

Quarterly Report - First Quarter 2013

April, 2013



Terrafina

QUARTERLY REPORT | FIRST QUARTER | 2013

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Notice to Investors

The CBFIs have not been and will not be registered under the securities Act or the securities laws of any jurisdiction, other than Mexico. The CBFIs may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act, and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. For further details about eligible offerees and transfer restrictions, see the section “Transfer Restrictions” referenced in the Offering Memorandum of TERRAFINA.

Letter from the CEO

Dear Investor,

We are pleased to welcome you to FIBRA Terrafina, a Real Estate Investment Trust (fideicomiso de bienes raíces or a “FIBRA”) (with Mexican Stock Exchange Symbol “TERRA13”), and to share with you the result of our first days of work, as well as growth opportunities that we see in the market and our goals for this year.

On March 19, Terrafina successfully completed the global offering of 295,700,000 real estate trust certificates (Certificados Bursátiles Fiduciarios Inmobiliarios or “CBFIs”). Thereafter, on April 10 subscribers partially exercised the over-allotment option of 22,313,148 CBFIs. The aggregate amount of CBFIs of the global offer, including the exercise of the over-allotment option was of 318,013,148 CBFIs for an aggregate amount of \$8,904,368,144.00 Pesos (approximately US\$716,133,808.00), that is to say, \$28 Pesos for each certificate.

We have used the resources from the issuance to acquire the Initial Portfolio composed of 146 real estate properties, including 132 developed industrial properties and 14 land reserve parcels. We consider that their diversification, scale and strategic location give us a favorable position where we can take advantage of the opportunities in the Mexican real estate market. Additionally, part of the resources of the issuance was used to reduce the portfolio's leverage to approximately 21%.

Our solid growth plan based on acquisitions, development of our land reserves and the management of our current portfolio is going forward. During the first quarter of 2013 we have renewed more than 82% of the expiring lease agreements, thereby supporting our strong momentum, in addition to renewing at higher prices than budgeted, that all demonstrates the quality of our portfolio and our management capacity. Additionally, at the time of this report, letters of intent for more than 300,000 square feet of new leases have been signed for currently vacant space. On other hand, we have identified the development projects to initiate during 2013, in markets where the industrial activity has increased, and that will add new leasable space to our portfolio.

One of the fundamentals of our strategy is growing by acquiring new properties. In this sense, we consider there are interesting opportunities in the market, which we are actively working on. For achieving our ambitious growth plan we have reduced the leverage of the portfolio and obtained a revolving credit line of US\$500 million, permitting us to pursue our plan without diluting our investors. This credit line does not include amortization payments and only pays interest, a strategy that benefits the dividends of our investors. We believe that the Terrafina capital structure is unique and that it allows us to grow at the same time as it is alienated with the creation of value for our investors.

We consider that with our growth plans, the quality, diversity and scale of our portfolio, together with our capital structure and Prudential Real Estate Investors Latin America's experience, we are in a position where 2013 would be Terrafina's first year of success.

Sincerely,



Alberto Chretin
CEO

The Assets of the Trust

Evolution of the Entrusted Assets, including Income

Performance of the Assets

The following shows the performance of the assets as of March 31, 2013.

Schedule I: Performance of the Assets

As of March 31, 2013; amounts expressed in thousands of Mexican Pesos

	1Q13
Aggregate cost of assets	\$ 12,553,548
Net value of assets	\$ 12,553,548
Long-term debt	\$ 2,742,107
Contributed capital	\$ 9,900,604
Operational net income	\$ 41,869
Advisor Fees	\$ 2,063

Source: PREI Latin America – Portfolio Management

Composition of the Assets at the End of the Period

The Portfolio is formed by 114 Stabilized Properties, 18 Repositioning Properties and 13 land reserve parcels for future development, reaching an aggregate number of 145 properties. The Portfolio has 138 tenants in 25 geographic regions in Mexico. In total, the Portfolio has 19.9 million of square feet of completed GLA and 7.5 million of square feet of potential GLA.

The following table shows the relevant information in connection with the Properties as of March 31, 2013.

Schedule II: Composition of Portfolio by Type of Property

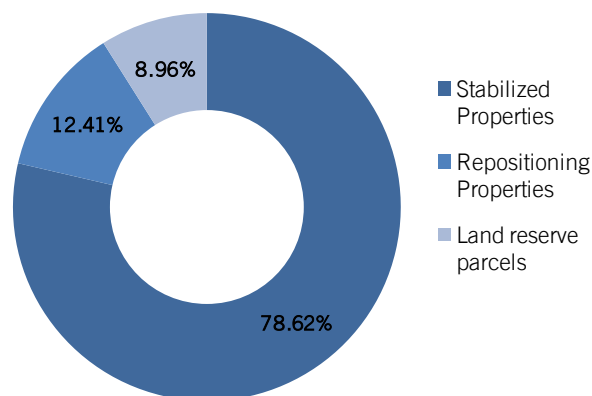
As of March 31, 2013

Status	Number of Properties	GLA Concluded (square feet)	% of total GLA
Stabilized Properties	114	17,411,286	87.63%
Repositioning Properties	18	2,458,603	12.37%
Subtotal existing Properties	132	19,869,889	100.00%
Land reserve parcels	13	-	-
Total	145	19,869,889	100.00%

Source: PREI Latin America – Portfolio Management

Chart I: Diversification of the Portfolio by type of Property

As of March 31, 2013; % of total GLA



Source: PREI Latin America – Portfolio Management

Geographic Diversification

The Properties are located in 25 metropolitan areas in 16 states, mainly in the north, the Bajío and center of Mexico.

The following table shows the diversification of the Portfolio by geographic area as of March 31, 2013, thereafter a map is shown indicating the presence of the Portfolio in Mexico:

Schedule III: Geographic Diversification

As of March 31, 2013

City	Total GLA* (square feet)	% of total GLA	Leased area (square feet)	Occupancy rate ⁽¹⁾
Cuautitlán Izcalli, State of Mexico	3,819,991	19.2%	3,721,694	97.4%
Ramos Arizpe/Salttillo, Coahuila	2,263,969	11.4%	2,149,079	94.9%
Ciudad Juarez, Chihuahua	2,110,619	10.6%	1,810,840	85.8%
Other markets ⁽³⁾	2,042,450	10.3%	1,816,853	89.0%
Other Bajio markets ⁽⁴⁾	1,995,914	10.0%	1,963,622	98.4%
Queretaro, Queretaro	1,994,714	10.0%	1,307,912	65.6%
Other border cities ⁽²⁾	1,571,234	7.9%	1,007,163	64.1%
Guadalajara, Jalisco	1,293,230	6.5%	1,112,030	86.0%
Tijuana, Baja California	975,684	4.9%	699,695	71.7%
Toluca, State of Mexico	905,811	4.6%	780,169	86.1%
Monterrey, Nuevo León	896,273	4.5%	691,900	77.2%
Total	19,869,889	100%	17,060,958	85.9%

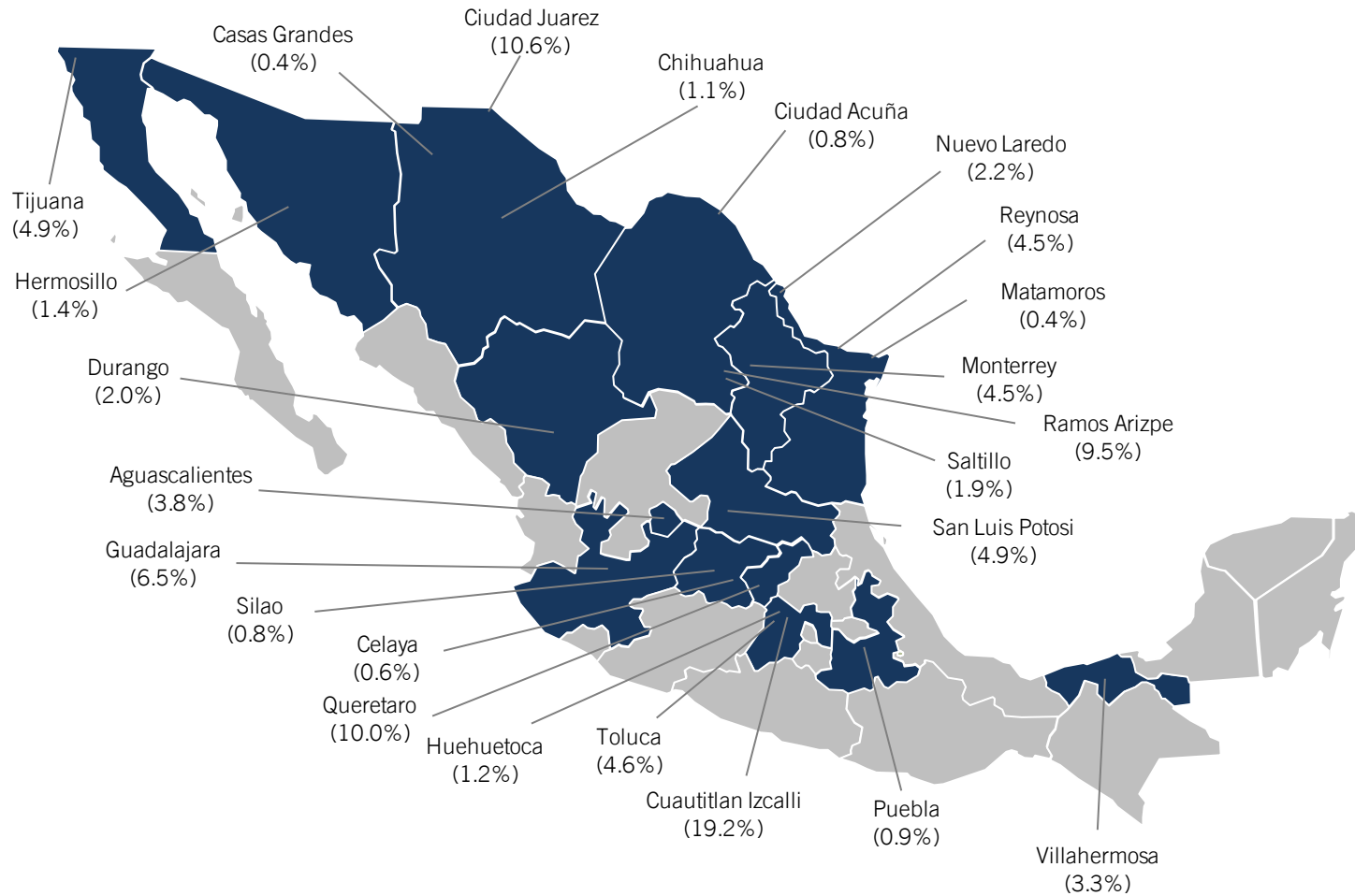
*Does not include potential leasable area for the land reserve parcels.

