease in fair value of such assets may result in the lender requiring the Trust to post additional securities or otherwise repay the loans.

In the event the Trust's current portfolio and investment obligations are not refinanced or extended when they become due and/or the Trust is required to repay such borrowings and obligations, management anticipates that operating cash flow, investor´s contributions, new debt refinancing, and real estate investment sales will provide the repayment of these obligations. If the Trust is required to sell investments quickly in order to meet such obligations and commitments, the Trust may realize a value considerably lower than the value at which it previously recorded those investments.

The following table shows the analysis of liabilities, presented for the periods between the date of the consolidated statement of financial position and their maturity date. Amounts shown in the following table correspond to non-discounted cash flows, including interests.

December 31, 2021	3 months	1 year	1-2 years	2-7 years	Total contractual cash flows	Value in books
Borrowings	$ 18,378	$ 2,132,672	$ -	$ 18,052,862	$ 19,284,991	$ 20,203,912
Tenant deposits	39,152	37,541	323,797	-	400,490	400,490
Accounts payable	-	476,868	-	137,233	614,101	614,101
Total	**$ 57,530**	**$ 2,647,081**	**$ 323,797**	**$ 18,190,095**	**$ 20,299,583**	**$ 21,218,503**

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

5. FINANCIAL RISK MANAGEMENT (continued)

	December 31, 2020					
	3 months	**1 year**	**1-2 years**	**2-7 years**	**Total contractual cash flows**	**Value in books**
Borrowings	$ 311,060	$ 223,801	$ 1,996,659	$ 16,178,984	$ 18,710,504	$ 20,079,423
Derivative financial instruments	32,329	-	-	-	32,329	32,329
Tenant deposits	47,646	77,618	273,057	-	398,321	398,321
Accounts payable	-	388,358	6,851	-	395,209	395,209
Total	**$ 391,035**	**$ 689,777**	**$ 2,276,567**	**$ 16,178,984**	**$ 19,536,363**	**$ 20,905,282**

d. Net assets risk

The Trust defines the managed contributions as the Trust's total net assets. The Trust's objectives when managing net assets are:

- Safeguarding the Trust's ability to continue as a going concern, so that it can continue carrying out multiple investments in exchange for returns from capital appreciation, investment income (such as "rental income", "dividends" or "interest"), or both.
- Providing an adequate return to investors based on the level of undertaken risk.
- Ensuring the necessary financial resources to allow the Trust to invest in areas that may deliver future benefits.
- Maintaining enough financial resources to mitigate risks and unforeseen events.

Management reviews on a quarterly basis the compliance of the covenants related to current borrowings.

6. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management prepares estimates and assumptions based on historical experience adjusted for current market conditions and other factors. Actual results could differ from those estimates and assumptions.

Estimate of fair value of Investment Properties

The best evidence of fair value is current prices in an active market for similar Investment Properties. Management determines the fair value of Investment Properties based on appraisal reports prepared by independent third-party real estate appraisers in accordance with international valuation standards based on comparable prices in the local market or of net cash inflows to present value using a discounted cash flow method. Valuations are made based on estimated future cash flows supported by the term of existing leases or other contracts and current market leases of similar properties in similar locations and conditions, related property operating expenses and discount rates that reflect market assessments on the uncertainty in the amount and timing of cash flows. (see Note 7a for further details on assumptions).

Fair value of derivative financial instruments and other financial instruments

The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Trust determines the fair value of derivatives and other financial instruments based on valuations prepared by a third party. (see Note 7d for further details on assumptions).

Fair value of borrowings

The fair value of borrowings is determined by using valuation techniques. The Trust determines the fair value of borrowings based on valuations prepared by a third party. The Trust has been using generally accepted valuation methods. (see Note 7c for further details on assumptions).

7. 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 the 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.

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.

Most significant unobservable inputs:

- 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 December 31, 2021 and 2020, was 9.18% (ranges between 8.75% and 12.50%) and 9.32% (ranges between 7.75% and 12.50%), respectively.

