L I S T I N G   P A R T I C U L A R S

US$500,000,000

Terrafina

4.962% Senior Notes due 2029

We are a Mexican real estate investment trust, CIBANCO, S.A., Institución de Banca Múltiple, Trust F/00939 ("Terrafina"), anchored by a large industrial portfolio and formed primarily to acquire, own, develop and manage real estate properties in the United Mexican States ("Mexico"). We are offering US$500,000,000 aggregate principal amount of our 4.962% Senior Notes due 2029 (the "Notes"). The Notes will mature on July 18, 2029 (the "Maturity Date"), unless previously redeemed. We may redeem the Notes at our option, in whole but not in part, at any time if there are specified changes in laws affecting the withholding tax applicable to payments under the Notes at 100% of their principal amount, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to, but excluding, the applicable redemption date. We may also redeem the Notes, in whole or in part, before April 18, 2029 (three (3) months prior to the Maturity Date of the Notes) (the "Par Call Date") at the greater of 100% of the principal amount to be redeemed and a "make-whole" amount described in this offering memorandum, in each case, plus accrued and unpaid interest to the date of redemption. At any time on or after the Par Call Date, we may redeem the Notes, in whole or in part, at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest, if any, to but not including the date of redemption. See "Description of the Notes—Redemption for Tax Reasons" and "Description of the Notes—Optional Redemption" in this offering memorandum.

The Notes will be denominated in U.S. Dollars and will bear interest from (and including) July 18, 2019 (the "Issue Date") to (but excluding) the Maturity Date at a fixed rate of 4.962% per annum, payable semi-annually in arrears on January 18 and July 18 of each year (each an "Interest Payment Date"), beginning on January 18, 2020.

The Notes will be our senior and unsecured obligations and will at all times rank ***pari passu*** in right of payment with all of our unsecured and unsubordinated indebtedness, other than certain obligations that are preferred by statute or operation of law. The Notes will be effectively subordinated to (i) any of our secured indebtedness to the extent of such security, (ii) certain direct, unconditional and unsecured general obligations that in case of our insolvency are granted preferential treatment pursuant to Mexican law (including tax and labor claims) and (iii) all of the existing and future liabilities of our subsidiaries, including trade payables. See "Description of the Notes—General." The Notes will not be guaranteed by any person or entity.

No public market currently exists for the Notes. Application has been made to list the Notes on the Official List of the Irish Stock Exchange Plc trading as Euronext Dublin ("Euronext Dublin"), and admitted for trading on the Global Exchange Market of Euronext Dublin, which is the exchange-regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of 2014/65/EU (as amended). There is no assurance that the Notes will be listed and admitted for trading on the Global Exchange Market of Euronext Dublin.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 36.

Price: 100.000% plus accrued interest, if any, from and including July 18, 2019.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*, OR "RNV") MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR "CNBV"), AND MAY NOT BE OFFERED PUBLICLY IN MEXICO, EXCEPT THAT THE NOTES MAY BE OFFERED OR SOLD TO INSTITUTIONAL OR QUALIFIED INVESTORS IN MEXICO SOLELY PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*) AND REGULATIONS THEREUNDER. WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS OF THE OFFERING OF THE NOTES OUTSIDE OF MEXICO. SUCH NOTICE WILL BE SUBMITTED TO THE CNBV FOR INFORMATIONAL PURPOSES ONLY TO COMPLY WITH ARTICLE 7, SECOND PARAGRAPH, OF THE MEXICAN SECURITIES MARKET LAW AND REGULATIONS THEREUNDER. THE DELIVERY TO, AND RECEIPT BY, THE CNBV OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY ANY CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM. THIS OFFERING MEMORANDUM IS EXCLUSIVELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV, AND MAY NOT BE PUBLICLY DISTRIBUTED IN MEXICO. THE ACQUISITION OF THE NOTES BY AN INSTITUTIONAL OR QUALIFIED INVESTOR WHO IS A RESIDENT OF MEXICO WILL BE MADE UNDER SUCH INVESTOR'S OWN RESPONSIBILITY.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), any state securities laws or the securities laws of any other jurisdiction. Therefore, we may not offer or sell the Notes within the United States or to, or for the account and benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, we are only offering the Notes (i) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), and (ii) outside the United States to certain non-U.S. persons in compliance with Regulation S under the Securities Act. See "Plan of Distributions" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

We have launched a cash tender offer (the "Tender Offer") for any and all of our outstanding US$425.0 million aggregate principal amount of 5.250% Senior Notes due 2022 (the "Existing Notes") validly tendered and accepted by us on or before the expiration date of the Tender Offer. We intend to use the net proceeds from the sale of the Notes (i) to pay the consideration for the Tender Offer and accrued and unpaid interest on the Existing Notes, (ii) to refinance existing indebtedness and (iii) the remainder, if any, for general corporate purposes. The Tender Offer is not being made pursuant to this offering memorandum. The closing of the Tender Offer is contingent upon the closing of this offering.

None of the CNBV, the U.S. Securities and Exchange Commission ("SEC"), or any U.S. state or foreign securities commission has approved or disapproved of these securities or determined if this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the Notes will be made in book-entry form only through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Clearstream Banking, *société anonyme* and Euroclear S.A./N.V., as operator of the Euroclear System, on or about July 18, 2019.

Global Coordinators and Joint Book-Running Managers

J.P. Morgan **BBVA**

Joint Book-Running Managers

Barclays **Citigroup**

The date of this offering memorandum is October 21, 2019.

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NOTICE TO INVESTORS

You should rely only on the information contained in this offering memorandum. Neither we nor the initial purchasers have authorized anyone to provide you information that is different from or additional to that contained in this offering memorandum, and neither we nor the initial purchasers take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information contained in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, properties, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this offering memorandum nor any sale made hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum. This offering memorandum may only be used where it is legal to sell the Notes.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Notes. This offering memorandum may not be copied or reproduced in whole or in part. This offering memorandum may be distributed and its contents disclosed only to those prospective investors to whom it is provided.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. We and the initial purchasers cannot assure you that information we have obtained from other sources is accurate or complete. This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of what we discuss in this offering memorandum.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

Neither we nor the initial purchasers are making an offer to sell the Notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

The Notes are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. We are relying upon an exemption from registration under the Securities Act for an offer and sale of securities which do not involve a public offering. We have submitted this offering memorandum solely to a limited number of qualified institutional buyers in the United States and to investors outside the United States so they can consider a purchase of the Notes. This offering memorandum may be used only for the purposes for which it has been published. By accepting delivery of this offering memorandum, you acknowledge that the use of the information in this offering memorandum for any purpose other than to consider a purchase of the Notes is strictly prohibited. By accepting delivery of this offering memorandum and by purchasing the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions" in this offering memorandum. As a prospective purchaser of the Notes, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Risk Factors" for a description of specified factors relating to investment in the Notes.

Neither we, the initial purchasers nor any of our or their respective representatives are making any representation to any purchaser regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. In making an investment decision, prospective investors must rely on their own examination of our business, the Notes and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal, investment or similar laws or regulations.

None of the SEC, the CNBV or any state or foreign securities commission or any other regulatory authority has approved or disapproved the offering of the Notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy, adequacy or completeness of this offering memorandum. Any representation to the contrary is a criminal offense.

This offering memorandum has been prepared solely for use in connection with the offering of the Notes and for the listing of the Notes on the Official List of Euronext Dublin and admission to trading on the Global Exchange Market of Euronext Dublin. There can be no assurance that such application will be granted as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. We have not authorized the use of this offering memorandum for any other purpose.

We reserve the right to withdraw this offering of Notes at any time and we and the initial purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of Notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the Notes.

We, having made all reasonable inquiries, confirm that this offering memorandum contains all information with regard to us, our subsidiaries and the Notes that is relevant in the context of the issue and offering of the Notes, that the information contained in this offering memorandum is true and accurate and is not misleading as of the date of this offering memorandum, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which would make this offering memorandum or any of such information or the expression of any such opinions or intentions materially misleading. We accept responsibility for the information contained in this offering memorandum.

We, having taken all reasonable care to ensure that such is the case, confirm that the information contained in this offering memorandum is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Certain information contained herein was extracted from information published by various official sources as identified herein. This information includes market share and ranking information, exchange rates and economic information relating to Mexico. We have not participated in the preparation or compilation of any of such information and accept no responsibility therefor except that we confirm that this information has been accurately reproduced, and as far as we are aware and are able to ascertain from the published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This communication is only being distributed to and is only directed at persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This communication is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The Notes or any interest therein may not be purchased or held by (i) any plan, program or arrangement subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") or comparable provisions of any federal, state, local or non-U.S. regulations, rules or laws ("Similar Law") or (ii) any person acting on behalf of or using the assets of any such plan, program or arrangement, unless such purchase and holding is covered by the exemptive relief provided by (i) Prohibited Transaction Class Exemption ("PTCE") 96-23, 95-60, 91-38, 90-1 or 84-14, (ii) Section 408(b)(17) of

ERISA or Section 4975(d)(20) of the Code, or (iii) another applicable exemption. Any purchaser or holder of Notes or any interest therein will be deemed to have represented by its purchase or holding thereof that either (i) it is not a plan, program or arrangement subject to ERISA, Section 4975 of the Code or Similar Law and it is not purchasing securities on behalf of or using the assets of any such plan, program or arrangement or (ii) such purchase and holding and any subsequent disposition of such Notes is covered by the exemptive relief provided by (i) PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, (ii) Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code, or (iii) another applicable exemption under ERISA or the Code (or, in the case of a plan, program or arrangement not subject to ERISA or the Code, under Similar Law).

Prospective purchasers must carefully consider the restrictions on purchase set forth in "Transfer Restrictions" and "Certain ERISA Considerations." For information regarding restrictions on acquisition of the Notes, see "Description of the Notes—Restrictions Applicable to Mexican Financial Institutions."

INFORMATION FOR INVESTORS IN CERTAIN COUNTRIES

For information for investors in certain countries, see "Transfer Restrictions" and "Plan of Distribution."