Source: PREI Latin America – Portfolio Management

- (1) Occupancy rate of GLA as of March 31, 2013. Past performance is not a guarantee or a reliable indicator of future results.
- (2) Other border cities including Ciudad Acuña, Matamoros, Nuevo Laredo and Reynosa.
- (3) Other markets include Casas Grandes, Chihuahua, Durango, Hermosillo, Huehuetoca, Puebla and Villahermosa.
- (4) Other Bajio markets including Aguascalientes, Celaya, San Luis Potosi and Silao.

Image I: Portfolio Presence in Mexico

As of March 31, 2013



Source: PREI Latin America – Portfolio Management

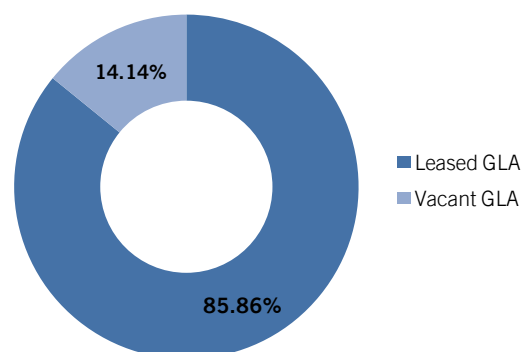
Occupancy

As of March 31, 2013, the occupancy rate of the Trust's Properties was 85.9% of total GLA (as of December 31, 2012, it was 88.4%), equivalent to 17,060,958 square feet, leaving 2,808,930 square feet available for rent, equivalent to 14.1% of total GLA. During the first quarter of the year, 14 of the 17 lease agreements expiring during this period were extended (82% retention rate). In addition to these renewals, new lease agreements were executed for an aggregate amount of approximately 250,000 square feet and expansions for close to 40,000 square feet with existing tenants. As of the date hereof, certain letter of intents have been signed with new tenants for vacant space, for a total area of more than 300,000 square feet, which would increase the occupancy to 87.7%.

The drop in occupancy is mainly driven by one large tenant of approximately 550,000 square feet that left given that it consolidated its operations, and therefore did not leave for another (competing) facility. While there were extensive negotiations to offer the tenant to renew instead of consolidating, management on the other hand feels comfortable to release this property given it is located in a strong market, Queretaro, with a 97.7% occupancy rate. As for the two other spaces that were vacated, a letter of intent has already been signed with a logistics company for one of the spaces (included in the 300,000 square feet mentioned above), and the remaining one is a small space of 65,000 square feet that is in a market with high demand (Cuautitlan).

Chart II: Occupancy

As of March 31, 2013; % of total GLA*



*Does not include potential leasing space for land reserve parcels. Past performance is not a guarantee or a reliable indicator of future results.

Source: PREI Latin America – Portfolio Management

Distribution by Industrial Sector

As of March 31, 2013, 44.5% of the total GLA leased was used for distribution activities, while 54.5% was used for manufacturing activities.

Below, the distribution of the Portfolio by type of activity and industrial sector is shown, based on total leased GLA.

Schedule IV.A: Industrial Sector of Properties used for Distribution

As of March 31, 2013

Distribution		
Industrial Sector	Total GLA (square feet)	Percentage over Total Leased GLA
Automobile	748,209	4.4%
Consumer goods	1,653,266	9.7%
Industrial goods	959,386	5.6%
Logistics and Trade	2,817,134	16.5%
Non-durable consumer goods	1,586,557	9.3%
Total	7,764,553	45.5%

Source: PREI Latin America – Portfolio Management

Schedule IV.B: Industrial Sector of Properties used for Manufacturing

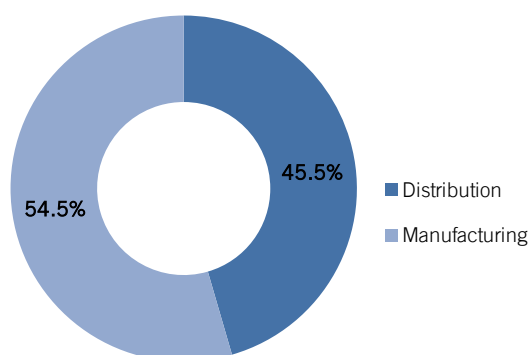
As of March 31, 2013

Manufacturing		
Industrial Sector	Total GLA (square feet)	Percentage over Total Leased GLA
Automobile	3,749,170	22.0%
Consumer goods	1,778,592	10.4%
Industrial goods	3,524,062	20.7%
Logistic and Trade	27,879	0.2%
Non-durable consumer goods	216,701	1.3%
Total	9,296,404	54.5%

Source: PREI Latin America – Portfolio Management

Chart III: Diversification by Type of Use

As of March 31; % of total GLA*

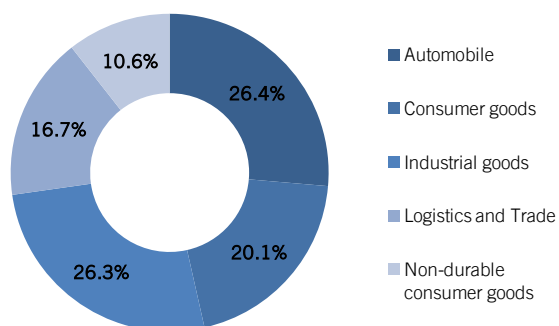


* Does not include potential space for land reserve parcels.

Source: PREI Latin America – Portfolio Management

Chart IV: Diversification of the Portfolio by Industrial Sector

As of March 31, 2013; % of total GLA leased



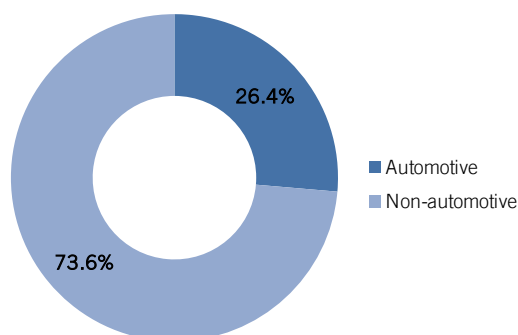
Source: PREI Latin America – Portfolio Management

Exposure of the Portfolio to the Automotive Industry

The following chart shows the composition of the Portfolio based on its exposure to the automobile sector as of March 31, 2013.

Chart V: Exposure of the Portfolio to the Automotive Industry

As of March 31, 2013; % of total GLA leased



Source: PREI Latin America – Portfolio Management

Projects under Development

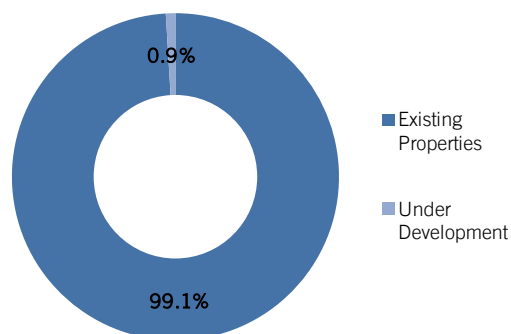
As of March, 2013, the Trust had two properties in development, one of them located in Aguascalientes, with a leasable area of 155,000 square feet and the other in San Luis Potosi with a leasable area of 32,852 square feet. It is estimated that both projects will be finished during the second quarter of this year.

Land Reserve Parcels

The Trust's Portfolio currently has 13 land reserve parcels for future development, located mainly in Northern Mexico. A summary by market is shown below, of land reserve parcels as of March 31, 2013.

Chart VI: Diversification of the Portfolio by Development Status

As of March 31, 2013; % of total existing GLA*



Source: PREI Latin America – Portfolio Management

Schedule V: Land Reserve Parcels

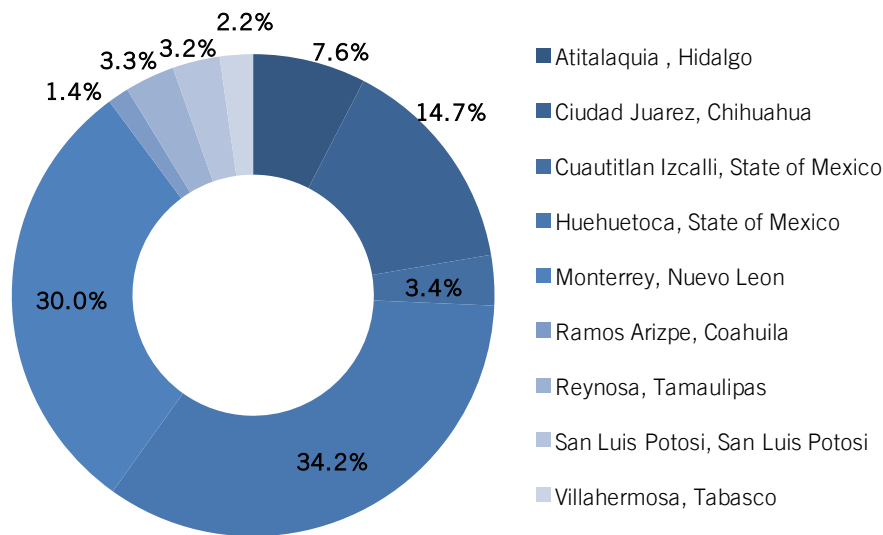
As of March 31, 2013

Market	Number of Properties	Land area (square feet)	Potential GLA
Huehuetoca	1	6,335,308	2,568,763
Monterrey	3	5,193,262	2,251,598
Ciudad Juarez	3	2,993,782	1,108,053
Atitalaquia	1	1,694,034	568,609
Villahermosa	1	1,125,446	167,251
Cuautitlan	1	765,267	253,524
Reynosa	1	501,064	250,926
San Luis Potosi	1	476,413	238,207
Ramos Arizpe/Salttillo	1	266,448	106,579
Total	13	19,351,024	7,513,510