- Market yield growth rate: Based on information gathered from surveys, as well as market experience and management's projections. Market yield growth as of December 31, 2021 and 2020 ranges ranges between 1% and 3% and 1% and 2.5%, respectively.

- 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 December 31, 2021 and 2020 was between 2% and 5% and collection loss 1% for both years.

7. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties (continued)

It is probable that 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 is included in the consolidated statements of income and other comprehensive income.

b. Investments under the equity method of accounting

Joint venture agreements are accounted for using the equity method, which approximates the fair value of the investment in unconsolidated subsidiaries. When estimating the fair value of the investment in the unconsolidated subsidiaries, management considers the value of the net assets as reported by the unconsolidated subsidiaries, which value their investment properties at fair value in accordance with the guidance of IFRS on fair value measurements and disclosures.

c. Borrowings

Valuation process for borrowings:

The valuations of the borrowings 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 Chief Real Estate Appraiser and the third-party appraiser at least once per year.

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

- Reference 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 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 reference rate the credit risk of comparable debts, as of December 31, 2021 and 2020, ranges between 1.98% and 4.22% and 1.50% and 5.00%, respectively.

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

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

d. 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 derivative financial instruments are traded in the over the counter ("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:

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

7. FAIR VALUE MEASUREMENTS (continued)

Fair Value Measurements at December 31, 2021

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 41,661,924	$ 50,812,050	$ -	$ -	$ 50,812,050
Investments accounted using equity method	550,305	889,741	-	-	889,741
Total assets	**$ 42,212,229**	**$ 51,701,791**	**$ -**	**$ -**	**$ 51,701,791**
Liabilities:					
Borrowings	$ 19,284,991	$ 20,203,912	$ -	$ 20,203,912	$ -
Total liabilities	**$ 19,284,991**	**$ 20,203,912**	**$ -**	**$ 20,203,912**	**$ -**

Fair Value Measurements at December 31, 2020

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 41,471,142	$ 46,600,309	$ -	$ -	$ 46,600,309
Investments accounted using equity method	501,433	777,773	-	-	777,773
Total assets	**$ 41,972,575**	**$ 47,378,082**	**$ -**	**$ -**	**$ 47,378,082**
Liabilities:					
Borrowings	$ 18,710,504	$ 20,079,423	$ -	$ 20,079,423	$ -
Derivative financial instruments	-	32,329	-	32,329	-
Total liabilities	**$ 18,710,504**	**$ 20,111,752**	**$ -**	**$ 20,111,752**	**$ -**

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 years ended December 31, 2021 and 2020:

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 1/1/2021	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and improvements of investment properties	Dispositions	Ending balance 12/31/2021	Unrealized gain (loss) for the period for investmentes still held at 12/31/2021
Assets:							
Investment properties	$ 46,600,309	$ 2,889,271	$ 1,131,689	$ 766,681	$ (575,900)	$ 50,812,050	$ 2,900,478
Investment accounted using equity method	777,773	106,278	23,804	-	(18,114)	889,741	11,106
Total assets	**$ 47,378,082**	**$ 2,995,549**	**$ 1,155,493**	**$ 766,681**	**$ (594,014)**	**$ 51,701,791**	**$ 2,911,584**

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

7. FAIR VALUE MEASUREMENTS (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 1/1/2020	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and improvements of investment properties	Dispositions	Ending balance 12/31/2020	Unrealized gain (loss) for the period for investmentes still held at 12/31/2020
Assets:							
Investment properties	$ 45,787,261	$ 373,033	$ 2,789,470	$ 472,927	$ (2,822,382)	$ 46,600,309	$ 129,757
Investment accounted using equity method	610,233	104,039	30,859	70,677	(38,035)	777,773	70,277
Total assets	**$ 46,397,494**	**$ 477,072**	**$ 2,820,329**	**$ 543,604**	**$ (2,860,417)**	**$ 47,378,082**	**$ 200,034**

As of December 31, 2021, the acquisitions and capital improvements of the Trust are $254,748 and $511,933. As of December 31, 2020, capital improvements are $472,927.

Investments accounted using equity method are considered in the measurements at fair value using unobservable inputs due to the investment properties held in the joint ventures.