ENFORCEMENT OF CIVIL LIABILITIES

We are a trust formed under the laws of Mexico. Most of the members of our board of directors and the directors and officers of our Management Subsidiary and our Advisor reside in Mexico and all or a significant portion of the assets of such persons are located in Mexico. Furthermore, all of our assets are located in Mexico. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside Mexico upon such persons or us or to enforce against them or us in courts of any jurisdiction outside Mexico judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have appointed CT Corporation System, as an agent to receive service of process with respect to any action brought against us in any federal or state court in the State of New York arising from this offering. There is doubt as to the enforceability, in original actions in Mexican courts or in original actions or actions for enforcement of judgments obtained in courts of jurisdictions outside of Mexico, of civil liabilities under the laws of any jurisdiction outside of Mexico, including any judgment predicated solely upon the federal and state securities laws of the United States. We have been advised by our special Mexican counsel that no treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of foreign judgments. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy; provided that U.S. courts would grant reciprocal treatment to Mexican judgments. In the past, Mexican courts have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, consisting of the review in Mexico of the United States judgment in order to ascertain, among other matters, whether Mexican legal principles of due process and public policy (*orden público*) have been complied with, without reviewing the merits of the subject matter of the case. See "Risk Factors—Risks Related to Mexico."

AVAILABLE INFORMATION

We are not subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To permit compliance with Rule 144A under the Securities Act in connection with resales of Notes, we will be required under the indenture under which the Notes are issued (the "Indenture"), upon the request of a holder of Notes, for so long as the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, to furnish to the holder or beneficial owner of such restricted securities and any prospective purchaser of such restricted securities designated by such holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request we are neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. As long as we maintain this exemption, we will not be required under the Indenture to deliver information otherwise required to be delivered under Rule 144(A)(d)(4) under the Securities Act. Any such request may be made to us in writing at our main offices located Paseo de la Reforma 412, Piso 18, Corporativo Reforma Diana, Col. Juarez, Ciudad de México, México CP 06600, Attention: Francisco Martinez, Investor Relations Officer. We are also required periodically to furnish certain information, including quarterly and annual reports, to the CNBV and the BMV, which will be available in Spanish for inspection through the BMV's website at www.bmv.com.mx. Such information is not incorporated by reference into this offering memorandum or in any listing materials.

The Indenture further requires that we furnish to the Trustee (as defined herein) all notices of meetings of the holders of the Notes and other reports and communications that are generally made available to holders of the Notes. At our request, the Trustee will be required under the Indenture to give these notices, reports and communications received by it from us to all record holders of the Notes promptly upon receipt. See "Description of the Notes."

We will make available to the holders of the Notes, at the corporate trust office of the Trustee at no cost, copies of the Indenture as well as this offering memorandum, including a review of our operations, and our annual audited consolidated financial statements and our unaudited quarterly consolidated financial statements, each prepared in conformity with IFRS (as defined herein). We will also make available for inspection at the corporate trust office of the Trustee our unaudited quarterly consolidated financial statements prepared in accordance with IFRS. Information is also available for inspection at the office of The Bank of New York Mellon, as Irish paying agent.

Application has been made to have the Notes listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market of Euronext Dublin. This offering memorandum forms, in all material respects, the listing particulars for admission to Euronext Dublin. We will be required to comply with any undertakings given by us from time to time to Euronext Dublin in connection with the Notes, and to furnish to it all such information as the rules of Euronext Dublin may require in connection with the listing of the Notes.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding our results of operations and financial position; (ii) statements of plans, objectives or goals, including those related to our operations; and (iii) statements of assumptions underlying such statements. Words such as "aim," "anticipate," "believe," "could," "estimate," "expect," "forecast," "goals," "guidance," "intend," "may," "plan," "potential," "predict," "project," "target," "seek," "should," "strategy," "would," "will" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution investors that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed or implied in such forward-looking statements, including the following factors:

- competition in our industry and markets;
- availability of attractive properties;
- our use of the net proceeds of the offering;
- our business and investment strategy;
- our ability to maintain or increase our rents and occupancy rates;
- the performance and financial condition of our tenants;
- our ability to successfully engage in strategic acquisitions and divestments of properties;
- our ability to obtain returns from our projects similar or comparable to those obtained in the past in Mexico;
- our ability to successfully expand into new markets in Mexico and asset types;
- our ability to successfully engage in property development;
- our ability to lease or sell any of our properties;
- economic trends in the industries or the markets in which we operate;
- general market, economic and political conditions in Mexico, the United States or other countries, including the effect of any economic slowdown or crisis on the global credit markets and any changes in policies or relationships with respect to such countries;
- the effect of changes in accounting principles, intervention by regulatory authorities, government directives and monetary or fiscal policy in Mexico;
- our ability to obtain necessary third-party financing on favorable terms or at all;
- changes in interest rates, exchange rates or the rate of inflation;
- the amount and yield of any investments;

- changes in perceptions regarding the safety, convenience or attractiveness of the regions where our properties are located;

- substantial depreciation of our properties;

- trade barriers, including tariffs on import taxes and changes in existing trade policies or changes to, or withdrawal from free trade agreements, including the North American Free Trade Agreement ("NAFTA"), which remains in effect, or its intended successor agreement, the United States-Mexico-Canada Agreement ("USMCA"), to which Mexico is a party, that adversely impact our clients and, as a result, our current or prospective results;

- our ability to generate sufficient cash flows to satisfy any future debt service obligations;

- the terms of laws and government regulations that affect us and interpretations of those laws and regulations, including the establishment of rent controls, changes in tax laws and regulations affecting FIBRAs, changes in environmental, real estate and zoning laws and increases in real property tax rates or taxes applicable to rent payments;

- our ability to maintain our qualification as a FIBRA; and

- the risk factors discussed under "Risk Factors" beginning on page 36.

Should one or more of these factors or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, forecast or intended. Prospective investors should read the sections of this offering memorandum entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business and Properties" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate.

In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur. These forward-looking statements speak only as to the date of this offering memorandum and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information or future events or developments. Additional factors affecting our business emerge from time to time and it is not possible for us to predict all of these factors, nor can we assess the impact of all such factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Although we believe the plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that those plans, intentions or expectations will be achieved. In addition, you should not interpret statements regarding past trends or activities as assurances that those trends or activities will continue in the future. All written, oral and electronic forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement. For these reasons, we caution investors to avoid relying exclusively on the forward-looking statements described in this offering memorandum.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Unless otherwise specified or the context otherwise requires, references in this offering memorandum to the "Company," the "issuer," "we," "us" and "our" are references to CIBANCO, S.A., Institución de Banca Múltiple, Trust F/00939 ("Terrafina" or the "Trust"), a Mexican real estate investment trust. References in this offering memorandum to "Trust Trustee" refer to *CIBANCO, S.A., Institución de Banca Múltiple*, solely in its capacity as trustee of Terrafina. References in this offering memorandum to the "Manager" or the "Management Subsidiary" refer to *TF Administradora, S. de R.L. de C.V.* References in this offering memorandum to the "Advisor" refer to *PLA Administradora Industrial, S. de R.L. de C.V.*, as our advisor. References in this offering memorandum to the "Trustee" refer to The Bank of New York Mellon as trustee under the Indenture.

Financial Information

The offering memorandum contains the consolidated financial and operating data of the Trust and the 36 entities controlled by Terrafina and the Management Subsidiary. As of March 31, 2019, the Trust owned 298 real estate properties, consisting of 287 developed industrial facilities and 11 land reserve parcels.

This offering memorandum includes (i) our audited consolidated financial statements and their related notes as of and for the years ended December 31, 2018, 2017 and 2016 (the "Audited Financial Statements") and (ii) our unaudited interim consolidated condensed financial statements as of March 31, 2019 and for the three months ended March 31, 2019 and 2018, together with the notes thereto (collectively, the "Interim Financial Statements" and, together with the Audited Financial Statements, the "Consolidated Financial Statements"). The Consolidated Financial Statements include the net assets and results of operations of the Trust and have been prepared on a going-concern basis applying a historical cost convention, except for the revaluation of investment property, loans and derivative financial instruments that have been measured at fair value. In addition, all significant intercompany income and transactions were eliminated from the Consolidated Financial Statements.

The financial information contained in this offering memorandum has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Interpretations Committee ("IFRIC") and the Standing Interpretations Committee ("SIC"), which differs in certain significant respects from accounting principles generally accepted in the United States.

Currency Information

In this offering memorandum, references to "Pesos" or "Ps." are to Mexican Pesos, the lawful currency of Mexico; references to "U.S. Dollars," "US$" or "$" are to U.S. Dollars, the lawful currency of the United States.

We maintain our books and records in our functional currency, the U.S. Dollar, and convert all amounts into Pesos, our reporting currency, in our Consolidated Financial Statements. See note 4.C to our Audited Financial Statements for a further discussion regarding currency translations in respect of historical information.

Unless otherwise indicated, Peso amounts in this offering memorandum have been converted from U.S. Dollars to Pesos as follows:

- Assets and liabilities for each statement of financial position are converted at the closing rate at the date of such financial position. The value of our monetary assets and liabilities are converted at period-end exchange rates. The following table sets forth the period-end exchange rates for the periods presented in our Consolidated Financial Statements.

PERIOD ENDED	PERIOD-END RATE
DECEMBER 31, 2016	20.6640
DECEMBER 31, 2017	19.7354
DECEMBER 31, 2018	19.6829
MARCH 31, 2019	19.3793

Source: Banco de México

- Income and expenses of the statement of comprehensive income are converted at monthly average exchange rates, unless this 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 converted at the dates of the transactions. The following table sets forth the average monthly exchange rates for the periods presented in our Consolidated Financial Statements.