Source: PREI Latin America – Portfolio Management

Chart VII: Diversification of the Land Reserve Parcels

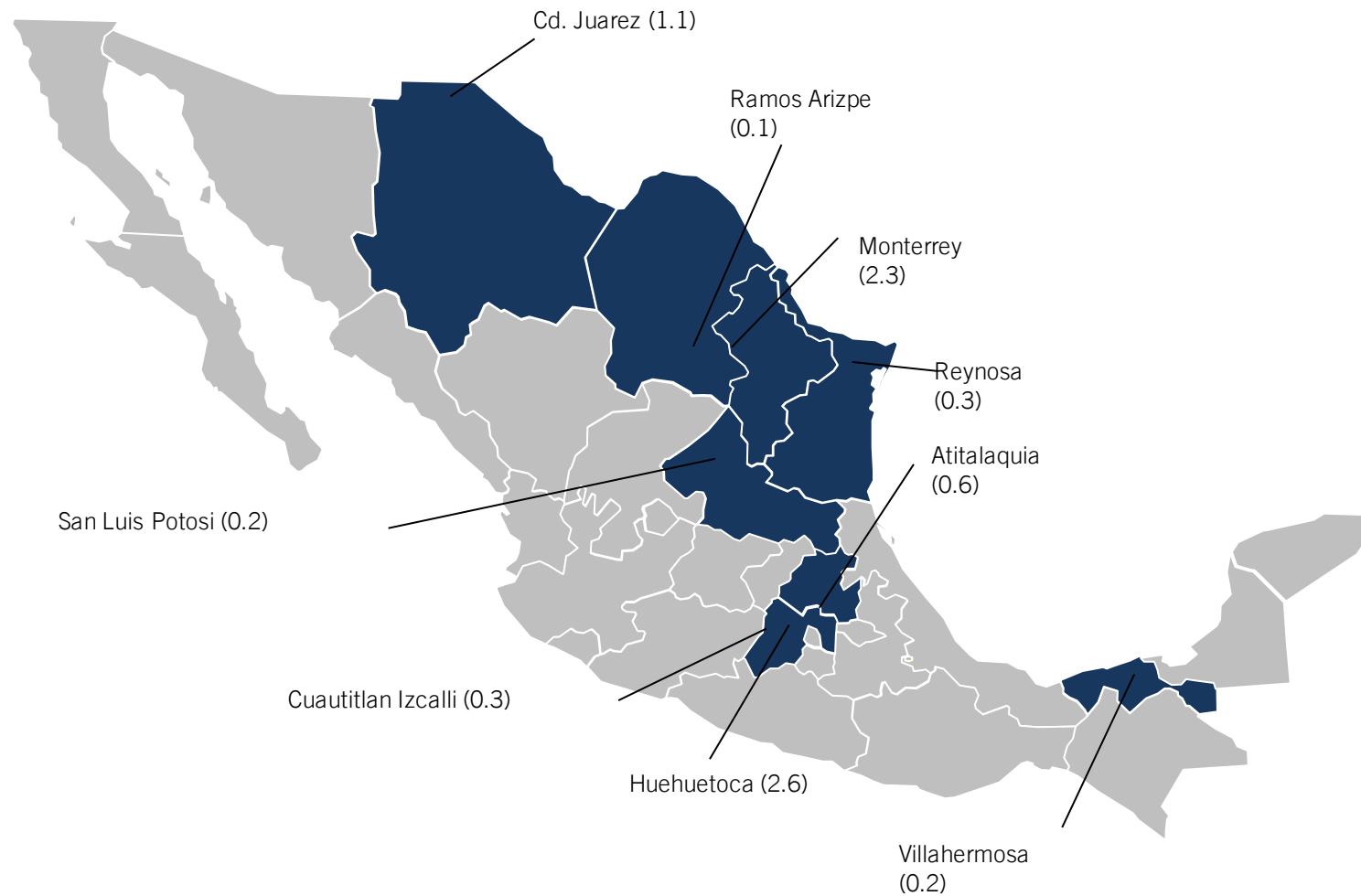
As of March 31, 2013; % of total area of land reserve parcels



Source: PREI Latin America – Portfolio Management

Image II: Geographic Distribution of Land Reserve Parcels

As of March 31, 2013; amounts expressed in millions of square feet.



Source: PREI Latin America – Portfolio Management

Variation in Balance and Number of Assets

During the first quarter of the year, the development of 32,852 square feet was initiated as part of an expansion for one of the existing tenants. The property is located in San Luis Potosi. It is expected that the Trust will complete the development during the second quarter of 2013.

State of the Assets by Performance Grade or Level

As of the termination date of the reported period, the outstanding balance of accounts receivable was of \$65.7 million pesos. For more information, please refer to the financial statements (Exhibit I).

The following Schedule shows the distribution of the account receivable balance based on maturity date.

Schedule VI: Balance of Accounts Due

As of March 31, 2013; amounts expressed in thousand pesos.

Non Due	> 1 month	> 2 months	> 3 months	> 4 months	Total
\$24,470	\$2,001	\$3,546	\$1,073	\$34,682	\$65,773

Source: PREI Latin America – Real Estate Operations

Guaranties of the Assets

The Trust's investments in goods, rights and assets are not guaranteed in any way.

Performance of Issued Certificates

The dividend granted to the Holders of CBFIs are calculated based on the available cash for distribution, which is defined as the profit or loss of the fiscal year adjusted by the unrealized net profit or loss. This definition of available cash for distribution does not reflect the estimated cash amount to be used for investment activities, acquisitions and other activities, not including dispositions for recurring and non-recurring capital expense, and estimated amounts for leasing fees and tenant

improvements necessary for renewing lease agreements. This does not reflect the estimated amount in cash to be used for financing activities neither. Available cash for the calculation of distributions is segregated from the calculations for annual distributions of at least 95% of the tax result pursuant to the Mexican Income Tax Law (Ley del Impuesto Sobre la Renta or "LISR") for purposes of maintaining the FIBRA status.

During the quarter, an amount of \$16.39 million was generated as dividends. For more information, please refer to the financial statements (Exhibit I).

Compliance of Business Plan and Investment Calendar and, if Applicable, of Divestitures

The Terrafina Prospectus presented in the BMV on March 19, 2013, set forth the business and growth strategies, which have been summarized as follows:

- Acquisitions: We will pursue to acquire stabilized and competitive industrial properties within the most important markets which may add substantial value to the Portfolio.
- Organic Growth: We will pursue to maximize the cash flow of the Properties through the leasing of currently vacant space, the increase of the rents as established in the lease agreements, expansion opportunities with existing tenants and strategic repositioning of Properties.
- Development of Land Reserve Parcels: We will pursue the constructions of build to suit or speculative developments, which support the growth strategy, creating risk-adjusted attractive income.

Valuations

The CBFIs were issued in the BMV on March 19 at a value of \$28 and closed the quarter at a value of \$27.51. As of April 23 the Price of the CBFIs was \$28.77.

Advisor's Fees, Costs and Expenses

In accordance with the terms of the Advisory Agreement, the Advisor shall have the right to receive an advisory fee and a Performance Fee; same that will be calculated proportionally based on the number of days in the year on which the advisor has been acting as such.

The advisory fee is equivalent to the amount resulting from adding (a) the amount resulting from (i) 0.5% of the Gross Asset Cost, as adjusted for inflation, plus (ii) the applicable value added tax.; provided that, in case that the Advisor grant services for less than a complete Period of Advisory Fee, the advisory fee will be calculated proportionally based on the number of days of the year in which the advisor has been acting as such.

The performance fee is equivalent to the amount resulting from the following formula: $[(10\%)(A + B - C)] - D$, where, A = the Market Capitalization of the Trust at closing of the Date of Payment of the Performance Fee; B = the aggregate amount of Distributions paid to Holders until the Date of Payment of the Performance Fee corresponding to such Period of the Performance Fee, increased at an annual rate of 9.00% (nine percent) as from the respective Distributions dates; C = (i) the capitalization value of the Trust calculated at the moment of the public offering of the CBFIs of the Trust, plus (ii) the aggregate price of all subsequent issuances of CBFIs carried out until the Date of Payment of the Performance Fee corresponding a such Period of Performance Fee, plus (iii) the aggregate amount of all repurchases of CBFIs, in each case, increased at an annual rate of 9.00% (nine percent) as from the respective issuance dates and D = all performance fees previously paid.

During the first quarter of 2013, an advisory fee of 2.1 million pesos plus VAT was generated, calculated in the following manner:

Schedule VII: Advisor's Fees, Costs and Expenses

As of March 31, 2013; amounts expressed in thousand pesos.

Gross costs of real estate assets	\$12,553,548,215
Advisory fee of 0.5%	\$ 62,767,741.08
Days of Advisory	12
Allocation	\$ 2,063,597
VAT	\$ 330,175
TOTAL	\$ 2,393,772

Source: PREI Latin America – Treasury

The Advisory Fee was generated for the 12-day period; however, it will be paid once a full period is ended.

Relevant Information for the Period

As from the date of creation of the Trust and as of March 31, 2013, the advisor considers that no relevant factors have occurred which may affect the information presented herein.

Other Third Parties Obligated with the Trust or Holders

There are no third parties obliged with the Trust or the CBFIs, such as guarantors, backers, and counterparties in financing derivatives or hedge or credit support.

Holder's Meetings

The Common Representative shall call for an Ordinary Meeting of Holders at least once a year (within the 4 (four) months following the end of each fiscal year) in order to (i) discuss and, if applicable, approve annual audited financial statements of the Trust, and (ii) discuss and, if applicable, approve the annual report. The meeting of the CBFIs Holders will be presided by the common Representative who will act as president in each Holders Meeting.

There are two types of Holders Meetings: Ordinary Meetings and Extraordinary Meetings. For an Ordinary Meeting to be considered as validly installed, at least the majority of issued CBFIs will be represented in such Ordinary Meeting, provided that, if such quorum is not obtained in the first call and the meeting is held by virtue of a second or ulterior call, the meeting will be considered as validly installed with the number of Holders assisting to the meeting, and all resolutions of such Holders Ordinary Meeting shall be adopted by majority of votes of the Holders assisting to the meeting, having the right to vote.

On the other hand, the Holders Extraordinary Meeting shall have the following powers:

(a) Approve the removal and/or substitution of the Advisor in case of an Event of Removal of the Advisor, or without a cause pursuant to the Advisory Agreement, and to approve the entity substituting the Advisor in such character pursuant to the Advisory Agreement.

(b) Remove Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, as Common Representative of the Trust, and

designate a Mexican banking institution or brokerage firm to act as common representative of the Holders in accordance with the terms set forth in the corresponding Title.

(c) Approve any amendment of a Title and/or any Transaction Document negatively affecting the rights of the Holders pursuant to the CBFIs or the Trust Agreement.

(d) Approve the cancelation of the listing of the CBFIs in the BMV and the cancelation of the registration of the same in the Mexican Securities Registry (Registro Nacional de Valores or "RNV").

(e) Approve the dissolution of the Trust.

For a Holders Extraordinary Meeting in charge of resolving matters described in subsection (a) above to be considered validly installed by virtue of the first or ulterior call, at least 50% of the issued CBFIs will be represented in such Extraordinary Meeting and all resolutions of such Holders Extraordinary Meeting shall be adopted by the favorable vote of more than 50% of the issued CBFIs.