8. INVESTMENTS ACCOUNTED USING EQUITY METHOD

On June 16, 2015, the Trust signed a joint venture agreement with Controladora and Parques American Industries, S.A. de C.V. ("American Industries") to invest through the Trust F/2717 in the acquisition, development and lease of commercial properties in Mexico.

On December 20, 2016, the Trust signed a joint venture agreement with Avante Parques Industriales, S.A. de C.V. ("Avante Parques") and Avante Naves Industriales S.A de C.V. ("Avante Naves") (Avante Naves and Avante Parques collectively named ("Avante")) to invest through the Trust F/3485 in the acquisition, development and leasing of commercial properties in Mexico.

As of December 31, 2021 and 2020, the Trust held a 50% interest participation in the joint ventures contracts signed with American Industries and Avante, respectively.

The tables below present a reconciliation of the ending balances at December 31, 2021 and December 31, 2020:

	December 31, 2021			December 31, 2020		
	Fid. 2717	Fid. 3485	Total	Fid. 2717	Fid. 3485	Total
Initial balance	$ 683,470	$ 94,303	$ 777,773	$ 521,156	$ 89,077	$ 610,233
Contributions capital (distributions)	(39,387)	28,834	(10,553)	36,376	(3,734)	32,642
Share of profit from equity accounted investments	85,236	13,658	98,894	100,471	3,568	104,039
Currency translation	21,993	1,634	23,627	25,467	5,392	30,859
Ending balance	**$ 751,312**	**$ 138,429**	**$ 889,741**	**$ 683,470**	**$ 94,303**	**$ 777,773**

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

8. INVESTMENTS ACCOUNTED USING EQUITY METHOD (continued)

The following information summarizes financial data and principal activities of the Trust's unconsolidated joint ventures:

	December 31, 2021			December 31, 2020		
Condensed financial position	**Fid. 2717**	**Fid. 3485**	**Total**	**Fid. 2717**	**Fid. 3485**	**Total**
Assets						
Cash	$ 1,030	$ 2	$ 1,032	$ 12,710	$ 2	$ 12,712
Accounts receivables	1,809	2,364	4,173	3,603	1,812	5,415
Deferred rents receivable	13,351	3,178	16,529	8,415	2,905	11,320
Other assets	7,735	11,653	19,388	20,864	695	21,559
Total assets – current	23,925	17,197	41,122	45,592	5,414	51,006
Investments properties	1,491,892	261,710	1,753,602	1,356,711	186,919	1,543,630
Total assets – non current	1,491,892	261,710	1,753,602	1,356,711	186,919	1,543,630
Total assets	**1,515,817**	**278,907**	**1,794,724**	**1,402,303**	**192,333**	**1,594,636**
Liabilities						
Accounts payable	3,854	192	4,046	22,812	1,927	24,739
Total liabilities – current	3,854	192	4,046	22,812	1,927	24,739
Tenant deposits	9,341	1,856	11,197	12,553	1,799	14,352
Total liabilities – non current	9,341	1,856	11,197	12,553	1,799	14,352
Total liabilities	13,195	2,048	15,243	35,365	3,726	39,091
Net assets	**$ 1,502,622**	**$ 276,859**	**$ 1,779,481**	**$ 1,366,938**	**$ 188,607**	**$ 1,555,545**
Share of profit from equity accounted investments (%)	50%	50%	50%	50%	50%	50%
Share of profit from equity accounted investments ($)	**$ 751,312**	**$ 138,429**	**$ 889,741**	**$ 683,470**	**$ 94,303**	**$ 777,773**