PERIOD ENDED	AVERAGE RATE
DECEMBER 31, 2016	19.8128 (1)
DECEMBER 31, 2017	18.9145 (2)
MARCH 31, 2018	18.7759 (3)
DECEMBER 31, 2018	19.2349 (4)
MARCH 31, 2019	19.2163 (5)

Source: Banco de México

(1) For the year ended December 31, 2016.
(2) For the year ended December 31, 2017.
(3) For the three-month period ended March 31, 2018.
(4) For the year ended December 31, 2018.
(5) For the three-month period ended March 31, 2019.

- Net assets components are converted at a historical rate.

- All resulting exchange rate differences are recognized in other comprehensive income.

The translations of certain U.S. Dollar amounts into Pesos and certain Peso amounts into U.S. Dollars in this offering memorandum at specified rates are solely for reporting purposes and for the convenience of the reader. These translations should not be construed as evidence, proof or representations that the Peso amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated as of the dates mentioned herein or at any other rate.

Rounding

We have made rounding adjustments in arriving at some of the figures included in this offering memorandum. As a result, numerical figures shown as totals in some tables may not be the arithmetic aggregations of the figures that precede them.

Industry and Market Data

Market data and other statistical information used throughout this offering memorandum are generally based on independent industry publications, government publications, reports by market research firms or other published independent sources, including: Jones Lang LaSalle, a financial and professional services firm specializing in real estate; Instituto Nacional de Estadística y Geografía (Mexican National Institute of Statistics and Geography) ("INEGI"); Banco de México (Mexican Central Bank) ("Banco de México"); the World Bank; International Monetary Fund ("IMF"); Instituto Mexicano de Ejecutivos de Finanzas (Mexican Institute of Finance Executives) ("IMEF"); Asociación Nacional de Tiendas de Autoservicio y Departamentales (Mexican National Association of Supermarkets and Department Stores) ("ANTAD"); Consejo Nacional de Población (Mexican National Population Council) ("CONAPO"); The Economist; AlixPartners, a global consulting firm; United States Bureau of Economic Analysis ("BEA"); Asociación Mexicana de la Industria Automotriz (Mexican Association of the Automotive Industry) ("AMIA"); U.S. Census Bureau; The New York Times; The Washington Post; The Boston Consulting Group; U.S. Department of Transportation; The Nomura Report; and the UN Development Programme; The International Labour Organization; Oxford Economics (Independent global advisor firm for economic data); Federal Reserve Economic Data of the Federal Reserve Bank of St. Louis ("FRED"); and Asociación Mexicana de Agencias de Inteligencia de Mercado y Opinion (Mexican Association of Marketing and Public Opinion Research Agencies) ("AMAI").

Some data are also based on our estimates, which are derived from our internal analysis, as well as independent sources. Although we believe these various sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness. In addition, these sources may use different definitions of the relevant markets than those we present. Data regarding our industry are intended to provide general guidance but are inherently imprecise.

Measurement Data

The standard measure of area in the real estate market in Mexico is the square meter (m^2), while in the United States the standard measure is the square foot (sq. ft.). Unless otherwise specified, all units of area shown in this offering memorandum are expressed in terms of square feet. Ten square feet is equal to approximately 0.929 square meters. Certain percentages and totals may not sum due to rounding.

GLOSSARY OF TERMS AND DEFINITIONS

Adjusted EBITDA means, for a given period, (i) rental revenues excluding accrued income from straight-line rent adjustments, a non-cash item, plus (ii) other operating income, excluding tenant improvement reimbursements, which are included in the AFFO calculation, minus (iii) real estate expenses comprising costs incurred in connection with the operation and maintenance of the Portfolio, advertising expenses, administrative property insurance expenses and other expenses, (iv) external advisory, legal, administrative, trustee and other professional fees, and (v) payroll and other expenses. Adjusted EBITDA is not an IFRS measure. A non-IFRS financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be adjusted in the most comparable IFRS measure. For a reconciliation of non-IFRS measures, please see "Selected Consolidated Financial Data".

Administration Agreement means the agreement dated March 15, 2013 that we entered into with the Management Subsidiary, pursuant to which the Management Subsidiary performs certain administrative services on our behalf.

Advisor means PLA Administradora Industrial, S. de R.L. de C.V., a Mexican *sociedad de responsabilidad limitada de capital variable*, and affiliate of PGIM Real Estate Latin America, acting in its capacity as our advisor pursuant to the Advisory Agreement.

Advisory Agreement means the agreement dated March 15, 2013, as supplemented or amended to the date hereof, that we entered into with the Advisor, pursuant to which the Advisor performs certain advisory services on our behalf. See "Management—Our Advisor" for more information regarding the Advisory Agreement.

AFFO means Adjusted EBITDA minus financing costs, tenant improvements, leasing commissions and other non-recurring expenses related to acquisitions, dispositions, legal and other expenses. AFFO is not an IFRS measure. A non-IFRS financial measure is generally defined as one that measures historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be adjusted in the most comparable IFRS measure. For a reconciliation of non-IFRS measures, please see "Selected Consolidated Financial Data".

American Industries-Kimco Portfolio means the industrial portfolio acquired by the American Industries-Kimco trustee on September 27, 2013, comprised of a total of 87 properties.

Annualized Base Rent, or **ABR,** means the contractual rent to be paid under a lease agreement by a tenant over a 12-month period, excluding reimbursements for property operating expenses, which are expenses borne by the tenant and passed through to us as incurred.

Annualized Base Rent per leased square foot means Annualized Base Rent divided by the leased square feet at period end.

April 2018 Portfolio means the industrial portfolio acquired in April 2018, comprised of a total of 2 properties located in the northern region.

Bajio is a lowlands region of central Mexico that includes portions of the states of Guanajuato, Queretaro, Aguascalientes, Jalisco and Michoacán.

Buildable GLA means the GLA that can reasonably be expected to be built on land reserves and/or properties with expansion potential, based on management's projections for each property.

CBFIs means Real Estate Trust Certificates (*Certificados Bursátiles Fiduciarios Inmobiliarios*), known by their Spanish acronym.

CPOs means Ordinary Participation Certificates (*Certificados de Participación Ordinarios*) issued by the CPO Trusts.

CPO Trusts means the Mexican issuer trusts created pursuant to Irrevocable Trust Agreement Number F/1411 and Irrevocable Trust Agreement Number F/1412 (each a "CPO Trust Agreement"), each entered into by and among the Contributing Trusts (as such term is defined in the CPO Trust Agreement), as settlors, *Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero*, as trustee, and The Bank of New York Mellon, S.A., *Institución de Banca Múltiple* (currently, CIBANCO, S.A, *Institución de Banca Múltiple*), as common representative for the holders of the CPOs, pursuant to which, among other things, the trustees thereunder issued CPOs in favor of the Contributing Trusts in exchange for the beneficiary rights held by such Contributing Trusts in each of the trusts holding, directly or indirectly, the Initial Portfolio.

December 2017 Portfolio means the industrial portfolio acquired in December 2017, comprised of a total of 17 properties located in the northern region.

EEA Investor means an investor who is domiciled or has a registered office in a member state of the European Economic Area.

Existing Notes means our outstanding US$425.0 million aggregate principal amount of 5.250% Senior Notes due 2022 issued on November 10, 2015.

FIBRA means a Mexican real estate investment trust authorized by articles 187 and 188 of the Mexican income tax law (*fideicomiso de inversión en bienes raíces*), known by its Spanish acronym.

Formation Transactions means the series of transactions in which we engaged to consolidate our initial real estate portfolio.

Gross Leasable Area or **GLA** means the total floor area of leasable property within our Properties at period end, excluding car park space and other common space, as measured in square feet.

Indenture is as defined in the "Available Information" section.

Initial Portfolio means the 146 properties contributed to us pursuant to our Formation Transactions, consisting of 132 developed industrial facilities, with a collective GLA of approximately 19.9 million square feet and 14 land reserve parcels.

IPO refers to our initial public offering of 160,000,000 CBFIs in Mexico to the general public on March 19, 2013.

Initial Global Offering refers to our international offering of 180,055,000 CBFIs, together with the IPO, on March 19, 2013.

January 2017 Portfolio means the industrial portfolio acquired from November 2016 to January 2017, comprised of a total of 51 properties located in the Bajio and northern regions.

Leverage Ratio means our total debt divided by the book value of our total assets, as determined at the close of the previous quarter based on the calculation provided under the General Provisions Applicable to Securities Issuers and other Participants of the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y a otros Participantes del Mercado de Valores*) and disclosed as provided by Article 35 Bis 1 (the "Maximum Level of Indebtedness").

LGTOC means the Mexican General Law of Negotiable Instruments and Credit Transactions (*Ley General de Títulos y Operaciones de Crédito*), as amended and/or supplemented from time to time.

Local Property Managers means those local third-party service providers that coordinate the day-to-day operations of the Properties.

LTM means the twelve-month period from April 1, 2018 to March 31, 2019.

Management Subsidiary means our wholly-owned subsidiary *TF Administradora, S. de R.L. de C.V.*, a Mexican *sociedad de responsabilidad limitada de capital variable*.

March 2015 Sales means the sale of a portfolio of land reserves and industrial space located predominantly in the northeast region of Mexico totaling 3.7 million square feet for US$101.0 million in March 2015.

Net Operating Income, or NOI, means, for a given period, the sum of (i) rental revenues excluding accrued income from straight-line rent adjustments, a non-cash item, plus (ii) other operating income, excluding tenant improvement reimbursements, which are included in the AFFO calculation, minus (ii) recurring costs incurred in connection with the operation and maintenance of the Portfolio. NOI is not an IFRS measure. A non-IFRS financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be adjusted in the most comparable IFRS measure. For a reconciliation of non-IFRS measures, please see "Selected Consolidated Financial Data".

NOI Margin means, for a given period, Net Operating Income divided by (i) rental revenues excluding accrued income from straight line rent adjustments as it is a non-cash item, plus (ii) other operating income, excluding tenant improvement reimbursements which are included in the AFFO calculation.

Notes means the Notes as defined on the cover hereto.