For a Holders Extraordinary Meeting in charge of resolving matters described in subsection (b) and (c) above to be considered as validly installed, Holders representing at least 75% the issued CBFIs shall assist to the meeting, and all resolutions of such Holders Extraordinary Meeting shall be adopted by the favorable vote of Holders representing at least half plus of the issued CBFIs.; provided that, if such Extraordinary Meeting is held by virtue of a second or ulterior call, the meeting will be considered as validly install with the number of Holders assisting to the meeting, and all resolutions of such Holders Ordinary Meeting shall be adopted by majority of votes of the Holders assisting to the meeting.

For a Holders Extraordinary Meeting in charge of solving matters described in subsections (d) and (e) described above, to be considered as validly installed in virtue of first and ulterior call, Holders representing 95% of the CBFIs in circulation shall be present in the Meeting and all resolutions

from said Holder Meeting shall be adopted by the favored vote of Holders representing 95% of CBFIs in circulation.

External Auditors

The Advisor, in representation of the Trustee, designated as External Auditor of the Trust, the accounting firm PriceWaterhouseCoopers, S.C, who shall audit the financial statement of the Trust for the previous year, in accordance with article 84 of the Issuers Circular. The financial

statements audited by the External Auditor shall be prepared in accordance with the Issuers Circular.

Transactions with Related Parties and Conflicts of Interest

The Trustor and Advisor is a company without operative antecedent and is not aware of the existence of any conflict of interest between Advisor and any of its employees or officers.

TERRAFINA

**The Bank of New York Mellon, S.A. IBM, Trust F/00939 and
subsidiaries**

**Unaudited interim consolidated Financial Statements for the
period from March 20 to March 31, 2013.**

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FIBRA TERRAFINA

The Bank of New York Mellon, S.A., IBM, Trust F/00939 and subsidiaries
Consolidated statement of financial position
 (Expressed in thousands of mexican pesos)
 (Unaudited)

	Note	March 31, 2013
Assets		
<i>Non-current assets</i>		
Investment properties	9 and 11	\$ 12,553,548
Derivative financial instruments (Cost: 03/31/2013 - \$2,662)	10 and 11	879
<i>Current Assets</i>		
Other Assets	7	1,271,189
Recoverable Taxes		31,011
Prepaid expenses		18,618
Accrued income		2,489
Account receivables	6	31,091
Restricted cash	3F	35,307
Cash and cash equivalents		248,326
Total assets		14,192,458
Liabilities		
<i>Non-current liabilities</i>		
Borrowings	11 and 12	2,742,107
Deposits from Tenants		84,842
<i>Current liabilities</i>		
Trade and other payables	8	1,393,014
Borrowings	11 and 12	86,435
Total liabilities (excluding net assets attributable to the Investors)		4,306,398
<i>Net assets attributable to Investors</i>		
Contributions, net	13	9,900,604
Retained earnings		61,116
Currency translation adjustment		(75,660)
Total net assets (Net Equity)		9,886,060
Total net assets and liabilities		\$ 14,192,458

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

FIBRA TERRAFINA

The Bank of New York Mellon, S.A., IBM, Trust F/00939 and subsidiaries

Consolidated statement of comprehensive income

(Expressed in thousands of Mexican pesos)

(Unaudited)

	Note	Period from March 20 to March 31, 2013
Rental revenues	19	\$ 31,299
Other operating income	14	10,570
Real estate expenses and taxes	15	(12,874)
Fees and other expenses	16	(2,692)
Change in unrealized gain (losses) on derivative financial instruments		(852)
Net unrealized gain on foreign currency transactions		42,004
Operating profit		67,455
Finance costs	17	(6,339)
Finance costs -net		(6,339)
Profits for the period		\$ 61,116
Earnings per basic CBFI	13	0.00018
Earnings per diluted CBFI	13	0.00016

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

FIBRA TERRAFINA

The Bank of New York Mellon, S.A., IBM, Trust F/00939 and subsidiaries
Consolidated statement of changes in net assets
(Expressed in thousands of Mexican pesos)
(Unaudited)

	Note	Attributable to Investors			
		Net contributions	Currency translation adjustment	Retained earnings	Net assets attributable to Investors
Capital Contribution, net of issuing costs	13	\$ 9,900,604	\$ -	\$ -	9,900,604
Comprehensive Income					
Net profit of the period		-	-	61,116	61,116
Other Comprehensive Income					
Currency Translation	4	-	(75,660)	-	(75,660)
Total Comprehensive Income		-	(75,660)	61,116	(14,544)
Net Assets attributable to investors as of March 31, 2013	13	\$ 9,900,604	\$ (75,660)	\$ 61,116	\$ 9,886,060

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

FIBRA TERRAFINA

The Bank of New York Mellon, S.A., IBM, Trust F/00939 and subsidiaries
Consolidated statement of cash flows
(Expressed in thousands of Mexican Pesos)
(Unaudited)

	Note	Period from March 20 to March 31, 2013
Cash flows from operating activities		
Profit of the period		\$ 61,116
Adjustments:		
Change in unrealized gain (losses) on derivative financial instruments		852
Amortization of interest rate cap contracts		42
(Increase)/decrease in restricted cash		(35,306)
(Increase)/decrease in account receivables		(33,580)
(Increase)/decrease in taxes to be recovered		(31,011)
(Increase)/decrease in prepaid expenses		(18,618)
(Increase)/decrease in other assets		(1,271,189)
Increase/(decrease) in tenant deposits		84,842
Increase/(decrease) in trade and other payables		1,393,014
Net cash generated from operating activities		150,162
Cash flows from investing activities		
Acquisition of investment properties	9 and 11	(12,653,743)
Net cash used in investing activities		(12,653,743)
Cash flows from financing activities		
Acquisition of derivative financial instruments		(1,731)
Proceeds from borrowings	11 and 12	7,950,119
Principal payments on borrowings	11 and 12	(5,068,213)
Proceeds from CBFI issued	13	9,900,604
Net cash flows provided by (used in) financing activities		12,780,779
Net Increase in cash and cash equivalents		277,198
Cash and cash equivalents at the beginning of the period		-
Exchange effects on cash and cash equivalents		(28,872)
Cash and cash equivalents at the end of the period		\$ 248,326

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

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

1. GENERAL INFORMATION

Terrafina (“Terrafina” or the “Trust”) is a Mexican trust created pursuant to Trust Agreement F/00939 dated January 29, 2013 (as amended on March 15, 2013) entered into by and among PLA Administradora Industrial, S. de R.L. de C.V. as Trustor and beneficiary (the “Trustor”) and The Bank of New York Mellon, 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 CBFIs holders.

The Trust started operations in March 2013, anchored by an Industrial portfolio and created mainly to acquire, construct, own, develop, lease and manage real estate property in Mexico, as well as to provide financing for said purposes secured by the respective related leased real estate property.

Terrafina’s address is Andrés Bello 10 piso 17, Colonia Polanco, Miguel Hidalgo, México D.F., 11560.

On March 19, 2013, Terrafina initiated the listing of its certificates in the Bolsa Mexicana de Valores (Mexican Stock Exchange) under Mexican Stock Exchange Symbol TERRA 13, with an initial issuance of 340,055,000 real estate trade certificates (“CBFI”), which includes the option of over-allotment, through a global offering as follows:

- (a) An international offering of 180,055,000 CBFIs (including the International over-allotment option) and 156,569,565 CBFIs (not including the International over-allotment option of 23,485,435) in the United States to qualified institutional buyers as defined in Rule 144A of the Securities Law of the United States and other countries other than Mexico and the United States for certain non US residents, as provided by Regulation S of the US Securities Laws.
- (b) A simultaneous offering in Mexico of 160,000,000 CBFIs (including the over-allotment option in Mexico) and 139,130,435 CBFIs (not including over-allotment option in Mexico 20,869,565).
- (c) Additionally, issuance of 40,959,635 CBFIs for payment of Contributing Trusts for the formation transaction described below:

On March 15, 2013, a contribution agreement was entered into whereby the Contributing Trusts (as per definition of such term provided below) transferred to the Trust an aggregate amount of 145 properties (considered business units) (“Initial Portfolio”). The Initial Portfolio consists of warehouses and other light manufacture properties, located mainly in Central Mexico, the Bajío area and Northern Mexico. In exchange for 85,314,635 CBFIs (with a sale restriction period of six months after the date of the Global Offering), including the over-allotment options described in subsections a, b and c, and a payment in cash of \$3,641,865; the Trust indirectly acquired all beneficiary rights to the existing lease agreements for the properties comprising the Initial Trust Assets.

The transaction was performed as follows:

- (i) The Contributing Trusts consisted of twenty Mexican trusts (PLA Industrial Fund I, LLC “PLA Fund I” comprised of 42 properties and PLA Industrial Fund II, LLC “PLA Fund II” comprised of 103 properties).
- (ii) 19 Project trusts were created (the “Initial Properties Trusts”), to which all of the rights over the properties that were part of the Initial Trust Assets; were directly or indirectly transferred. The Contributing Trusts were, initially owners of the trust certificates of the Initial Property Trusts, depending on the distribution.
- (iii) Two certified ordinary participation trust agreements were created and formalized through two irrevocable trust agreements identified with numbers F/1411 and F/1412 (“Trust CPO A” and “Trust CPO B” respectively, and jointly the “CPOs Trust”), both dated March 5, 2013, entered into by and among PLA XI, LLC, as initial Trustor, Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario, as Trustee, and The Bank of New York Mellon, S.A., Institución de Banca Múltiple, as common representative.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

1. GENERAL INFORMATION (continued)

Trust CPO A indirectly acquired trust rights related to 116 properties (\$233.88 million Dollars).

Trust CPO B indirectly acquired trust rights related to 29 properties (\$136.42 million Dollars).

- (iv) The Contributing Trusts transferred their beneficiary rights of the Initial Property Trusts to the CPO Trusts in exchange of Ordinary Participation Certificates (the “CPOs”) representing rights over the Initial Portfolio.
- (v) The Contributing Trusts indirectly transferred to Terrafina the Initial Portfolio through the transfer of the above mentioned CPOs, in exchange for the transfer of an aggregate amount of 85,314,635 CBFIs and a cash payment of \$3,641,865 (\$294.1 Million Dollars).
- (vi) The Contributing Trusts distributed the CBFIs to the original investors of prior beneficiaries, as well as cash funds.
- (vii) On March 19, day of issuance, Terrafina acquired the CPOs Trusts.
- (viii) Part of the net resources from the Global Offering were used to repay part of a loan named “Credito JP Morgan” of \$35 million Dollars, the aggregate amount of a loan named “Citibank” of \$364.64 million Dollars and a loan named “Credito Cuautitlan”, for which a portion of the revolving credit line of \$10.59 million Dollars was used.
- (ix) Upon completion of the Global Offering and Formation Transactions, the Initial Portfolio consisted of 145 initial Properties (132 industrial properties and 13 land reserves in Mexico), Terrafina being the sole owner of each of the CPOs issued by the CPOs Trust, being subject to Mortgages and the Guaranty Trust.