	Twelve months ended December 31, 2021			Twelve months ended December 31, 2020		
Condensed comprehensive income	**Fid. 2717**	**Fid. 3485**	**Total**	**Fid. 2717**	**Fid. 3485**	**Total**
Income:						
Rental revenues	$ 116,559	$ 15,207	$ 131,766	$ 89,155	$ 15,746	$ 104,901
Net unrealized (gain) loss from fair value adjustment on investment properties	66,336	13,311	79,647	146,088	(7,352)	138,736
Other income	4,877	1,828	6,705	766	727	1,493
Total revenues	187,772	30,346	218,118	236,009	9,121	245,130
Expenses:						
Real estate operating expenses	13,768	2,007	15,775	34,306	944	35,250
Fees and other expenses	3,532	1,021	4,553	761	1,041	1,802
Total expenses	17,300	3,028	20,328	35,067	1,985	37,052
Total operating (loss) profit	**$ 170,472**	**$ 27,318**	**$ 197,790**	**$ 200,942**	**$ 7,136**	**$ 208,078**
Share of profit from equity accounted investments (%)	50%	50%	50%	50%	50%	50%
Share of profit from equity accounted investments ($)	**$ 85,236**	**$ 13,658**	**$ 98,894**	**$ 100,471**	**$ 3,568**	**$ 104,038**

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

9. OTHER ACCOUNTS RECEIVABLE

The other accounts receivable is broken down as follows:

	December 31, 2021		December 31, 2020	
Accounts receivable from sale of investment properties	$	168,145	$	185,572
Payments in advance for construction		139,476		15,496
Unpaid VAT		10,983		10,603
Security deposits paid		8,226		3,411
Others		1,497		2,618
Total	**$**	**328,327**	**$**	**214,700**
Other accounts receivable – non-current	$	139,350	$	16,682
Other accounts receivable – current	$	188,977	$	197,818

10. RECOVERABLE TAXES

Recoverable taxes consist of the following:

	December 31, 2021		December 31, 2020	
Recoverable VAT	$	94,339	$	95,117
Federal income tax witheld		2,756		2,876
Total	**$**	**97,095**	**$**	**97,993**

During 2021 and 2020, the Mexican tax authorities refunded VAT to the Trust for $91 million ($4.5 million of Dollars) and $53 million ($2.4 million of Dollars), respectively.

11. ACCOUNTS RECEIVABLES

At December 31, 2021 and 2020, the aging of accounts receivables are presented as follows:

		< 3 months		3 – 6 months		>6 months		Total
2021	$	101,639	$	8,018	$	122,171	**$**	**231,828**
2020	$	101,590	$	12,430	$	127,564	**$**	**241,584**

At December 31, 2021 and 2020, allowance for doubtful accounts are shown as follows:

	December 31, 2021		December 31, 2020	
Beginning balance	$	118,891	$	92,982
Increases		77,849		202,652
Decreases		(76,808)		(178,332)
Write offs		(10,888)		(4,117)
Currency translation		4,735		5,705
Ending Balance	**$**	**113,779**	**$**	**118,890**

The accounts receivables are an approximate to the fair value as they are short-term. Accounts receivables are mostly denominated in Dollars.

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

12. FINANCIAL INSTRUMENTS

The details of financial instruments at December 31, 2021 and 2020 are presented as follows:

Assets	Classification	December 31, 2021	December 31, 2020
Non-current assets			
Deferred rents receivable	amortized cost	$ 287,220	$ 231,750
Other accounts receivable	amortized cost	139,350	16,882
Restricted cash	amortized cost	32,356	31,358
Total non-current financial assets		**$ 458,926**	**$ 279,990**
Current assets			
Other accounts receivable	amortized cost	$ 188,977	$ 197,818
Deferred rents receivable	amortized cost	3,217	18,919
Accounts receivable	amortized cost	118,049	122,695
Cash and cash equivalents	amortized cost	1,834,691	1,443,720
Total current financial assets		**$ 2,144,934**	**$ 1,783,152**

Liabilities	Classification	December 31, 2021	December 31, 2020
Non-current liabilities			
Borrowings	FVTPL / Own credit risk in other comprehensive income	$ 18,052,862	$ 19,544,562
Tenant deposits	amortized cost	323,797	273,057
Accounts payable	amortized cost	137,233	6,851
Total non-current financial liabilities		**$ 18,513,892**	**$ 19,824,470**
Current liabilities			
Borrowings	FVTPL/ Own credit risk in other comprehensive income	2,151,050	$ 534,861
Derivative financial instruments	FVTPL	-	32,329
Tenant deposits	amortized cost	76,693	125,264
Accounts payable	amortized cost	476,868	388,358
Total current financial liabilities		**$ 2,704,611**	**$ 1,080,812**