PGIM means PGIM, Inc., the global asset management businesses of Prudential Financial, Inc. (NYSE: PRU) with, as of March 31, 2019, approximately US$1.2 trillion in assets under management including public and private fixed income and public equity (fundamental, quantitative and real estate).

PGIM Real Estate means the real estate investment business of PGIM, a global real estate investment manager with US$171.2 billion in combined gross assets under management and administration across its PGIM Real Estate and PGIM Real Estate Finance businesses, as of March 31, 2019.

PGIM Real Estate Latin America means the Latin America business of PGIM Real Estate with approximately US$3.2 billion in gross real estate assets under management (approximately US$1.9 billion net of indebtedness) as of March 31, 2018.

Portfolio means the 298 Properties owned by the Trust, consisting of 287 developed industrial properties with a collective GLA of approximately 41.1 million square feet and 11 land reserve parcels with a Buildable GLA of approximately 5.7 million square feet.

Principal Markets means the Mexican markets of: Ciudad Juarez, Chihuahua, Ramos Arizpe, Cuautitlan Izcalli in the State of Mexico, San Luis Potosi, Queretaro, Guadalajara and Monterrey.

Properties means the properties that make up the Portfolio and whichever additional properties are acquired or developed by the Trust Trustee and form part of the net assets of the Trust.

Prudential means Prudential Financial, Inc. (NYSE: PRU), a financial services provider with approximately US$1.5 trillion of assets under management as of March 31, 2019. Prudential is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

Prumex IV means Prumex IV, a multi-asset real estate fund managed by PGIM Real Estate Latin America.

Real Estate Trust Certificates means all of the real estate trust certificates issued by the Trust Trustee pursuant to the Trust Agreement (whether under the Initial Global Offering or any additional issuance, if applicable) in accordance with the provisions of Articles 61, 62, 63, 64 and 64 Bis 1 of the Mexican Securities Market Law.

Real Estate Assets means, collectively, (a) the CPOs issued by the CPO Trusts, and the interests associated therewith; (b) any trust properties acquired, directly or indirectly, by us; (c) the rights to obtain income from lease agreements entered into in connection with any of our properties; (d) the rights to obtain income from any agreements entered into in connection with any of our properties; and (e) any and all licenses, permits and authorizations that are necessary to own, operate and construct any of our properties.

September 2017 Portfolio means the industrial portfolio acquired in September 2017, comprised of a total of 8 properties located in the northern region of Mexico.

Syndicated Term Loan means the US$350 million syndicated unsecured term loan entered into on October 27, 2017 with Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex ("Banamex"), BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, JPMorgan Chase Bank, N.A, HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Banco Nacional de Comercio Exterior, S.N.C, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Barclays Bank PLC and Morgan Stanley Bank, N.A, as lenders and Banamex as administrative agent.

Transaction Documents refers jointly to the Trust Agreement, the Administration Agreement, the Advisory Agreement, the CBFIs, each underwriting agreement entered into in connection with the issue of CBFIs and all attachments and all such contracts and any other contracts, instruments, documents and deeds relating thereto, as modified, either wholly or partially added or otherwise reformed at any time.

Triple Net Lease means a lease agreement which requires the tenant to pay all operating expenses and non-operating expenses, including but not limited to property taxes, insurance, maintenance, security and other expenses.

Trust Agreement means the irrevocable Trust Agreement No. F/00939 dated January 29, 2013 that we entered into between the Trust Trustee and the Management Subsidiary, as amended and supplemented to the date hereof.

Trust Trustee means CIBANCO, S.A, Institución de Banca Múltiple (formerly The Bank of New York Mellon, S.A., Institución de Banca Múltiple), acting exclusively in its capacity as trustee of the Trust.

Trustee refers to The Bank of New York Mellon as trustee under the Indenture.

SUMMARY

This summary highlights selected information from this offering memorandum and may not contain all the information that is important to you as an intended holder of the Notes. For a more complete description of us, our business and this offering, you should read this entire offering memorandum, including the "Risk Factors," "Management's Discussion and Analyses of Financial Condition and Results of Operation" and the financial information appearing elsewhere in this offering memorandum.

Overview

We are a Mexican real estate investment trust (FIBRA) created on March 19, 2013 and anchored by a high quality and geographically diversified industrial portfolio. As of March 31, 2019, our Portfolio consisted of 298 real estate properties, including 287 developed industrial facilities, with a collective GLA of approximately 41.1 million square feet (making it one of the largest industrial portfolios in Mexico) with a 95.9% occupancy rate. Additionally, we have a total of 294 tenants as of March 31, 2019. The Properties making up our Portfolio consist of attractive, strategically-located warehouses and other light manufacturing properties primarily in markets we believe to have strong underlying fundamentals throughout the central, Bajio and northern regions of Mexico.

As of March 31, 2019, we owned 11 land reserve parcels that we believe can support, in the aggregate, approximately 5.7 million square feet of Buildable GLA, backed by our extensive experience in the origination, development and leasing of industrial properties. In the past, these land reserves have allowed us to meet the expansion requirements of our tenants and capture other build-to-suit opportunities. Our Advisor and our management team collectively have more than 80 years of experience acquiring, managing, developing and divesting real estate industrial assets.

Our Portfolio is well-diversified geographically, by tenant and by industry sector. Our largest tenant represents 3.3% of our Annualized Base Rent and 3.1% of our total GLA and our 10 largest tenants represent 17.8% of our Annualized Base Rent and 17.8% of our total GLA. Additionally, our tenant base is comprised primarily of large, creditworthy multinational corporations. The Properties are located throughout 33 cities in 16 states, primarily in northern and central Mexico and are distinguished by the quality of our tenants. We maintain 62.3% of the Portfolio's GLA in the north, 22.5% in Bajio and 15.2% in central Mexico. Our Portfolio benefits from well-staggered lease expirations.

In addition, we believe the structure of our leases, 96.7% of which provide for fixed rental payments in U.S. Dollars, further contributes to the stability of the cash flow provided by our Portfolio and hedges against adverse fluctuations in the peso-to-dollar exchange rates. In addition, these leases contain contractual annual rental rate increases pegged to U.S. inflation. The average age of our Portfolio is 12 years, providing our tenants with facilities meeting modern specifications. As of March 31, 2019, the developed properties of our Portfolio had an average Annualized Base Rent of US$5.18 per leased square foot.

We are internally managed by highly qualified industry specialists and externally advised by our institutional sponsor, Prudential Financial Inc.'s real estate investment management business: PGIM Real Estate. We have assembled an internal management team with significant real estate experience and an in-depth knowledge of our portfolio and the financial and capital markets, which is complemented by the strategic advisory and portfolio and asset management capabilities of our Advisor. We intend to continue to leverage our Advisor's multi-faceted institutional real estate platform and local expertise, as well as its local and global deep knowledge of the industrial and other real estate sectors. We believe that our Portfolio's fully occupied properties represent a steady and resilient source of cash flow. We also believe that the fragmented industrial real estate sector in Mexico, combined with our access to capital and the scalability of our portfolio, will offer us opportunities to build on our leadership position and capitalize on the significant market opportunities within the Mexican industrial real estate sector.

Our business model consists of: (i) continued delivery of organic growth capitalizing on our and PGIM Real Estate's tenant and industry relationships and our local property management expertise; (ii) executing on disciplined accretive acquisitions by sourcing deals and taking advantage of our long-term relationships and joint venture partnerships; (iii) selectively pursuing development opportunities by leveraging on expansion of existing properties and accessing our current land reserves; and (iv) proactively optimizing our asset portfolio through divestitures of non-strategic assets. See “Summary—Business and Growth Strategy.”

Terrafina has executed a disciplined business strategy, consisting of new developments (mainly expansions and build-to-suits (BTS)) and mergers and acquisitions (M&A) transactions, including divestitures of non-strategic assets. Our M&A transactions, including recent accretive portfolio acquisitions in 2017 and 2018, have provided for substantial operational and financial gains.

As a result of such business strategy, industrial properties increased by 37.3% to reach 287 properties in the first quarter of 2019 as compared to December 31, 2016. Total GLA reached 41.1 million square feet in the first quarter of 2019, a 34.7% increase compared to the first quarter of 2016. As of March 31, 2019, the occupancy rate was 95.9%, a 108 basis points increase compared to December 31, 2016, and LTM EBITDA increased by 44.3% to reach US$170.6 million as of March 31, 2019 compared to December 31, 2016.

Terrafina has maintained a positive track record over the years, including through its IPO in 2013 and the issuance of the Existing Notes on November 10, 2015, with sustained increases in LTM Rental Revenues, LTM NOI, LTM NOI Margin, LTM EBITDA and LTM EBITDA Margin as shown in the table below.

	December 31, 2013	**November 10, 2015(1)**	**March 31, 2019(1)**	**Variation vs. December 31, 2013**	**Variation vs. November 10, 2015**
Net Revenues(2)(3)	75.3	139.2	190.4	152.9%	36.8%
NOI (millions of US$)	69.9	124.9	189.8	171.5%	52.0%
NOI Margin	87.6%	89.7%	92.3%	5.4%	2.9%
EBITDA (millions of US$)	59.2	110.4	170.6	188.2%	54.5%
EBITDA Margin	74.2%	79.3%	83.0%	11.9%	4.7%

(1) Last twelve months figures.
(2) Excludes accrued income from straight-line rent adjustments, as it is a non-cash item.
(3) Excludes tenant improvements reimbursements which are included in other metrics' calculations.

Our Competitive Strengths

Strong and Steady Cash Flows Supported by High Margins: We believe the structure of our leases, 96.7% of which provide for fixed rental payments in U.S. Dollars, further contributes to the stability of the cash flows provided by our tenants’ financial strength and export-driven activity, which hedges against adverse fluctuations in the peso-to-dollar exchange rates. We believe we have a balanced lease expiration schedule. Moreover, our diversified tenant base comprised primarily of large creditworthy multinational corporations reduces single-tenant vacancy risk, which we believe, together with our average historical renewal rates of 85.0%, contributes to a greater predictability of our cash flows. Combined with efficiencies (economies of scale) available to us through PGIM’s platform, we believe these factors have allowed us to achieve the highest operating margins in the FIBRA sector.

