



TERRAFINA ANNOUNCES CHANGES TO THE CLASSIFICATION OF THE DISTRIBUTIONS FOR 4Q17 AND 2Q18

Mexico City, October 25, 2018 - Terrafina ("TERRA") (BMV: TERRA13), a leading Mexican industrial real estate investment trust ("FIBRA"), externally advised by PGIM Real Estate and dedicated to the acquisition, development, lease and management of industrial real estate properties in Mexico, announces the following modifications to the classification of distributions for the fourth quarter of 2017 (4Q17) and second quarter of 2018 (2Q18):

- I. **Change in the classification for distributions for the 4Q17 period; only a portion to be treated as capital reimbursement** - The distribution payment corresponding to the fourth quarter of 2017 in the amount of US\$25.6 million was classified in its entirety as a capital reimbursement for tax purposes for the holders of Terrafina's *Certificados Bursátiles Fiduciarios Inmobiliarios* ("CBFIs"). However, only US\$3.8 million correspond to a capital reimbursement and the remainder is subject to the payment of taxes corresponding to fiscal year 2017. Therefore, the financial intermediaries did not withhold the income tax corresponding to the distribution of this tax result paid on March 13, 2018.
- II. **The Technical Committee authorized extraordinary distribution payment to offset the tax withholding** - For that reason, Terrafina's Technical Committee has authorized an extraordinary distribution for November 19, 2018 to the holders of its CBFIs for a maximum amount of up to US\$7.7 million in order to cover the income tax and related concepts of the distribution related to the fourth quarter of 2017. This distribution will be presented before the *Institución para el Depósito de Valores, S.A. de C.V.* ("Indeval") in order to comply with the withholding of the income tax and related concepts to which the holders of Terrafina's CBFIs are subject due to the tax result.
- III. **The Committees approved the modification of the note in the financial statements for the treatment of the reimbursement** - Terrafina's Audit Committee and Technical Committee approved changes necessary to note sixteen of the 2017 audited financial statements in order to reflect the distributions described above. It is important to note that the rest of the information contained in the audited 2017 financial statements will not change in any way with respect to the financial statements approved by the General Holders' Meeting held on April 11, 2018.
- IV. **Recognition of erroneous classification of 2Q18 distributions; treatment for the capital reimbursement remains unchanged and notes to the financial statements are modified** - Finally, the distributions paid corresponding to 2Q18 in the amount of US\$28.8 million were erroneously notified by the Trustee to Indeval as a capital reimbursement instead of as a distribution of Terrafina's tax result, as announced in the press release dated August 2, 2018. Terrafina opted to keep 2Q18 distributions as a capital reimbursement, and pursuant to the resolutions adopted in the Audit Committee meeting held on October 23, 2018 and in the Technical Committee meeting held on October 24, 2018, a modification was approved to the note in the unaudited financial statements for 2Q18 so as to reflect the treatment of the distribution paid on August 10, 2018 as a capital reimbursement and not as a distribution of tax result. Moreover, the rest of the information included in the unaudited financial statements of the 2Q18 will not change.

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About Terrafina

Terrafina (BMV:TERRA13) is a Mexican real estate investment trust formed primarily to acquire, develop, lease and manage industrial real estate properties in Mexico. Terrafina's portfolio consists of attractive, strategically located warehouses and other light manufacturing properties throughout the Central, Bajío and Northern regions of Mexico. It is internally managed by highly-qualified industry specialists and externally advised by PGIM Real Estate.

Terrafina owns 299 real estate properties, including 287 developed industrial facilities with a collective GLA of approximately 41.0 million square feet and 12 land reserve parcels, designed to preserve the organic growth capability of the portfolio.

Terrafina's objective is to provide attractive risk-adjusted returns for the holders of its certificates through stable distributions and capital appreciations. Terrafina aims to achieve this objective through a successful performance of its industrial real estate and complementary properties, strategic acquisitions, access to a high level of institutional support, and to its management and corporate governance structure. For more information, please visit www.terrafinamx

PGIM Real Estate

PGIM Real Estate is the real estate investment business of PGIM Inc., the global investment management business of Prudential Financial, Inc. (NYSE: PRU). Redefining the real estate investing landscape since 1970, PGIM Real Estate has professionals in 18 cities in the Americas, Europe and Asia Pacific with deep local knowledge and expertise, and gross assets under management of US\$69.2 billion (US\$49.5 billion net) as of June 30, 2018. PGIM Real Estate's tenured team offers to its global client base a broad range of real estate equity, debt and securities investment strategies that span the risk/return spectrum. For more information, visit www.pgimrealestate.com

About Prudential Financial, Inc.

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