13. BORROWINGS

Borrowings includes mortgage loans payable as summarized below:

Credit entity / Instrument	diciembre 31, 2021 Principal balance at cost	diciembre 31, 2021 Fair value	diciembre 31, 2020 Principal balance at cost	diciembre 31, 2020 Fair value	Interest rate (p.a.) [1], [2]	Maturity date	Terms [3]
BOND (2029)	$ 10,521,554	$ 11,387,194	$ 10,197,067	$ 11,532,533	Fixed - 4.962%	July, 2029	I
BOND (2022)	1,849,587	1,902,868	1,792,545	1,825,998	Fixed - 5.25%	November, 2022	I
BBVA Term Loan	3,826,325	3,826,325	-	-	3 months Libor + 2.30% [4],[6]	July, 2026	I
Metlife	3,087,525	3,087,525	2,992,305	2,992,305	Fixed - 4.75%	January, 2027	I [5]
Banamex Term Loan	-	-	3,728,587	3,728,587	3 months Libor + 2.45% [4], [6]	October, 2022	P&I
Total borrowings	**$ 19,284,991**	**$ 20,203,912**	**$ 18,710,504**	**$ 20,079,423**			

[1] p.a. = per year.
[2] At December 31, 2021, and December 31, 2020, the 3 months LIBOR rates were 0.209138 % and 0.23838%, respectively.
[3] P&I = Principal and interest; I = Interest.
[4] The margin may vary according to the loan to value ratio ("LTV") .
[5] Principal payment only until February 2024.
[6] See note 5 LIBOR Discontinuance

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

13. BORROWINGS (continued)

On February 5, 2020, Terrafina made a disposition of $277 million ($14.7 million 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 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 Dollars).

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

On October 6, 2020, two properties that were included as collateral in the guarantee trust F/666 were substituted with properties from the trust F/128, as a result of the properties sold as mentioned in Note 3.

On December 3, 2020 and December 23, 2020, Terrafina prepaid the revolving debt with Citibank an amount $2,506 million ($125 million Dollars) and $203 million ($10.1 million Dollars), respectively.

On July 23, 2021, based on the refinancing mentioned in note 3, Terrafina repaid the credit line with Banamex for the amount of $ 3,728,587 using the cash available from the New Credit Line with BBVA Term Loan for $3,774,188 (US$185 million).

As of December 31, 2021, and 2020, the Metlife debt were collateralized by Investment Properties with an aggregate estimated fair value of $8,036,622 and $7,438,870, respectively.

As of December 31, 2021, and 2020, fair value borrowings are payable as follows:

	<1 year	1 – 3 years	>3 years	Total
2021	$ 2,151,050	$ -	$ 18,052,862	$ 20,203,912
2020	$ 534,861	$ 5,242,442	$ 14,302,120	$ 20,079,423

All borrowings are denominated in Dollars. Terrafina has a benefit of not paying principal amortization from Metlife loan until February 2024. BBVA Term Loan, BOND 2022 and BOND 2029 are not subject to principal amortizations until their respective maturity dates.

During 2021 and 2020, the Trust repaid principal amounts under the borrowings contracted as follows:

	December 31, 2021				
Bank	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Citibank	$ 91,059	$ 69,994	$ 3,613,340	$ -	$ 3,774,393
	$ 91,059	**$ 69,994**	**$ 3,613,340**	**$ -**	**$ 3,774,393**

	December 31, 2020				
Bank	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Citibank	$ -	$ 1,025,834	$ 1,656,728	$ 2,709,263	$ 5,391,825
SMNYL	278,798	-	-	-	278,798
	$ 278,798	**$ 1,025,834**	**$ 1,656,728**	**$ 2,709,263**	**$ 5,670,623**

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

13. BORROWINGS (continued)

The contracts establish, among others, the following causes of covenant breaches: (i) lack of payment; (ii) general inability to pay our debts when due, (iii) insolvency or bankruptcy; (iv) disposal of the properties subject to the credit, (v) non-compliance with certain financial ratios. As of December 31, 2021, and 2020, the Trust is in compliance with all covenants.