Premier Institutional Sponsorship: We expect to continue benefiting from the substantial expertise of our Advisor’s vertically integrated real estate platform, industry relationships, access to capital markets, market intelligence, portfolio management, asset management and execution capabilities. PGIM Real Estate, the real estate investment management business of Prudential Financial, Inc., operates an integrated real estate investment business in the United States, Europe, the Middle East, Asia and Latin America. With a global presence and a team of highly qualified industry specialists, PGIM Real Estate, has been redefining the real estate investing landscape since 1970. Combining insights into macroeconomic trends and global real estate markets with excellence of execution and risk management, PGIM Real Estate’s tenured team offers to its global clients a broad range of real estate equity, debt and securities investment strategies that span the risk-return spectrum and geographies. PGIM is one of the largest real estate investment managers in the world with US$171.2 billion in combined gross assets under management and administration across its PGIM Real Estate and PGIM Real Estate Finance businesses, as of March 31, 2019. PGIM Real Estate Latin America has been investing, managing and operating industrial real estate in Mexico and Latin

America since 2002. As of March 31, 2019 PGIM Real Estate Latin America managed approximately US$3.2 billion in gross real estate assets (approximately US$1.9 billion net of debt). Since 2003, PGIM Real Estate has maintained a team in Mexico City with real estate investment management responsibilities, including the acquisition, development, leasing, financing, divestment and management through Local Property Managers, portfolio and asset management, M&A financing as well as risk management, which has led to a deep knowledge of industrial real estate and robust local market intelligence.

Members of our Advisor's senior management team have proven track records of acquiring, developing, leasing, financing, divesting and managing industrial real estate and have grown its overall industrial portfolio from 1.2 million square feet (as of December 31, 2003) to close to 46.4 million square feet (as of March 31, 2019), thus creating and managing one of the most diversified and one of the largest industrial portfolios in Mexico. Using a disciplined and proactive asset management process, members of our Advisor's senior management team have increased the occupancy of the properties in our Portfolio from approximately 85.9% as of March 31, 2013 to approximately 95.9% as of March 31, 2019.

As an affiliate of PGIM Real Estate, our Advisor has continued access to PGIM's comprehensive due diligence, risk management, underwriting, accounting, cash management, compliance and legal real estate experience, economies of scale, policies and procedures. Additionally, our advisor has access to PGIM`s overall knowledge of industrial assets and markets, expertise in leasing, property management, marketing, acquisitions, development, financing and divesting activities, among others. The continued involvement of PGIM Real Estate through our Advisor will provide business continuity for our Properties and our long-term tenant relationships. We believe that as owners of one of the largest and most diversified industrial portfolios in Mexico, together with our continued relationship with PGIM Real Estate, we have a competitive advantage to capitalize on the opportunities and continue to be a lead player within Mexico's real estate market.

Transparent Governance Structure: We believe our transparent, internally managed and externally advised structure reflects a thoughtful and prudent approach to corporate governance issues which is tailored to the interests of our shareholders while blending PGIM's institutional best practices with Terrafina's independent oversight. In this respect, Terrafina is one of a few FIBRAs in Mexico with a team that is completely internal and fully dedicated, and it was the first FIBRA in Mexico to form a majority-independent board of directors and to have an external institutional advisor under a flexible contract which can be terminated by a simple majority vote of the holders of our CBFIs at any time without cost or penalty. In addition, the Company has not entered into transactions with affiliates or related parties. Our Advisor was formed to present us with strategic and investment recommendations that are in line with the investment guidelines established by our board of directors. In addition, our Advisor is responsible for applying PGIM's institutional model with respect to portfolio, asset and risk management by accessing its global best practices and standing committees. Our Management Subsidiary implements our Advisor's recommendations at its discretion, with the support of the Advisor's resources. Our internal management team, via our Advisor, leverages PGIM's in-house portfolio management, asset and risk management, capital markets, underwriting and operational functions, including accounting, tax and treasury capabilities, thereby bringing economies of scale to Terrafina. This structure provides us with an internal management team that is wholly dedicated to us, aligned with our debt and equity holders and accountable to a majority-independent board of directors, while simultaneously benefiting from PGIM's institutional platform, which, through its size, we believe affords us efficiencies and economies of scale.

Attractive Industrial Properties with Significant Scale: As of March 31, 2019, our Portfolio is the second largest industrial portfolio in Mexico in terms of GLA according to the public earnings reports filed by FIBRAs for the first quarter of 2019. We believe it would be difficult to replicate our Portfolio due to its scale, high-quality composition and strategic locations. As of March 31, 2019, our Portfolio comprised 287 developed industrial facilities with a GLA of approximately 41.1 million square feet and 11 land reserve parcels with approximately 5.7 million square feet of Buildable GLA. Our Portfolio benefits from well-staggered lease expirations. The scale of our Portfolio helps us to achieve revenue diversification, efficiencies that stem from economies of scale and allows our tenants to expand across our locations as their businesses evolve. We have achieved substantial market share in attractive markets, which we believe position us to benefit from the ongoing economic expansion in Mexico.

Attractive Facilities: We believe our focus on well-located, market-competitive industrial properties has positioned us to take advantage of the growth in the demand for modern industrial and logistics facilities in Mexico. We have developed what we believe are high-quality and flexible properties with modern features such as wide column spacing, large floor plates, high ceilings, office space, large depth loading docks and good vehicular access. Our Portfolio is also relatively young with 74.3% of total GLA built between 2005 and 2019, 13.3% between 2000 and 2004, and 12.4% before 2000. We believe that the quality of our properties coupled with our proactive deployment of capital expenditures to preserve and improve the quality of our properties, as well as our scale and geographical diversification distinguishes us from our competitors in Mexico.

Strategic Locations: Since 2003, when PGIM Real Estate launched operations in Mexico, the Properties which comprise our Portfolio have been acquired or developed in more than 33 cities as part of a strategic effort by PGIM Real Estate and, later, Terrafina, to own attractive assets within markets with long-term growth prospects, including favorable demographic and economic trends, robust infrastructure and communication networks, qualified labor and competitive locations for light manufacturing processes, the logistics and trade sectors and distribution warehouses. Our Portfolio, as of March 31, 2019, has a strong presence in the major industrial hubs in Mexico, including Ciudad Juarez, Chihuahua, Ramos Arizpe, Cuautitlan Izcalli in the State of Mexico, San Luis Potosi, Queretaro, Guadalajara and Monterrey. We believe that many of our properties have the potential to achieve rental and occupancy rates equal to or above those typically prevailing in their respective markets due to their desirable locations within their submarkets, as well as our hands-on management approach. We believe that the quality of our Portfolio gives us a competitive advantage to attract and retain tenants in the markets in which we operate.

Diverse Portfolio: Our Properties are located in 33 cities and 16 states, primarily in the central, Bajio and northern regions of Mexico. We believe it would be difficult to replicate our Portfolio due to its diverse composition. Our portfolio has a diversified revenue stream and is geographically balanced by region, which mimics the geographic distribution of Mexico's industrial real estate market. We maintain 62.3% of our Portfolio in the north, 22.5% in the Bajio and 15.2% in the central regions of Mexico. Our tenant base is well diversified across a variety of industries, including automotive, electronic, consumer goods, industrial goods, aerospace and logistics. No single tenant accounts for more than 3.1% of total leased GLA of our Portfolio or more than 3.3% of Annualized Base Rents as of March 31, 2019. Our leased GLA as of March 31, 2019 was split between manufacturing and distribution usage, with 73.2% used by manufacturing tenants, which typically operate under leases with terms of up to ten years, and 26.8% used by distribution and logistics tenants, which typically operate under leases with terms of up to five years.

The following table shows a breakdown of our operational metrics by region and growth since our IPO on March 19, 2013.

As of March 31, 2019	**North**	**Bajio**	**Central**	**Total**	**Coverage Since IPO**
GLA (millions of sq. ft.)	25,608,346	9,273,548	6,252,104	41,133,997	107.0%
Average Annualized Base Rent (US$/sq. ft./year)	5.10	5.24	5.39	5.18	12.60
Occupancy Rate (%)	97.6%	91.8%	94.8%	95.9%	998bps

Experienced and Committed Internal Management Team: Our internal management team has significant experience in all aspects of real estate management, marketing, leasing, acquisition, development and finance. Terrafina's management has experience in risk management and consulting, is responsible for establishing our financial management strategy, ensuring that we maintain an appropriate capital structure and debt resources and monitors the performance of our Advisor with respect to our financial management strategy, including with respect to accounting, treasury, tax payment strategy, capital raising and financing.

Proven Access to Sources of Capital: We believe that the quality of our Portfolio, coupled with our established track record in the industrial real estate space in Mexico, provides us with competitive and consistent access to different sources of capital. From the IPO to date, we have successfully accessed the equity capital markets pursuant to our IPO and the follow-on offerings of CBFIs in September 2014 and July 2017, raising an aggregate of US$1.6 billion, and our global offering of the Existing Notes in 2015, raising US$425.0 million. Additionally, our proactive asset management strategy also provides us with an additional source of capital through the divestiture of non-strategic assets. For example, through the March 2015 Sales we completed the sale of certain of our properties, comprising 3.7 million square feet of land reserves and industrial space located predominantly in the northeast region of Mexico, for US$101.0 million. See "—Proactive Asset Management" for further details. As part of our business strategy, we intend to continue pursuing capital recycling strategies. On the other hand, together with our Advisor, we have developed strong lending relationships with both international and local players, including Citibank N.A, BBVA Bancomer S.A., Banco Nacional de Comercio Exterior, S.N.C., J.P. Morgan Chase & Co. and Metropolitan Life Insurance Company, a New York Corporation, among others. From the IPO to date, we have raised an aggregate of approximately US$2.6 billion of debt. For further discussion of our lending relationships see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Obligations to Lenders."