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

- (i) An advisory agreement with PLA Administradora Industrial, S. de R.L. de C.V. (the “Advisor”), (Limited Liability Company) an affiliate company to PREI Latin America, which will provide advisory and real estate investment management services, as well as other related services.
- (ii) A management agreement with TF Administradora, S. de R.L. de C.V., in order for the latter to carry out certain management services on behalf the Trust.

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

2. BASIS OF PREPARATION

The enclosed unaudited Consolidated financial statements have been prepared in accordance with IAS 34 “Interim-Financial Reporting” pursuant to the International Financial Reporting Standards (“IFRS”) issued by the International Financial Reporting Standards Interpretation Committee (“IFRIC”) and the Standard Interpretation Committee (“SIC”).

The enclosed unaudited interim consolidated financial statements were authorized for their issuance by the Terrafina audit and technical committees on April 26, 2013.

The consolidated financial statements have been prepared on an ongoing business basis, applying a historical cost convention, except for the revaluation of investment property, borrowings and derivative financial instruments, which have been measured at fair value.

Preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to apply its judgment in the process of applying the Trust’s accounting policies. Changes in assumptions may have a significant impact on the 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 5.

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement, as well as disclosure requirements for use across IFRS. These requirements do not broaden the use of fair value accounting but provide guidance on how it should be applied when its use is compulsory or allowed by other standards within IFRS. The consolidated financial statements of the Trust opted for early adoption of the IFRS 13 and all required disclosures (see Note 11).

New and amended standards adopted by the entities.

There are no new regulations (IFRS) or interpretations (IFRIC) that are effective for the first time for elapsed fiscal year beginning on or after January 1, 2013 with an expected material impact on the Trust.

New standards and interpretations not yet adopted.

New regulation standards (IFRS) and amendments to standards and interpretations are effective for yearly periods beginning after January 1, 2013, and have not been applied in preparing these Consolidated Financial Statements.

Amendment to IAS 1, “Financial Statement Presentation” – The main change resulting from these amendments is a requirement to group and reclassify items presented under Other Comprehensive Income on the basis of whether they can be potentially reclassified to profit in subsequent periods. These amendments do not address which items must be shown under Other Comprehensive Income. IAS 1 is compulsory for annual reporting periods as of July 1, 2012 or subsequent years.

Amendment IFRS 10, “Consolidated Financial Statements” – This is the most recent IASB pronouncement on consolidated financial statements. During development of that Standard, the IASB considered introducing an exception to consolidation for entities whose only business purpose is to make investments for capital appreciation, investment income, or both, and which evaluate the performance of those investments on a fair value basis. Such entities are commonly referred to as investment entities. Investment Entities amendments provide an exception for consolidation requirements and instead require investment entities to present their investments in subsidiaries as a net investment, which is measured at fair value. The exception means that investment entities will be able to measure all of their investments at fair value through the requirements set forth in the IFRS. The Trust has yet to assess the impact of IFRS 10, which is effective for periods beginning on or after January 1, 2014.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

2. BASIS OF PREPARATION (continued)

New standards and interpretations not yet adopted. (continued)

Amendment to IAS 12, “Taxes on profits” – This amendment, issued in December 2010, provides an exception for the main principles in IAS 12 for investment property measured using the fair value model contained in IAS 40 “Investment Property.” The exception also applies to investment property acquired in a business combination if, after the business combination, the acquiring entity applies the fair value model contained in IAS 40. This amendment incorporates the assumption that investment properties valued at fair value are realized through a sale and, therefore, the tax rate for sale transactions should be applied to the temporary differences arising from them. Early adoption is permitted. No significant changes occurred as a result of this amendment due to the fact that in Mexico there are no differences in the tax rates.

Amendment to IAS 27, “Separate Financial Statements” – Issued in May 2011, replaces IAS 27 (2008). The scope of this standard is reduced by this amendment to individual financial statements only, because all aspects related to the definition of control and consolidation were removed and included in IFRS 10. Its early adoption is permitted together with IFRS 10, IFRS 11 and IFRS 12, as well as the amendment to IAS 28.

IFRS 9, “Financial instruments” – Addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is done at initial recognition. Classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded under other comprehensive income rather than the income statement, unless the foregoing results in an accounting mismatch. The standards also resulted in one impairment method replacing the numerous impairment methods of IAS 39 that arose from the different classification categories. The Trust is yet to assess IFRS 9 full impact and the intention to adopt IFRS 9 no later than the accounting period beginning on January 1, 2015.

IFRS 10, “Consolidated financial statements” – Builds on existing principles by identifying the concept of control as the determining factor of whether an entity should be included within the consolidated financial statements of the parent company. This standard provides additional guidance to assist in the determination of control where it is difficult to assess. This standard becomes effective for annual periods beginning on or after January 2013.

IFRS 11, “Joint Arrangements” includes the requirements to disclose for all forms of joint arrangements, in which two or more parties have joint control. IFRS 11 affects periods for submitting annual reports beginning on 1 January 2013 or later.

IFRS 12, “Disclosures of interests in other entities” – Includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-balance sheet vehicles. The Trust has not yet evaluated the full impact of adopting IFRS 12.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Trusts.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted in preparing these interim condensed consolidated financial statements are set out below.

A. CONSOLIDATION BASIS

These consolidated financial statements include assets, liabilities and results of operations of the entities listed below controlled by Terrafina, in the period from March 20, 2013 to March 31, 2013. All significant intercompany balances and transactions have been eliminated from the interim consolidated financial statements.

Trustee: HSBC México, S. A., Institución de Banca Múltiple, Grupo Financiero HSBC, Trust Division

- Trust F/307823
- Trust F/307831
- Trust F/307840
- Trust F/307858
- Trust F/307866
- Trust F/307874
- Trust F/307882
- Trust F/307890
- Trust F/307904
- Trust F/307912
- Trust F/307920
- Trust F/307939
- Trust F/307947
- Trust F/307955
- Trust F/307963
- Trust F/307971
- Trust F/307980
- Trust F/308030
- Trust F/308048

Trustee: Banco Invex, S. A., Financial Bank Institution, Invex Financial Group

- CPO A
- CPO B
- Deutsche Bank México S.A., F1487
- TF Administradora, S. de R.L. de C.V.

B. FOREIGN CURRENCY TRANSLATION

(a) Functional and reporting currency

Items included in these Consolidated financial statements are measured using, the US Dollar as the functional currency ("Dollar" or "USD") converted into Mexican Pesos ("Pesos" or "MXN"), which is the reporting currency of the Trust for the purpose of this report.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FOREIGN CURRENCY TRANSLATION (continued)

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are converted into the functional currency using the exchange rate prevailing at the date of the statement of financial position. Foreign exchange gains and losses arising from conversion are included in Net gain (loss) unrealized on foreign currency transaction.

(c) Translation

The conversion of the Trust' historical information as of March 31, 2013 was done as follows:

- (i) All assets and liabilities for each presented financial position statement were converted at the closing rate at the date of that financial position;
- (ii) Net assets (net equity) components were converted at the historical rate;
- (iii) Income and expenses for each statement of comprehensive income are converted at monthly average exchange rates (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 resulting exchange differences are recognized in other comprehensive income.

Exchange differences shown in these arising from translation of the net assets at historical amounts are recorded under other comprehensive income.

The exchange rates used for preparing of these consolidated financial statements were as follow (source: SAT.gob.mx):

Period ended on March 31, 2013	Period-end rate	Period-average rate
MXN/USD	12.3546	12.3984

C. LEASES

All leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases (see Note 31).

Properties leased out under operating leases are included in investment property in the statement of financial position (see Note 9). See Note 31 for the information on recognition of lease income.

The Trust makes payments to agents for services related to negotiations for lease contracts with the lessees. Leasing fees are capitalized under the carrying amount of the related investment properties.

D. INVESTMENT PROPERTY

Properties held for long-term rental yields or for capital appreciation or both, not occupied by the owner, are classified as investment properties. Investment property comprises freehold land, freehold industrial buildings, and property under construction or development for future use as investment property.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements
For the period from March 20 to March 31, 2013

(Unaudited)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. INVESTMENT PROPERTY (continued)

Investment property is measured initially at its acquisition cost, including related transaction costs.

After initial recognition, the investment properties are measured at fair value.

The Advisor determines the fair value of investment properties based on appraisal reports prepared by third party independent real estate appraisers. 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 judgment.

Real estate valuations are 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. Valuations should be considered only as estimates of value and not a measure of realizable value. In addition, such valuations may be viewed as subject to change with the passing of time. Fair value of investment property 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.

Fair value measurement of 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 provisions 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 amount 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 comprehensive income statement during the financial period in which they are incurred.

Changes in fair value are recorded in the Consolidated Statement of comprehensive income statement.

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.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and short-term deposits with initial maturity of less than three months. Interest income on short-term deposits is recognized using the straight-line method.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements
For the period from March 20 to March 31, 2013

(Unaudited)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. RESTRICTED CASH

Restricted cash represents funds held in security trusts for payment of maintenance, interest and principal related to loans.

Reserves included in restricted cash are required by the lenders under loan documents, in order to cover interest payments in the event of default and for specific purposes such as tenant improvements or capital expenditures (investments in fixed assets).

G. FINANCIAL ASSETS

Financial assets include other assets, prepaid expenses and accounts receivable that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except when their maturities are greater than 12 months after the financial statement date in which case they are classified as non-current assets.

Accounts receivables are recognized initially at fair value and they are subsequently measured at amortized cost using the interest rate method, less impairment allowance. At the end of each reporting period, the Trust evaluates whether or not there is objective evidence that accounts receivables are impaired and if so, it recognizes them under operating profit. An estimate of the amount of impaired receivables is made when it is no longer likely that a receivable will be collected in full depending on whether there is objective evidence of impairment. Unrecoverable receivables are written-off when they are identified as such.

Prepaid expenses include prepaid insurance, which are amortized mainly over the term of service.

H. BORROWINGS

All borrowings are initially recorded at historical cost which is the fair value, of the amount received, net of transactions costs (see note 3i).

Subsequent to initial recognition, borrowings are recorded at fair value, which reflects changes in interest rates, redemption premiums or discounts and maturity, in accordance with IAS 39, considering that loans from Consolidated entities qualify as financial liabilities designated at fair value through profit or loss on initial recognition which are managed and whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the period closing.

Given that the Trust manages and evaluates performance on a fair value basis in accordance with the investment strategy (Real Estate Investments), using a fair value option to measure borrowings is consistent with the Trust's risk management and investment strategy.