The component of fair value changes related to the Trust´s own credit risk is recognized in other comprehensive income. Amounts recorded in OCI related to credit risk are not subject recycling in profit or loss but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognized in income and other comprehensive income as follows:

	December 31, 2021	December 31, 2020
Carrying amount	$ 20,203,912	$ 20,079,423
Includes:		
Cumulative change in fair value on borrowings attributable to changes in credit risk recognized in the FVOCI	(157,219)	(975,122)
Amount the Trust is contractually obligated to pay for borrowings	19,284,991	18,710,504
Difference between carrying amount and the amount that the Trust is contractually obligated to pay for borrowings	$ 918,921	$ 1,368,919

14. 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 13. The derivative financial instruments include interest rate Caps and fixed rate options. The interest rate Caps provide 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 options provide 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, in particular in respect of strike price and maturity.

Those outstanding contracts at December 31, 2021 and 2020, are summarized as follows:

December 31, 2021

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Fixed rate options	Barclays	105,000	3M LIBOR	1.768%	$ -	May 18, 2017	October 4, 2021
Total					$ -		

December 31, 2020

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Fixed rate options	Barclays	105,000	3M LIBOR	1.768%	$ (32,329)	May 18, 2017	October 4, 2021
Interest rate Cap	JP Morgan	150,000	3M LIBOR	2.750%	-	Jul 16, 2018	July15, 2020
Total					**$ (32,329)**		

As of December 31, 2021, the derivative financial instruments met their maturity date and were not renewed by the Trust.

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

15. ACCOUNTS PAYABLE

Accounts payable are integrated as follows:

		December 31, 2021		December 31, 2020
Accrued fees	$	248,921	$	157,784
Accrued management fee		76,647		71,077
Tax payable		180,247		79,354
Accounts payable to suppliers		17,958		33,727
Retainage payable		49,001		16,053
Payroll payable		35,707		30,531
Other		5,620		6,683
Total	**$**	**614,101**	**$**	**395,209**
Accounts payable – non-current	$	137,233	$	6,851
Accounts payable – current	$	476,868	$	388,358

16. NET ASSETS ATTRIBUTABLE TO THE INVESTORS

As of December 31, 2021, Terrafina repurchased 1,835,318 CBFIs equivalent to $50,876 (including transaction costs), according to the CBFI's repurchase program announced in 2018, which will be subsequently canceled in the following twelve months.

As of December 31, 2021, and 2020, the total contributions from investors amounts to $21,273,948 and $21,324,824, respectively, and consists of 788,767,485 and 790,602,803 outstanding CBFI's, respectively, which are detailed as follows:

No. of CBFI's	Details		Total contributions
790,602,803	**As of December 31, 2020**	**$**	**21,324,824**
(1,835,318)	CBFI's repurchase		(50,876)
788,767,485	**As of December 31, 2021**	**$**	**21,273,948**

The Trust's net contributions is $18,650,342 which corresponds to the total contributions from investors of $21,273,948, net of capital reimburses (redemptions) of $2,623,606.

Terrafina paid distributions to investors on the following dates and amounts, which were previously approved by the Technical Committee.

Distribution Date		Amount
March 11, 2021	$	477,954
May 13, 2021		476,409
August 05, 2021		363,414
November 16, 2021		337,236
Total Distribution 2021	**$**	**1,655,013**

Distribution Date		Amount
March 11, 2020	$	499,105
June 26, 2020		437,380
August 07, 2020		462,909
November 06, 2020		489,468
Total Distribution 2020	**$**	**1,888,862**

Distributions paid during 2021 and 2020 were considered as tax results distribution.