Solid Performance and Proven Execution: We believe that our performance from the IPO to date has allowed us to deliver strong financial and operational results that demonstrate a commitment to create value, generate new business, access financing and use financial discipline in carrying out our strategies for both inorganic and organic growth. From the IPO in March 2013 to March 2019, we have completed acquisitions valued at more than US$1.35 billion and, as a result, our distributions from operations of the Portfolio have increased 47.7%. Moreover, our historical retention rate of 88.9% has allowed us to maintain our occupation rate, which reached 95.9% as of March 31, 2019, thus contributing to the stability of the Portfolio.

Business Strategy

Opportunity for Growth: We believe our operating structure, knowledge of the key players in the industry and our strategies for establishing joint venture partnerships and synergies provide us with an advantage to implement our growth strategy via highly selective and accretive acquisitions as well as the development and rental of new properties. We believe our successful track record of developing stable partnerships with local developers, as well as our ability to leverage PGIM Real Estate's scalable operating platform, acquisition expertise, differentiate us from our competitors. PGIM Real Estate Latin America currently manages six institutional funds and has significant experience acquiring, developing, financing, divesting and leasing properties across real estate asset types and geographic markets. See " ─Our Institutional Sponsorship." Our Advisor has a long track record and experience in acquiring portfolios and in industrial property development and leasing, which positions us for growth through expansions for existing customers, the development of build-to-suit and/or speculative buildings and acquisitions of real estate from new and repeat sellers in the industrial and other sectors, provided that potential acquisitions meet the criteria of adding value to the portfolio and our investors. From the IPO to March 31, 2019, our GLA increased 107.0%, our number of tenants increased 113.0% and our occupancy rate increased 998 basis points. Since the equity follow-on offering in September 2014, we established two new joint venture investments, which will fuel development growth on our owned land reserves and our partners' land reserves.

Organic Growth: We intend to continue renewing existing tenants and leasing currently vacant space in our Properties to allow us to maximize cash flow. As of March 31, 2019, our retention rate was 91.5%, and our historical average retention rate is 88.9%. We believe that this increases our occupancy rate and in some situations, it also allows us to increase rental rates, which in turn increases our average Annualized Base Rent. As of March 31, 2019, the occupancy rate of our Portfolio was approximately 95.9%, which is in line with our long-term objective for occupancy levels. Furthermore, we believe that the solid fundamentals of the industrial property markets in certain Mexican states, with low vacancy rates ranging from 3% to 5%, according to Jones Lang LaSalle's Mexico Industrial Report for the full year 2018, will also allow us to increase rental rates in certain markets. Our average Annualized Base Rent has grown from US$4.60 per leased square foot to US$5.18 per leased square foot from our IPO to March 31, 2019. On the other hand, we will continue to support the growth of our existing tenant base, and to meet their strategic needs, by providing expansions of existing buildings for current tenants, as well as build-to-suit properties that allow us to obtain attractive yield rates from the development of properties. For example, during the first quarter of 2019, Terrafina signed an approximately 19,433-square foot expansion of an existing 64,376-square foot facility in Ciudad Juarez. With this expansion, we were able to lock in a long-term lease (eight years).

Growth in occupancy: As of March 31, 2019, our Portfolio was approximately 95.9% occupied, leaving approximately 1.7 million square feet available to lease. We intend to increase our portfolio occupancy through our local presence and knowledge of each industrial submarket and our selective deployment of capital in the form of tenant improvements, while continuing to be competitive in respect of amenities, building quality and rental rates. Since our IPO, occupancy rates have increased approximately 998 basis points, from 85.9% to 95.9%, as a result of disciplined and proactive asset management as well as through mergers and acquisitions activity, the acquisition of the American Industries-Kimco Portfolio, the January 2017 Portfolio, the September 2017 Portfolio, December 2017 Portfolio, the April 2018 Portfolio, the March 2015 Sales and the Portfolio's organic growth through the leasing of vacant industrial space.

Contractual rental rate increases: Our leases generally contain contractual annual rental rate increases linked to an inflation index, typically the U.S. Consumer Price Index for U.S. Dollar-denominated leases (which comprise 99.0% of our total contracts), and the Mexican inflation rate for Mexican Peso-denominated leases.

Expansion opportunities driven by existing tenant relationships: We frequently expand existing facilities to accommodate the growing needs of our tenants on adjacent or excess land, which we categorize as "Expansion-Potential Land". We believe our strong tenant relationships and roster provide us with future growth opportunities. Additionally, build-to-suit agreements also allow us to take advantage of attractive opportunities, while adding value through incremental operating cash flow to the Portfolio. For example, during 2019, we completed a build-to-suit industrial building comprising 109,870 square feet for a tenant in Ciudad Juarez with the agreement to increase to 265,030 square feet. This investment secured the tenancy for an eight-year period at a rental rate in line with market average. Currently, we have a pipeline of expansions comprising approximately 760,000 square feet that could serve the needs for additional GLA of 12 different tenants and BTS of approximately 248,000 square feet in Aguascalientes.

Strategic Development of Land Reserve Parcels: Our strategy is to develop buildings to the extent that such development has been requested by customers and secured by a lease. This strategy provides a competitive advantage when seeking to retain and attract both existing and prospective tenants with short- and long-term growth prospects. We currently own parcels of land with an estimated potential of adding 5.7 million square feet of GLA (13.8% of our current GLA), divided among 11 strategically-located land reserve parcels across 6 industrial geographic submarkets. As of March 31, 2019, our Portfolio has land reserves to develop 5.7 million square feet of GLA on Expansion-Potential Land, which could allow us to continue adding value through incremental operating cash flow to the Portfolio.

These reserves provide us with a pipeline of build-to-suit and selective expansion opportunities to primarily support our tenants' growth strategy in the short-, medium- and long-term, while providing us with attractive yields and mitigating the risk from adverse external conditions or potential asset bubbles. We have relied on the combined experience of our Advisor and our management in successfully developing and, most importantly, leasing over 40 million square feet of GLA in the last 17 years.

Historically, since the IPO, we have developed around 2.8 million square feet of GLA in expansions and new developments (both in excess land and land reserves, combined) in order to not only satisfy our current tenants' needs for incremental space but also to captivate potential clients' requirements. This kind of development achieved an average yield on cost of approximately 10.0%-12.0% while supporting tenant business and increasing our cash flow at the same time.

Portfolio Optimization and Capital Recycling Strategies: We have designed a proactive asset management strategy centering on (i) the sale of non-strategic properties from time to time in order to optimize our Portfolio and improve its operating metrics and (ii) strategic investments in capital expenditures. The implementation of this strategy is consistent with our objectives of specializing in key markets in order to increase revenues, improving profitability of the assets and maintaining constant and achieving sustainable growth for us. We believe that this approach distinguishes us from our competitors and allows us to establish long-term relationships with our tenants. As a result of the March 2015 Sales and other past strategic asset sales, we have improved certain operating indicators, such as our occupancy rates, average leasing rents, operating margins and loan-to-value ratio, while generating incremental liquidity for the Company. These sales also lowered the average portfolio age to 12 years and as a result we currently have the youngest industrial portfolio among FIBRAs. Additionally, these transactions generated savings in operating, maintenance, financial and external advisor commission expenses. We are continuously reviewing different potential sales opportunities to optimize the performance of our portfolio. As part of this process, we analyze and evaluate certain assets, including land reserves and vacant properties located in non-strategic markets. Portfolio sales allow us to divest properties with negative or moderate prospects and improve the average quality and age of our Portfolio.

Inorganic Growth - Acquisitions: The real estate industry in Mexico is fragmented, largely consisting of small and medium-sized participants with limited access to capital or exit opportunities, and many of the larger scale portfolios have recently been sold. Only 30% of the industrial facilities in Mexico are owned by institutional investors and the rest is owned among small investors. However, we believe that a robust pipeline of attractive properties may be available. According to the Jones Lang LaSalle "Mexico Industrial Real Estate Outlook" report, as of the fourth quarter of 2018, the total size of the industrial market in Mexico was approximately 74 million square feet. We believe that, given our size, geographic reach and access to diverse sources of capital as a public entity, we have opportunities to act as a consolidator of industrial properties in Mexico. See "Policies with Respect to Certain Activities─Investment Policies."

We plan to utilize our network of industry contacts and brokers, our focus on establishing long-term partnerships and joint ventures, our access to favorable financing conditions, our relationship with previous sellers and our knowledge of the real estate market in Mexico to acquire stabilized properties in core industrial markets.

Our management team and our Advisor are committed to our best practice approach to underwriting and analyzing transactions that fit our investment criteria and generate risk-adjusted returns that we believe are attractive and add value to our net operating income. In each transaction, we intend to continue to utilize our Advisor's best practices, existing relationships, access to financing and expertise and resources to execute a disciplined acquisition strategy.

Our Portfolio

Our Portfolio consists of 287 high-quality industrial properties and 11 land reserve parcels. The properties in our Portfolio are located in 33 cities in 16 states, primarily in the central (representing 15.2% of our collective GLA), Bajio (representing 22.5% of our collective GLA) and northern (representing 62.3% of our collective GLA) regions of Mexico. These geographic zones represent highly industrialized areas with positive demographic trends, including population growth, employment growth, robust infrastructure and extensive communication networks. Within the metropolitan area, the properties are distinguished by their location in well-located industrial parks, on or near airports, railways and highways, including the main trade corridor with North America, and with railway access. The geographic diversification of our Portfolio within Mexico limits our dependency on any given area or regional economy. Given that the northern region of Mexico houses predominantly manufacturing activities and the central region houses mainly distribution activities, geographic diversification also reduces our exposure to any one specific industrial sector. As of March 31, 2019, 26.8% of Properties were used for distribution and logistics activities and 73.2% were used for manufacturing activities. Our Properties must comply with the investment guidelines approved by our board of directors. For more information about these investment guidelines see "Policies with Respect to Certain Activities ─ Investment Policies."