I. BORROWING COSTS

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset (that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of the asset. All other borrowing costs are charged in income or loss in the period in which they occur. Borrowing costs consist of the interest incurred by an entity in relation to loan of funds.

Interest is capitalized from the commencement of the development of the work until the date that assets are ready for their intended use or sale. Capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. PROVISIONS

Provisions recognized in the balance sheet represent current liabilities for which economic resources are likely to be required to settle the obligation. Those provisions have been recorded based on management's best reasonable estimate to pay current liabilities; however, actual results could differ from recognized provisions.

K. TENANT DEPOSITS

Tenant deposits are recognized as they are received from tenants and they represent the liability of the Trusts to return to the lessee at the end of the contract, under certain circumstances established in the respective agreements.

L. REVENUE RECOGNITION

Revenue includes rental income, service charges and property management charges.

The rental income from operating leases is recognized on a straight-line basis over the lease term.

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When the Trust offers incentives to tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income. Service and management charges are recognized in the accounting period in which services are rendered.

M. RESULT BY CBFI

The earnings per CBFI are computed by dividing the Trust profit attributable to the CBFI holders by the weighted average number of outstanding CBFIs during the financial period. Diluted earnings per CBFI is computed by dividing the Trust's profit attributable to CBFI holders by the weighted average of CBFI's that were issued by exercising the over allotment.

N. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust enters into interest rate caps ("Caps") transactions with unrelated major financial institutions.

The Trust use interest rate caps in order to minimize the effect of interest rate fluctuations or interest rate risk of certain real estate investments interest accrued at variable loan rates. Such derivative financial instruments are initially recognized at historical cost, which is the fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are accounted for as assets when fair value is positive and as liabilities when the fair value is negative.

The Trust records interest rate caps at fair value, which is determined using discounted cash flow models. Models' key assumptions include the contractual terms of the agreement, along with significant observable inputs, including interest rates, credit spreads and other factors including our own nonperformance risk as well as that of our counterparties. Those derivatives are traded in the over-the-counter (OTC) market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models generally accepted in the financial services industry that use actively quoted or observable market input values from external market data providers, non-binding broker-dealer quotations, third-party pricing vendors and/or recent trading activity.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Trust carries fair values from interest rate caps under “Derivative Financial Instruments” in the consolidated statement of financial position. The resulting unrealized gain (loss) is included in the consolidated statement of comprehensive income under “Net unrealized gain (loss) from fair value adjustment of derivative financial instruments”.

All derivatives are recorded as financial assets or liabilities depending on the position at the reporting date.

O. FEES AND OTHER EXPENSES

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

P. TAXATION

Terrafina has a treatment for Real Estate Investment Trust “FIBRA”, in accordance with Articles 223 and 224 of the Income Tax Law for tax purposes as from the end of the tax period concluding on December 31, 2013.

Terrafina shall distribute annually at least 95% of the net tax result after taxes for the immediately prior tax period. (from January 1st to December 31th) among CBFIs holders. When the amount of the tax result distributed by the Trust in a tax periods, is less than 100% of the tax result obtained by the Trust, the Trust shall pay the income tax for the difference, applying the 30% rate over such difference, on behalf of the CBFIs Holders, not identifying them, and the paid tax shall be compensated by such holders, when receiving the income for said difference. In no event may the Trust shall distribute dividends for less than 95% of the tax resulting from each financial period.

The Trust shall determine the IETU (Corporate Flat Rate Tax) payable by Holders as follows: (i) Holders that are part of an Investment Company specializing in Retirement funds shall exercise the option through a Common Representative and the Trustor provided for in Rule I.4.4.3; (ii) the Issuing Trustee shall determine the income subject to Rule I.4.4.3. corresponding to Holders that are Investment Companies specializing in retirement funds and (iii) the financial intermediary shall deliver to Holders that qualify as Investment Companies specializing in retirement funds a report supporting the flat tax liability corresponding to each one. The Trust is not obliged to carry out estimated IETU payments.

The VAT rate on investment properties is generally 16%, except in the border region, where it is 11%.

Q. NET ASSETS (NET EQUITY) ATTRIBUTABLE TO INVESTORS

CBFIs will be classified as net assets (net equity) attributable to investors and are recognized at the fair value of the proceeds received by Terrafina. Placement transaction costs arising from the issuance of CBFIs attributable to investors are recognized in the net assets (net equity) as a reduction in the proceeds from CBFIs 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 transactions, the economic position and other factors considered as relevant by the Technical Committee.

4. FINANCIAL RISK MANAGEMENT

The Trust’s activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow risk and interest rate risk), credit risk, liquidity risk, fair value estimation, financial risk and net assets (net equity) management risk.

Risk management is carried out by the Trust’s Investment Advisers, in accordance with policies approved by the Trust’s Technical Committee. Investment Advisers identify, evaluate and hedge financial risks in cooperation with local accounting and property management service providers.

The Bank of New York Mellon, S.A., IBM, Trust F/00939

Notes to the Consolidated Financial Statements

For the period from March 20 to March 31, 2013

(Unaudited)

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

4. FINANCIAL RISK MANAGEMENT (continued)

1. Market risk

a. Foreign exchange risk

The Trust is exposed to foreign exchange risk arising from currency exposures in its operations, primarily with respect to investment properties, leasing agreements and debt, which are mostly denominated in US Dollars. Foreign exchange risk also arises from services provided by foreign suppliers.

The Trust has contracted no hedging to offset the effect of currency rate changes, mainly because it is currently a US Dollar denominated investment.

The effect on net assets (net equity) of converting US Dollar denominated assets and liabilities to Mexican Pesos for the year ending on March 31, 2013 was as follow:

March 31, 2013

Currency translation effect on net assets \$ (75,660)

A sensitivity analysis prepared by management illustrates how changes in the currency rates affect the net assets in Mexican Pesos as of March 31, 2013:

Sensitivity analysis

Exchange rate 2013	12.3546
Weakening 10% (+)	13.5900
Strengthening 10% (-)	11.1192
Net assets as of March 31, 2013	9,886,060
Adjusted Net Assets (weakness)	10,874,666
Adjusted Net Assets (strength)	8,897,454

a. Price risk

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

b. Cash flow and fair value 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 fair value interest rate risk. In 2013 all loans are set at variable rates and in US dollars. In order to cover such risk the trusts contracted a financial derivative instrument.

2. Credit risk

The Trust has no significant concentrations of credit risk. Policies have been implemented to ensure that rental agreements are signed with customers with proper credit history. To reduce such risk the Trust has security deposits and bonds. Cash transactions are limited to high-credit-quality financial institutions. The Trust focuses on limiting the amount of credit exposure to any financial institution.

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4. FINANCIAL RISK MANAGEMENT (continued)

3. 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 market positions. Given the dynamic nature of the underlying businesses, Management aims to maintain certain funding flexibility in by keeping sufficient committed credit lines available.

March 31, 2013	< 1 year	1 - 3 years	> 3 years	Total
Borrowing Payments	86,435	2,320,585	421,522	\$ 2,828,542
%	3%	82%	15%	100%

Fair value estimation

The Trust's Consolidated financial statements include the amendment to IFRS 7 for Assets and Liabilities that are measured in the Consolidated statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2).
- Inputs on assets or liabilities not based on observable market data (i.e., unobservable inputs) (level 3).

Note 11 shows the fair value measurement hierarchy for the Trust's assets and liabilities.

The carrying value less impairment provision, if any, of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Trust for similar financial instruments.

4. Financing risk

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, those loan agreements include, among other conditions, events of default and various covenants and representations. At March 31, 2013, the Trust had no past due/callable loans.

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

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4. FINANCIAL RISK MANAGEMENT (continued)

4. Financing risk (continued)

In the event the Trust's current portfolio and investment obligations are not refinanced or extended when they become due and/or the Trusts required to repay such borrowings and obligations, Management anticipates that operating cash flow, deposits from clients, 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 considerable lower than the value at which it previously recorded those investments.

5. Capital (Net equity) management risk

The Trust defines the contributions that it manages as the Trust's total net assets (net equity). The Trust's objectives when managing net assets (net equity) 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 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 sufficient financial resources to mitigate risks and unforeseen events.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated based on historical experience adjusted for current market conditions and other factors.

Management prepares estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below:

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 on the basis of comparable prices in the local market or of discounted net cash inflows to present value using a discounted cash flow method. Valuations are made on the basis of 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 of the uncertainty in the amount and timing of cash flows.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Management uses their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Management has used discounted cash flow analysis for various available-for sale financial assets that are not traded in active markets.

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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Fair value of borrowings

The fair value of borrowings is determined by using valuation techniques. Management uses their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Management has been using generally accepted valuation methods.

6. ACCOUNTS RECEIVABLE

	<u>March 31, 2013</u>
Accounts receivables with Tenants	\$ 65,773
Allowance for doubtful accounts	(34,682)
Accounts receivables - net	<u><u>\$ 31,091</u></u>

7. OTHER ASSETS

	<u>March 31, 2013</u>
Receivables related to over-allotment*	\$ 1,232,974
Guarantee deposits	12,355
Others	25,860
	<u><u>\$ 1,271,189</u></u>

* Corresponds to the 44,355,000 CBFIs retained until the date of over-allotment, which was partially exercised (22,313,148 CBFIs) on April 11, 2013 (after the transactions described in note 1 to the Financial Statements, The Contributing Trusts maintain 15.62% of the issued CBFIs).

8. TRADE AND OTHER PAYABLES

	<u>March 31, 2013</u>
Accounts payable related to over allotment *	\$ 1,232,974
Accrued Fees	115,293
Accrued Management fee	2,393
Others	42,354
	<u><u>\$ 1,393,014</u></u>

* Corresponds to the 44,355,000 CBFIs to be paid to the Contributing Trusts as part of the transaction described in Note 1 (c) after the over-allotment option.

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9. INVESTMENT PROPERTIES

Investment properties are comprised of properties that were part of the Initial Portfolio as of March 31, 2013.

The properties included in the Initial Portfolio were contributed by the contributing Trusts in exchange for 85,314,635 CBFIs and \$3,641,865.

Investment properties acquired by Terrafina were valued on December 31, 2012 by independent qualified appraisers.

	<u>March 31, 2013</u>
Initial contribution	\$ 11,155,153
Additions to investment properties	1,498,590
Translation effect	<u>(100,195)</u>
Period-end	<u><u>\$ 12,553,548</u></u>

10. DERIVATIVE FINANCIAL INSTRUMENTS

As of March 31, 2013, outstanding interest rate Cap contracts are summarized as follow:

<u>March 31, 2013</u>					
	Bank	Notional Amount	Strike Price	Market fair Value	Maturity Date
Cap	Banamex	105,000	2.00%	\$ 62	March 25, 2014
Cap	JP Morgan	118,000	3.00%	\$ 817	December 1, 2015

11. FAIR VALUE MEASUREMENTS

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 disclosure summarizing fair value measurements. This standard provides a three-level hierarchy based on inputs used in the valuation process. The level in the fair value hierarchy under 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. Those 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.