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

17. CASH FLOW INFORMATION

Net debt reconciliation

Analysis of net debt and movements in the net debt for both periods are presented as follows:

	December 31, 2021		December 31, 2020	
Cash	$	1,834,691	$	1,443,720
Borrowings – payable within a year		(2,151,050)		(534,861)
Borrowings – payable more than a year		(18,052,862)		(19,544,562)
Net debt	**$**	**(18,369,221)**		**(18,635,703)**

	December 31, 2021		December 31, 2020	
Cash	$	1,834,691	$	1,443,720
Net debt – fixed rate		(16,377,587)		(16,350,836)
Net debt – variable rate		(3,826,325)		(3,728,587)
Net debt	**$**	**(18,369,221)**	**$**	**(18,635,703)**

	Cash	Borrowings payable within a year	Borrowings payable more than a year	Total
Net debt as of January 1, 2021	$ 1,443,720	$ (534,861)	$ (19,544,562)	$ (18,635,703)
Cash flow	4,651,696	41,421	(264,070)	4,429,047
Currency translation adjustment	31,219	231,678	22,329	285,226
Other movements non-cash	(4,291,944)	(1,889,288)	1,733,441	(4,447,791)
Net debt as of December 31, 2021	**$ 1,834,691**	**$ (2,151,050)**	**$ (18,052,862)**	**$ (18,369,221)**

18. CONCENTRATION OF RISK

Investment Properties from Terrafina are concentrated in the industrial sector; accordingly, the investment portfolio may be subject to more rapid change in value than would be the case if the Trust was to maintain a wide diversification among investment sectors. The Trust mitigates this risk by concentrating their investment in various regions of Mexico.

At December 31, 2021 and December 31, 2020, the Trust has real estate investments located throughout Mexico. The concentration based on the fair values and established regions is as follows:

	2021			2020		
	Region		Estimated Fair Value	Region		Estimated Fair Value
North	61%	$	31,198,599	53%	$	24,698,164
Bajio	20%		10,213,222	32%		14,912,099
Central	19%		9,400,229	15%		6,990,046
Total	**100%**	**$**	**50,812,050**	**100%**	**$**	**46,600,309**

The concentration of rental income for the periods from January 1 to December 31, 2021 and 2020, was as follows:

	2021			2020		
	Region		Rental Revenues	Region		Rental Revenues
North	61%	$	2,340,371	65%	$	2,739,363
Bajio	20%		777,570	19%		791,748
Central	19%		712,453	16%		702,835
Total	**100%**	**$**	**3,830,394**	**100%**	**$**	**4,233,946**

The occupancy rate of the Investment Properties is 94.9% on average, the operating expenses that generate income are considered in the same proportion.

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

18. CONCENTRATION OF RISK (continued)

Gross leasable area concentration by segment for the periods between January 1 to December 31, 2021 and January 1 to December 31, 2020, is as follows:

	2021	2020
Automotive	34.1%	34.1%
Industrial properties	20.9%	20.3%
Consumer goods	11.6%	12.9%
Aviation	9.8%	10.5%
Logistics and retail	12.0%	11.3%
Electronics	9.3%	8.7%
Non-durable consumer goods	2.3%	2.2%
Total	**100%**	**100%**

19. REVENUES

Rental revenues were as follows:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Rental revenues	$ 3,830,394	$ 4,233,946
Total	**$ 3,830,394**	**$ 4,233,946**

Rental revenues include variable payments for property insurance and property taxes.

Other operating income were as follows:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Maintenance reimbursement	$ 36,326	$ 38,111
Recovery of expenses	31,827	40,803
Late charges	19,222	26,840
Other Income	57,336	15,415
Total	**$ 144,711**	**$ 121,169**

20. REAL ESTATE OPERATING EXPENSES

Real estate operating expenses were as follows:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Repair, maintenance and facilities	$ 222,508	$ 278,583
Property tax and other taxes	104,099	108,677
Leasing commission	95,961	67,199
Property management fees	76,077	82,554
Broker fees	39,342	38,520
Bad debt expense	1,047	24,320
Property insurance	35,674	29,422
Security	18,452	12,618
Property appraisals	10,544	13,842
Electricity	6,887	8,257
Advertising	258	414
Bank commissions	2,124	1,992
Other expenses	11,326	9,548
Total	**$ 624,299**	**$ 675,946**