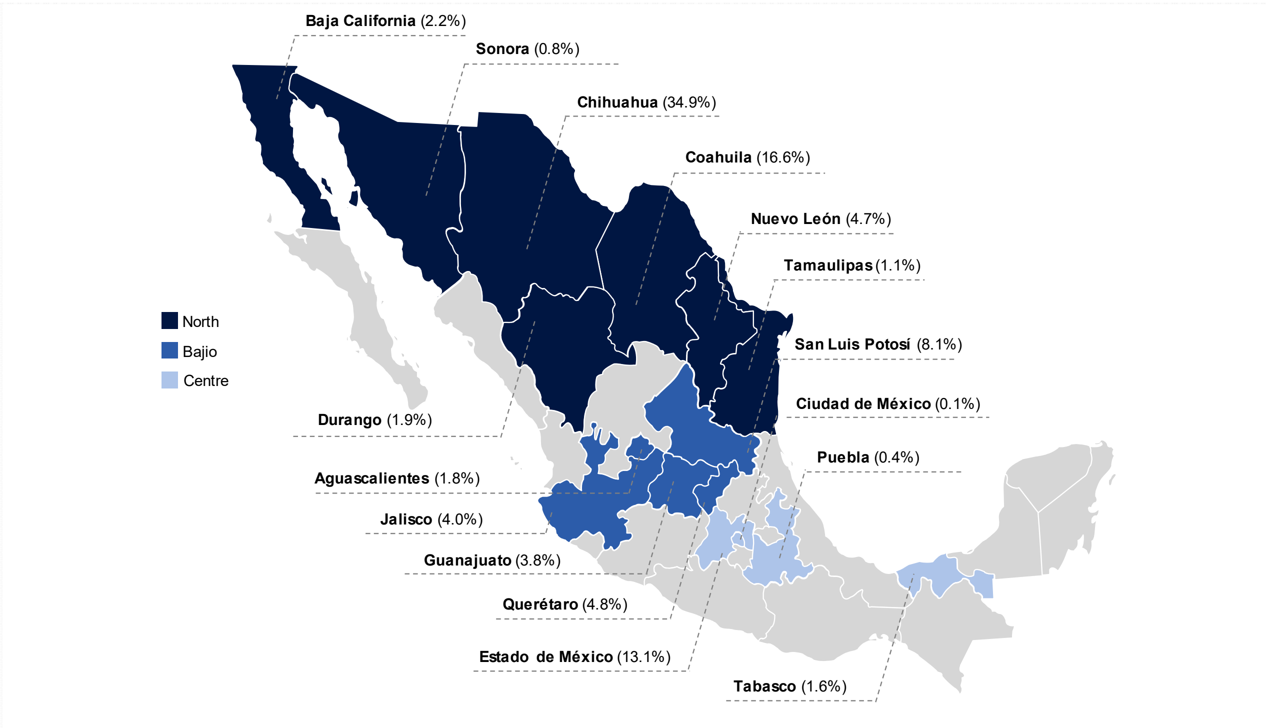
The following table sets forth relevant information relating to the properties that comprised our Portfolio as of March 31, 2019.

Market	Number of Properties	Total GLA (sq. ft.)	Percentage of Portfolio GLA	Occupancy Percentage[1]	Annualized Base Rent (thousands of US$)	Percentage of Annualized Base Rent
Ciudad Juarez......................	63	7,812,666	16.7%	98.9%	36,854,166	18.0%
Chihuahua...........................	52	5,831,156	12.5%	97.9%	31,306,834	15.3%
Ramos Arizpe......................	24	4,541,371	9.7%	95.9%	22,595,296	11.1%
Cuautitlan Izcalli.................	15	4,259,897	9.1%	100.0%	23,958,213	11.7%
San Luis Potosi....................	22	3,321,189	7.1%	89.6%	14,595,665	7.1%
Queretaro.............................	13	1,980,404	4.2%	85.8%	8,517,031	4.2%
Guadalajara..........................	7	1,656,189	3.5%	100.0%	10,936,233	5.4%
Monterrey............................	10	1,444,610	3.1%	94.9%	6,762,604	3.3%
Silao.....................................	6	1,009,584	2.2%	89.5%	4,155,445	2.0%
Tijuana.................................	12	908,461	1.9%	89.8%	3,611,968	1.8%
Toluca..................................	10	904,287	1.9%	89.2%	4,395,009	2.2%
Aguascalientes..................	2	750,084	1.6%	100.0%	3,579,834	1.8%
Durango................................	3	707,023	1.5%	100.0%	3,515,696	1.7%
Villahermosa........................	2	650,761	1.4%	100.0%	2,789,737	1.4%
Saltillo..................................	5	620,465	1.3%	100.0%	3,382,293	1.7%
Delicias................................	3	515,853	1.1%	100.0%	3,112,903	1.5%
Apodaca...............................	6	498,443	1.1%	100.0%	2,810,506	1.4%
Reynosa................................	3	466,627	1.0%	100.0%	2,267,311	1.1%
Irapuato................................	5	440,097	0.9%	93.9%	2,215,504	1.1%
Torreon.................................	2	390,329	0.8%	100.0%	1,678,141	0.8%
Monclova.............................	2	347,532	0.7%	100.0%	1,924,110	0.9%
Hermosillo...........................	3	332,119	0.7%	88.5%	1,343,817	0.7%
Ciudad Acuña....................	1	241,180	0.5%	100.0%	1,502,154	0.7%
Puebla................................	1	184,703	0.4%	100.0%	605,613	0.3%
Other Markets[2]................	15	1,318,965	2.8%	81.4%	5,783,781	2.8%
Subtotal.............................	287	41,133,997	87.9%	95.9%	204,199,866	100.0%
Land reserve parcels.........	11	5,659,376	12.1%	-	-	0.0%
Total..................................	298	46,793,373	100.0%	95.9%	204,199,866	100.0%

(1) Percentage of Total GLA occupied by tenants as of March 31, 2019.
(2) Includes San Pedro de las Colonias, Celaya, Casas Grandes, Gomez Farias, Gomez Palacio, Camargo, Azcapotzalco and Huehuetoca.

For a list of our Properties by region, state and city as of March 31, 2019, please see Annex A.

Additionally, the geographical distribution of our GLA by state as of March 31, 2019 is as follows:



(1) As of March 31, 2019, based on GLA.

Principal Markets

Our Portfolio has a significant presence in the most important industrial hubs in Mexico and is representative of the industrial real estate market in Mexico. The following is a summary of our top markets (ranked by GLA) as of March 31, 2019:

- **Ciudad Juarez (*Northern Region*).** One of the top manufacturing markets in Mexico and the largest industrial real estate market along the United States/Mexico border. Ciudad Juarez shares a border with El Paso, Texas and has become one of the busiest commercial trade and passenger traffic areas in the world since Mexico introduced the maquiladora program in 1964 with further growth after the ratification of the NAFTA in 1994. This market's strengths included an unmatched transportation infrastructure and a highly skilled and productive workforce.

- **Chihuahua (*Northern Region*).** Given its industrial capacity and the maturity of the Mexican aerospace industry, Chihuahua has become one of the most significant industrial centers in Mexico, highlighted by its central role in Mexico's aerospace supply chain. Chihuahua contains more than 30 companies from the aerospace sector, including original equipment manufacturers such as Cessna, Textron, and Honeywell.

- **Ramos Arizpe (*Northern Region*).** A municipality of Saltillo, the capital city of the State of Coahuila, which ranks second in Mexico in terms of amount of international manufacturing exports. The Saltillo/Ramos Arizpe region is a key center for the global automotive industry. This market is located 189 miles south of the United States border with Laredo, Texas and offers a highly trained workforce, existing production infrastructure, access to large demographic markets and an extensive supplier base. Ramos Arizpe has experienced steady growth which we expect will continue for the medium-term.

- **Cuautitlan Izcalli (*Central Region*).** Located approximately 20 miles north of Mexico City and part of the Mexico City Metropolitan Area, one of the largest metropolitan areas in the world, with a population in excess of 20 million people. New industrial development in the region has been driven by the relocation of U.S. manufacturing companies and increased domestic demand for goods and services. The Cuautitlan Izcalli market primarily attracts logistics and distribution companies looking to reduce operating costs.

- **San Luis Potosi (*Bajio Region*).** Strategically located with direct highway access to Mexico City, Monterrey and Guadalajara, San Luis Potosi was able to benefit from the automotive boom that took place during the last 10 years, becoming a key market in the Bajio region. With a General Motors plant and a BMW plant recently opened, San Luis Potosi has experienced a continued arrival of automotive suppliers.

- **Queretaro (*Bajio Region*).** Queretaro is one of Mexico's key transportation hubs, located equidistant from Monterrey, Guadalajara and Mexico City, with convenient access to the international ports of Manzanillo on the Pacific Ocean and Tampico on the Atlantic Ocean. The region's economy currently is experiencing strong growth that we expect to continue due to investment from high-tech corporations, particularly in the aerospace sector.

- **Guadalajara (*Bajio Region*).** The second-largest city in Mexico and one of the ten largest cities in Latin America in terms of GDP. Guadalajara is one of Mexico's most strategic markets, with a highly skilled and capable workforce, strong transportation network and access to suppliers. This market has experienced significant development and investment in shopping malls and thus has become one of the strongest retail hubs in Mexico. Guadalajara continues to be a target for new investment from retail, metal, textile, electronics and software corporations.

- **Monterrey (*Northern Region*).** Located in the northeastern state of Nuevo León, Monterrey and its metropolitan area is the third most populous in Mexico and is also one of the wealthiest. Monterrey has been a key investment location for international corporations, such as Sony, Toyota, Dell, Boeing, and IBM, largely due to the ratification of NAFTA in 1994. These investments have allowed Monterrey to have among the highest per capita income in Mexico, a modern infrastructure and well-educated work force. Monterrey's large industrial production is currently driven by its proximity to the U.S. border and increased domestic demand for goods and services.

- **Silao (Bajío Region).** Silao is in the state of Guanajuato, which ranks 6th in terms of national manufacturing exports. The city is in the center of industrial activity in the Bajio region and is located in the west part of the state with access to good quality roads, an important network of railroads, and an international airport. Industrial space demand in this market follows the automotive industry, logistics, and clothing in a lesser level.