For items classified as Level 3, a reconciliation of the beginning and ending balances, as shown in tables 3 and 4 below, is also required.

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11. FAIR VALUE MEASUREMENTS (continued)

Table 1 and 2 below summarize assets measured at fair value on a recurring basis and their respective position in the fair value hierarchy:

Table 1

Fair Value Measurements at March 31, 2013 using					
	Cost at 3/31/2013	Amounts Measured at Fair Value 3/31/2013	Quotation Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Assets:</u>					
Investment properties	\$ 12,553,548	\$ 12,553,548	\$ -	\$ -	\$ 12,553,548
Derivative financial instruments	2,662	879	-	879	-
	<u>\$ 12,556,210</u>	<u>\$ 12,554,427</u>	<u>\$ -</u>	<u>\$ 879</u>	<u>\$ 12,553,548</u>

Table 2

Fair Value Measurements at March 31, 2013 using					
	Cost at 3/31/2013	Amounts Measured at Fair Value 3/31/2013	Quoted Prices in Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Liabilities:</u>					
Borrowings	\$ 2,828,542	\$ 2,828,542	\$ -	\$ -	\$ 2,828,542
	<u>\$ 2,828,542</u>	<u>\$ 2,828,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,828,542</u>

There were no transfers between Levels 1, 2 and 3 in 2013.

Level 2 fair values of derivative financial instruments have been obtained using the income approach. Inputs used in this valuation technique were interest rate and yield curves observable at commonly quoted intervals.

Tables 3 and 4 below shown the reconciliation of the beginning and ending balances for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the term ending on March 31, 2013.

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11. FAIR VALUE MEASUREMENTS (continued)

Table 3

	Fair Value Measurements Using Significant Unobservable Investment Properties
	March 31, 2013
Initial contribution	\$ 11,155,153
Currency conversion	(100,195)
Acquisitions	1,498,590
Period-end	<u>\$ 12,553,548</u>
Unrealized gains (losses) for the period relating to Level 3 assets that were still held at the reporting date	<u>\$ -</u>

Information with regard to fair value measurements using significant unobservable inputs (Level 3)

a. Investment Property:

In general terms, the valuation technique used for estimations are based on property appraisal reports prepared by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following the acquisition of real estate and no less frequently than annually thereafter. The chief real estate appraiser of Prudential Investment Management, Inc. (PIM) is responsible for ensuring that the valuation process provides independent and reasonable property fair value estimates. PIM has contracted an affiliate independent firm to assist the chief real estate appraiser in maintaining and monitoring the independence and accuracy of the appraisal process.

The purpose of an appraisal is to estimate the fair value of real estate out 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 based on conventional valuation approaches, all of which require the exercising of subjective judgment. The three approaches are: (1) current cost of replacement of the real estate less impairment and functional and economic obsolescence; (2) discounting a series of income cash flows and their revision at a specific yield or by directly capitalizing a single year's income by an appropriate factor; and (3) the value shown for recent sales of comparable real estate on the market. Key inputs and assumptions include rental income and expense amounts, related rental income and expense rates, discount rates and capitalization rates and previous approaches. In reconciling those three approaches, an independent appraiser uses one or a combination of these approaches to arrive at the approximated value of a type of real estate in the market.

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

As described above, the estimated fair value of real estate and real estate related assets 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 seller. Such differences could be material to the financial statements.

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11. FAIR VALUE MEASUREMENTS (continued)

a. Investment Property (continued):

The independent appraiser used the following unobservable inputs:

Valuation technique: Discounted cash flows

Most significant unobservable input:

- Discount rate: The internal yield rate (internal rate of return or IYR) is the single rate that discounts all future net assets (net equity) benefits in an opinion on net present value. The discount rate as of March 31, 2013 ranges between 9% and 13%, approximately.
- Market yield growth rate: Based on information gathered from surveys, as well as market experience and management's projections. Market yield growth rate as of March 31, 2013 ranges between 2.4% and 3%, approximately.
- 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.

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

Table 4

	Fair Value Measurements Using Significant Unobservable Investment Properties	
	March 31, 2013	
Initial contribution	\$	6,652,886
Currency conversion		(53,364)
Acquisitions/issuances		1,297,233
Disposals/liquidations		(5,068,213)
Period-end	\$	<u>2,828,542</u>

b. Borrowings:

Borrowings are shown at estimated fair value as of March 31, 2013. The estimated fair value is based on the amount at which the Trust would pay to transfer the debt at the reporting date taking into consideration the effect of nonperformance risk, including the Trust's own credit risk. The fair value of debt is determined using the discounted cash flow method, which applies certain key assumptions including the contractual terms of the contract, market interest rates, interest spreads, credit risk, liquidity and other factors. Different assumptions or changes in future market conditions could significantly affect estimated fair value.

Valuation processes for Trusts borrowings:

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11. FAIR VALUE MEASUREMENTS (continued)

b. Borrowings (continued):

The Trust's Capital Market department of the Trust's advisor includes a team that performs valuations for financial reporting purposes, including Level 3 fair values. This team reports directly to the Vice-President of Capital Market. Discussions of valuation processes and results are held between the Vice-President of Capital Market and the valuation team at least once every year, in line with the valuation of the properties related to such borrowings.

The main Level 3 inputs used by the Trusts are derived and evaluated as follows:

- Discount rates: These rates are estimated based on the weighted average cost of capital of public companies that are, in the opinion of the Trust, comparable to the loans under valuation. The Trust has contracts with brokers that allow the group to gather such information.
- Management has estimated said fair values and historical data based on its experience, which is in line with internal credit policies used within the group (Prudential Real Estate Investments Incorporation). The unobservable inputs used in the fair value measurement of borrowings are the discount rates, for which a significant increase (decrease) would result in a significantly lower (higher) fair value measurement.

Changes in all Level 2 and 3 fair values are analyzed at each reporting date during quarterly valuation discussions between the parties involved in the process. As part of this discussion, the team presents a report that explains the reasons for the fair value transactions.

12. BORROWINGS

Borrowings include mortgage loans payable as summarized below:

Credit Entity ^{[1],[2]}	Borrowing at estimated fair value at March 31, 2013	Interest Rate (p.a.) ^{[4],[5]}	Maturity Date	Terms ^[3]
Banamex	\$ 1,297,233	3m Libor + 3.50%	2016	I
Banorte	502,504	1m Libor + 3.30%	2016	P&I
JP Morgan	1,028,805	1m Libor + 3.124%	2015	P&I
Total Borrowings	\$ 2,828,542			

[1] Banamex = Banco Nacional de México

[2] Banorte = Banco Mercantil del Norte S.A.

[3] P&I = Principal and interest; I = Only interest

[4] At March 31, 2013, the 1m Libor rate was 0.2037% and the 3m Libor rate was 0.2826%

[5] p.a. = per annum.

As of March 31, 2013, borrowings are collateralized with investment properties with an aggregate estimated fair value of \$12,553,548.

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12. BORROWINGS (continued)

As of March 31, 2013, principal amounts of borrowings are payable as follows:

March 31, 2013	< 1 year	1-3 years	>3 years	Total
Borrowings	86,435 3%	2,320,585 82%	421,522 15%	\$2,828,542 100%

All borrowings are denominated in US Dollars.

The Trust's exposure to the risk from changes in interest rates is largely related to the long-term borrowings. The Trust manages its interest rate risk through a combination of fixed-rate and variable-rate borrowings. In general, short-term borrowings may be subject to a floating rate while longer-term borrowings are typically subject to either a fixed rate or a floating rate with interest rate swap agreements to control the Trust's exposure in the event of rising interest rates.

The Trust generally enters into variable-rate borrowings. Therefore, the Trust carries exposure to the risk from changes in interest rates related to the Entity's borrowings. Said risk decreases due to the use of interest rate swap and cap agreements.

13. NET ASSETS ATTRIBUTABLE TO INVESTORS (NET EQUITY)

Net Assets Attributable to Investors (Net Equity) constitutes the initial contribution and the proceeds from the CBFIs issued.

On March 19, 2013, Terrafina carried out a public placement of 340,055,000 Real Estate Trust Certificates in Mexico, together with private offerings in other international markets for an amount equivalent to \$10,668,410 (\$28 for each CBFI) (See Note 1). The issuing costs of \$767,806 were recognized as a reduction to the Net Assets Attributable to the Investors (Net Equity).

For the purpose of the offering, the properties which are part of the Initial Portfolio described in Note 9 were contributed by the contributing Trusts in exchange of 85,314,635 CBFIs and a payment of \$3,641,865.

As of March 31, 2013, the net contribution totals is \$9,900,604 and is composed of 381,014,635 CBFIs in circulation as follows:

No. de CBFIs	Detail	March 31, 2013
381,014,635	CBFIs issued through the initial public offering, net of costs	9,900,604
381,014,635	CBFIs issued	<u>\$ 9,900,604</u>

Below is the result by CBFI as of March 31, 2013:

Net asset per basic CBFI	0.02937
Net asset per diluted CBFI	0.02595

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14. OTHER OPERATING INCOME

Other operating income for the period from March 20 to March 31, 2013, was as follows:

	<u>March 31, 2013</u>
Service charge income	\$ 10,564
Other operating income	6
Total	<u><u>\$ 10,570</u></u>

15. REAL ESTATE EXPENSES AND TAXES

Real estate expenses and taxes for the period from March 20 to March 31, 2013, were as follows:

	<u>March 31, 2013</u>
Repairs, mantaince and facilities	\$ 2,656
Property tax and other taxes	7,465
Property insurance	1,927
Leasing comission	94
Other fees and expenses	732
Total	<u><u>\$ 12,874</u></u>

16. FEES AND OTHER EXPENSES

The Trust incurs all advisory and professional fees, including administrative management, auditors, property appraisers, legal advisors, and other administrative expenses.

Fees and other expenses for the period from March 20 to March 31, 2013, were as follows:

	<u>March 31, 2013</u>
Legal fees	\$ 37
Accounting/ Audit Fees	233
Trustee fees	132
Management fees	2,063
Other professional fees	219
Other fund expenses	8
Total	<u><u>\$ 2,692</u></u>

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17. FINANCE COSTS - NET

Financing costs for the period from March 20 to March 31, 2013, were as follow:

	March 31, 2013
Debt expense	\$ 4,612
Interest expense	1,723
Bank comissions	4
Total	\$ 6,339

18. RELATED PARTIES

Trustor

The Trust pays a quarterly fee to TF Administradora, S. de R.L. de C.V., who is the manager (the Manager) of Terrafina, equivalent to all costs incurred by the Manager in carrying out its functions plus Value Added Tax.