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

21. OTHER REAL ESTATE EXPENSES

Other real estate expenses were as follows:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Property incentive fee	$ 122,644	$ -
Total	**$ 122,644**	**$ -**

22. FEES AND OTHER EXPENSES

Fees and other expenses were as follows:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Management fee	$ 248,785	$ 268,565
Administrative fee	77,433	63,403
Payroll	37,370	41,511
Professional fees	31,040	27,842
Legal fees	22,380	20,182
Trustee fees	10,554	9,552
Other expenses	10,106	23,430
Total	**$ 437,668**	**$ 454,485**

23. FINANCE COSTS – NET

Net finance costs were as follows:

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
Interest income on bank accounts	$ 2,487	$ 3,026
Total	**$ 2,487**	**$ 3,026**

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2019
Interest expense	$ 872,074	$ 1,081,249
Borrowing costs and bank commissions	108,643	34,075
	$ 980,717	**$ 1,115,324**

24. RELATED PARTIES

The following detail includes the outstanding Trust related parties' activities:

Manager

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

The reimbursed costs for the periods ended December 31, 2021 and December 31, 2020 were $46,954 and $53,994, respectively, and were eliminated at consolidation.

At December 31, 2021, there were no outstanding related parties balances to be liquidated.

Advisor

The management fee paid to the Advisor is equivalent to 0.5% per annum of the fair market value of real estate assets plus VAT. The management fee accrued for the year ended December 31, 2021 and December 31, 2020 were $248,785 and $268,565, respectively.

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

25. LEASES

Agreements entered between the Trust and its tenants are classified as operating leases under IFRS 16. The Trust is therefore the lessor in many and varied operating leases on its Investment Properties. Some fixed-term leases include renewal options for tenants. These agreements, without considering renewal options, have expiration dates ranging from January 1, 2022 to January 31, 2032.

The minimum lease payments represent the net accumulated rent over the lease term or up to the earliest possible termination date by the lessee (*tenant*), regardless of the probability of the tenant terminating or not exercising an option to renew.

As a result of the COVID-19 pandemic, Terrafina has granted rental concessions to certain tenants. These concessions could take a variety of forms, including grace periods and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 "Leases" that gives lessees the option to treat qualifying rental concessions as if there were no lease modifications. In many cases, this will result in the concessions being recorded as variable lease payments in the period in which they are granted.

For the deferrals of rents granted during fiscal year 2021, Terrafina continues to recognize rental income during the period. Pursuant to the amendments, Terrafina did not apply lease modifications to the concessions that result from the deferred rents, since the total cash flows required by the modified lease agreements are substantially the same as the cash flows required under the original lease and there are no substantial changes to consider. As of December 31, 2021, the Trust has recovered one hundred percent of the rent relief program.

Minimum lease payments from existing leases that the Trust will receive in future years are as follows:

December 31, 2021	**<1 year**	**1-5 years**	**>5 years**	**Total**
Minimum future lease payments	$ 3,558,575	$ 9,509,639	$ 1,591,582	$ 14,659,796
	24%	65%	11%	100%

26. RECLASSIFICATIONS

Certain amounts on the consolidated financial statements of prior periods have been reclassified according with the current period's presentation. Such reclassifications had no effect on previously reported net assets.

27. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business there can be various legal actions related to properties of the Trust. At December 31, 2021, 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.

28. SUBSEQUENT EVENTS

During January and February 2022, Terrafina repurchased 4,659,118 CBFIs equivalent to $133,343 (including transaction costs), according to the CBFI's repurchase program announced in 2018.

On February 23, 2022, the Technical Committee approved a dividend payment of $359,098 corresponding to $0.4553 cents per CBFI. Dividends will be for the concept of capital reimbursement $321,979 and distribution of the 2021 tax result $37,119.

On February 23, 2022, the Technical Committee approved an anticipated liquidation of the Bond 2022 for the total amount of $89.2 million dollars.

29. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Trust were authorized for issuance on February 23, 2022 by the Audit Committee and by Terrafina´s Technical Committee, which has power to modify the accompanying consolidated financial statements.