Advisor

The Trust pays a quarterly fee to PLA Inmuebles Industriales, S. de R.L. de C.V., equivalent to 0.5% of the gross cost of the real estate assets plus the annual inflation rate plus the Value Added Tax in exchange of advisory services.

19. LEASES

Agreements entered into between the Trust and its tenants are classified as operating leases under IAS 17. The Trust is therefore the lessor in many and varied operating leases on its investment properties. Some fixed-term leases include renewal options for the tenants. These agreements, without considering renewal options, have expiration dates ranging from April 1, 2013 to September 31, 2022.

The minimum lease payments are 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.

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

March 31, 2013	< 1 year	1 to 5 years	> 5 years	Total
Minimum future lease payments	1,582,523	4,480,074	590,801	\$ 6,653,398
%	24%	67%	9%	100%

20. COMMITMENTS AND CONTINGENCIES

Different legal actions related to the properties of the Trust may arise in the ordinary course of business. As of March 31, 2013, the Trust's management was not aware of any matter that had or would have a material effect on the Trust's financial condition position or its operating results.

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21. BUSINESS COMBINATION

As shown in Note 1 to the Financial Statements, on March 19, 2013, Terrafina acquired businesses that are part of the initial portfolio of PLA Industrial Fund I, LLC (42 investment properties) and PLA Industrial Fund II, LLC (103 investment properties).

The acquired businesses generated operating revenues of \$41,869 to Terrafina as from the date of acquisition up to March 31, 2013.

Following is a breakdown of the assets and liabilities acquired:

	<u>Note</u>	<u>PLA Industrial Fund I, LLC</u>	<u>PLA Industrial Fund II, LLC</u>	<u>Total</u>
Investment Properties	9 and 11	3,284,233	9,269,315	\$ 12,553,548
Other assets and liabilities, net		(5,040,828)	(13,543,395)	(18,584,223)
Fair Value of Assets and Liabilities		(1,756,595)	(4,274,080)	\$ (6,030,675)
Total purchase agreement		1,756,595	4,274,080	6,030,675
Net Cash flow and equivalents in cash on the date of acquisition		1,756,595	4,274,080	\$ 6,030,675
Goodwill		-	-	-

The previously disclosed purchase consideration includes the cash and the CBFIs for an amount of \$6,000,000 paid to the prior owner.

Management determined that the acquired entities should be recognized as a business combination in accordance with IFRS 3.

22. SUBSEQUENT EVENTS

On April 26, 2013, the Technical Committee approved dividend payments of \$16,386 corresponding to \$.0430 cents per CBFI, representing an annual dividend gain of 4.61%.

Exhibit II: List of Terms and Conditions

<i>“Annual Report”</i>	As defined in Clause 14.6 of the Trust Agreement.
<i>“Advisor”</i>	PLA Administradora Industrial, S. de R.L. de C.V., a Mexican affiliate of PREI Latin America, as advisor in accordance with the Advisory Agreement.
<i>“Advisory Fee Calculation Date”</i>	With respect to any Advisory Fee Period, the last calendar day of such Advisory Fee Period.
<i>“Advisory Fee Payment Date”</i>	The 1 st , 2 nd , 3 rd , 4 th or 5 th day of each month of January, April, July and October during the term of the Advisory Agreement; provided that (a) the first Advisory Fee Payment Date will be April 5, 2013, and (b) in case that any Advisory Fee Payment Date occurs on a day that is not a Business Day, the corresponding Advisory Fee will be paid on the next Business Day.
<i>“Advisory Fee Period”</i>	In connection with any Advisory Fee Payment Date, the calendar quarter immediately prior to such any Advisory Fee Payment Date.
<i>“BMV”</i>	Bolsa Mexicana de Valores, S.A.B. de C.V. (Mexican Stock Exchange)
<i>“CBFIs” or “Traded Certificates”</i>	The totality of traded real estate trust certificates issued by the Trust pursuant to the Trust Agreement (whether under the Initial Issuance or any Additional Issuance, if applicable) pursuant to articles 61, 62, 63 y 64 of the LMV.
<i>“Closing Price”</i>	In connection with each CBFI in any determination date, the Price of such CBFI at closing of transactions in the BMV in such date of determination.
<i>“Common Representative”</i>	Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero.
<i>“Distribution”</i>	As defined in Clause 13.1 of the Trust Agreement.
<i>“Dollar” or “Dollars” or “Dls\$”</i>	Dollars, lawful currency of the United States of America.
<i>“External Auditor”</i>	The External Auditor hired by the Trust in accordance with the instructions of the Advisor with previous approval of the Audit Committee, in its case.
<i>“FIBRA”</i>	Real Estate Investment Trust in accordance with Articles 223 and 224 of the LISR.
<i>“Gross Cost of Real Estate Assets”</i>	In connection with any Advisory Fee Calculation Date, the acquisition and development cost of real estate property part of the Real Estate Assets that are part of the Net Assets of the Trust in such Advisory Fee Calculation Date, including, without limitation, any expenses and capital expenses.
<i>“Gross Leasable Area” or “GLA”</i>	The aggregate surface area of leasable property within Properties at the end of the period, measured in square feet excluding parking space and other common areas.
<i>“Holders”</i>	The investors, CBFIs holders.
<i>“Holders Extraordinary Meeting”</i>	A CBFIs Holders Meeting whereunder items described in the section “Description of our CBFIs and certain Provisions of the Trust Agreement and Mexican Law – Vote” (Descripción de Nuestros CBFIs y de Ciertas Disposiciones del Contrato de Fideicomiso y en la Legislación Mexicana – Voto) in the Prospectus, are discussed and resolved.

<i>“Holders Meeting”</i>	Any Holders Ordinary Meeting or Holders Extraordinary Meeting.
<i>“Holders Ordinary Meeting”</i>	A CBFIs Holders Meeting which may be installed to resolve matters which are not expressly reserved for a Holders Extraordinary Meeting.
<i>“Inflation”</i>	The inflation in Mexico in a specific day referred in the Consumer Prices National Index (and any substitution thereof) published by the Central Bank of Mexico at any moment.
<i>“Issuance”</i>	Jointly, the Initial Issuance and any Additional Issuance of CBFIs carried out by the Trustee pursuant to the terms of the Trust Agreement.
<i>“Market Capitalization of the Trust”</i>	In connection with each Performance Fee Payment Date, the result of applying the following formula: $A \times B$, where: A = means the average Closing Price by CBFI during (and including) the 60 Quotation Days immediately prior to such Performance Fee Payment Date; and B = the total number of issued CBFIs at closing of transactions in such Performance Fee Payment Date.
<i>“Mexico”</i>	The United Mexican States.
<i>“NAV”</i>	Net Assets Value.
<i>“Net Operating Income”</i>	For a determined period, the amount resulting from adding the Leases Income and Other Operative Income, minus Real Estate Expenses and Taxes. Net Operating Income may be presented on a consolidated basis or in connection with specific properties.
<i>“Performance Fee Payment Date”</i>	The 20th day of March of each year during the term of the Advisory Agreement; provided that, in case that any Performance Fee Payment Date occurs on a day that is not a Business Day, the corresponding Performance Fee will be paid on the next Business Day.
<i>“Performance Fee Period”</i>	In connection with any Performance Fee Payment Date, the calendar quarter immediately prior to such any Performance Fee Payment Date.
<i>“Pesos” or “Ps. ” or” \$”</i>	Pesos, the lawful currency of Mexico.
<i>“Portfolio”</i>	The 145 Properties owned by the Trust, consisting in 132 industrial properties developed with a GLA of approximately 19.9 million square feet and 13 bank land reserve parcels.
<i>“Potential GLA”</i>	The reasonable expected GLA to be developed in the land reserve parcels and/or the properties with expansion possibilities, based on the management’s projections for each property
<i>“PREI”</i>	Prudential Real Estate Investors, a global real estate investment manager, which as of December 31, 2012 approximately had USD\$52.2 billion in gross real estate assets (approximately USD \$36.0 billion net of debt).
<i>“PREI Latin America”</i>	The business of PREI in Latin America, which as of December 31, 2012 had USD \$3.7 billion in gross real estate assets (USD \$2.4 billion net of debt).
<i>“Properties”</i>	The Portfolio.
<i>“Prospectus”</i>	The Issuance prospectus.
<i>“Prudential”</i>	Prudential Financial, Inc. (NYSE: PRU), a company dedicated to grant financial services which as of December 31, 2012 managed assets with an approximately USD \$1.06 trillion.

<i>"Purpose of the Trust"</i>	The acquisition and construction of real estate property in Mexico to be leased and/or the acquisition of the right to obtain profits from the leasing of such real estate property, as well as to grant financing for such purposes secured by the related leased property, pursuant to articles 223, 224 et al. of the LISR, in each case, directly or through trusts; provided that, to comply with such purpose, the Trustee shall: (a) perform Issuances of CBFIs in connection with the terms of the Trust Agreement, (b) receive and apply the Resources of the Issuance arising from each Issuance of CBFIs in accordance to the terms established therein, including the CPOS Purchase Price and the payment of Trust Expenses, (c) acquire Real Estate Assets directly or through trusts, in accordance with the Trust Agreement, (d) manage and distribute the amount deposited in Trust Accounts in accordance with the terms of the Trust Agreement, and (e) carry out any action pursuant to the Advisor's instructions which may be necessary, recommendable, convenient or accessory to the activities described in subsections (a) a (d) above.
<i>"Reposition Properties"</i>	A successful property in terms of location and characteristics of design with antecedent of at least one long-term lease agreement and with recent occupation levels below 60% and representing an opportunity to increase the lease income with an investment in improvement to the building and/or change in the use of the same.
<i>"Stabilized Properties"</i>	The properties consisting of new buildings or buildings which have shown high historical leasing activity with a renewal probability higher to 60%, with a vacancy of less than 9 months or with an NOI margin higher to 90%.
<i>"Subsidiary"</i>	The subsidiary of the Trust, TF Administradora, S. de R.L. de C.V., a Mexican <i>sociedad de responsabilidad limitada de capital variable</i> .
<i>Technical Committee"</i>	The technical committee described in section "Administration – Our Technical Committee (Administración - Nuestro Comité Técnico) of the Trust prospectus.
<i>"Trust"</i>	The trust created pursuant to the Trust Agreement.
<i>"Trust Agreement"</i>	The irrevocable Trust Agreement F/00939 dated January 29, 2013 entered into by and between the Trustor and the Trustee, as amended on March 15, 2013, by means of amended agreement entered into by and among the Trustor, the Trustee, the Common Representative, the Advisor and the Subsidiary.
<i>"VAT"</i>	Value Added Tax