Our Institutional Sponsorship

Prudential, founded in 1875, has been managing assets for more than 140 years and is among the world's largest financial services institutions. Through PGIM Real Estate, Prudential has an established history in the real estate investment business in the United States, Europe, Middle East, Asia and Latin America. With a strong global presence and a team of highly qualified industry specialists, PGIM Real Estate is one of the largest real estate investment managers in the world with US$171.2 billion in combined gross assets under management and administration across its PGIM Real Estate and PGIM Real Estate Finance businesses as of March 31, 2019, and served approximately 600 institutional clients, as of December 31, 2018. PGIM Real Estate complements this global capability through partnerships with leading industrial developers, managers and brokers in the regions in which it does business, not only to benefit from their local experience but also to assist PGIM Real Estate in identifying additional potential investments. In 2003, PGIM Real Estate through its subsidiary PGIM Real Estate

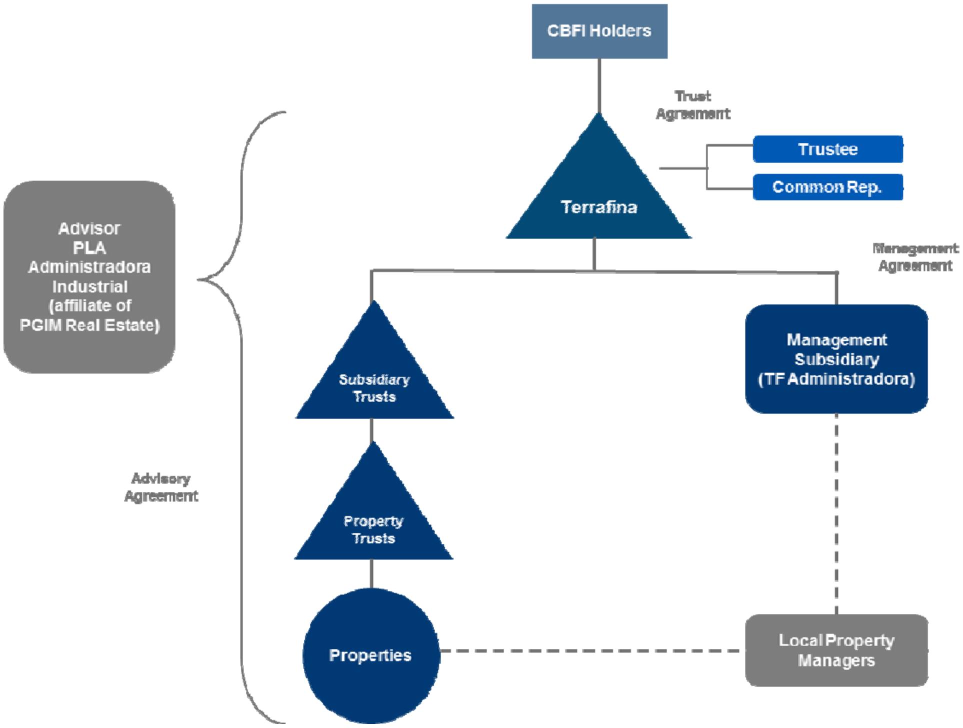
Latin America launched its first industrial and residential real estate fund in Mexico. In 2013, PGIM Real Estate launched Terrafina, the first pure industrial real estate FIBRA in Mexico. By 2017, with the launch of Prumex IV, PGIM Real Estate Latin America's first diversified (multi-asset) public fund, it had raised eleven real estate funds in Mexico, three of which were exclusively dedicated to industrial real estate, two of which were our predecessor entities, and the rest dedicated to multiple real estate investment strategies. PGIM Real Estate Mexico is the only investment manager that has completed the investment cycle for all three real estate asset classes in Mexico: industrial, retail/mixed-use and residential.

PGIM Real Estate Latin America's team of specialists have expertise in institutional real estate investment management, Mexican and international investment banking with a focus on the real estate sector, real estate consulting, financing, acquisition and transaction execution, and the development and management of real estate properties. As of March 31, 2019, PGIM Real Estate Latin America managed approximately US$3.2 billion in gross real estate assets under management (approximately US$1.9 billion net of indebtedness) and manages the largest industrial real estate portfolio in Mexico making it one of the largest investment manager worldwide.

As an affiliate of PGIM Real Estate, our Advisor has access to PGIM Real Estate Latin America's vertically integrated real estate platform, deep industry relationships, market intelligence and execution capabilities and participates in our management and operations. We believe that our relationship with PGIM Real Estate and PGIM Real Estate Latin America provide us with significant advantages in sourcing, evaluating, underwriting, acquiring, financing, developing, leasing and managing properties.

Our Organizational Structure

The following chart shows our organizational structure:



Performance Since IPO

Below is a table comparing key financial and operational metrics at the time of our IPO on March 19, 2013, as of the issuance of our Existing Notes on November 10, 2015 and as of March 31, 2019:

Operating Metrics	As of March 2013 (date of IPO)	As of November 2015[1]	As of March 31, 2019
No. of developed properties	132	196	287
Geographical presence	25 cities	31 cities	33 cities
Number of tenants	138	204	294
Diversification *Top 10*	35.0%	23.6%	17.8%
GLA (million sq. ft)	19.9	28.3	41.1
Occupancy	85.9%[2]	93.5%	95.9%
Average Annualized Base Rent by leased sq. ft (US$)	$4.60[2]	$4.90	$5.18
Market value of investment Properties (millions of Pesos)	12,554.0	26,623.8	45,060.9
Gross income (millions of Pesos)	377.2[2]	560.1	1,036.0
NOI (millions of Pesos)	252.1[2]	501.8	879.8
Adjusted EBITDA (millions of Pesos)[3]	227.7[2]	442.6	786.3
AFFO – millions of Pesos	147.6	286.2	465.3

(1) Figures as of September 30, 2015, unless otherwise indicated.

(2) Prorated figures from March 20 to March 31, 2013 to reflect full quarter.

(3) See definition of Adjusted EBITDA in "Glossary of Terms and Definitions."

Concurrent Tender Offer

We have launched the Tender Offer for the Existing Notes validly tendered and accepted by us on or before the expiration date of the Tender Offer. We intend to use the net proceeds from the sale of the Notes (i) to pay the consideration for the Tender Offer and accrued and unpaid interest on the Existing Notes, (ii) to refinance existing indebtedness and (iii) the remainder, if any, for general corporate purposes. The Tender Offer is not being made pursuant to this offering memorandum. The closing of the Tender Offer is contingent upon the closing of this offering.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the Notes, see "Description of the Notes."

Issuer — CIBANCO, S.A., Institución de Banca Múltiple, Trust F/00939

Notes — 4.962% Senior Notes due 2029, which we refer to as the "Notes."

Principal Amount — US$500,000,000 aggregate principal amount of Notes.

Interest Rate and Interest Payment Dates — Interest on the Notes will accrue at a rate of 4.962% per year. Interest will be paid semi-annually in arrears on January 18 and July 18 of each year, commencing on January 18, 2020.

Issue Price — 100.000% of the principal amount, plus accrued interest, if any, from and including July 18, 2019.

Issue Date — July 18, 2019.

Maturity Date — July 18, 2029.

Ranking — The Notes will be our senior unsecured obligations and will rank:

- equally with each other and all of our other unsecured and unsubordinated indebtedness from time to time outstanding (subject to certain obligations that are preferred by statute or operation of law); and
- senior to all of our existing and future subordinated indebtedness.

The Notes will be effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The Notes will be structurally subordinated to (i) certain direct, unconditional and unsecured general obligations that in case of our insolvency are granted preferential treatment pursuant to Mexican law (including tax and labor claims) and (ii) all existing and future indebtedness and other liabilities of our subsidiaries.

As of March 31, 2019, we had total consolidated indebtedness of Ps. 19,650.4 million (US$1,014.0 million) outstanding (US$165.2 million of which was secured indebtedness). As of March 31, 2019, on an adjusted basis after giving effect to the issuance of the Notes and the application of the proceeds as described under "Use of Proceeds," we would have had total consolidated indebtedness of Ps. 19,866.7 million (US$1,025.2 million), of which US$165.2 million would have been secured. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Long-term Funding Outstanding."

Redemption for Tax Reasons	In the event of certain changes to applicable tax laws, or official interpretations thereof, that would increase the Additional Amounts that we are required to pay on the Notes, we may, subject to certain conditions, redeem in whole, but not in part, the Notes prior to maturity at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest to the date of redemption. See "Description of the Notes—Redemption for Tax Reasons."
Optional Redemption	We may redeem the Notes, in whole or in part, before April 18, 2029 (three (3) months prior to the Maturity Date of the Notes) (the "Par Call Date") at the greater of (i) 100% of their principal amount outstanding and (ii) a make-whole amount described in this offering memorandum, in each case, plus accrued and unpaid interest, if any, up to the date of redemption. At any time on or after the Par Call Date, we may redeem the Notes, in whole or in part, at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest, if any, to but not including the date of redemption. See "Description of the Notes—Optional Redemption."
Change of Control	If we experience a Change of Control Triggering Event (as defined herein), we must offer to repurchase the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. See "Description of the Notes—Repurchase at the Option of Holders Upon a Change of Control Triggering Event."
Events of Default, Notice and Waiver	For a discussion of certain events of default that will permit or require acceleration of the principal of all outstanding Notes and the interest accrued thereon, if any, see "Description of the Notes—Events of Default."
Additional Amounts	If we are required to deduct or withhold Mexican or certain other taxes in respect of any payment on the Notes, we will, subject to certain exceptions described in this offering memorandum, pay additional amounts to holders of notes of such series. See "Description of the Notes—Additional Amounts."
Certain Covenants	The Indenture governing the Notes contains covenants that will, among other things, limit the incurrence of debt by us, and will permit us to consolidate or merge with, or transfer all or substantially all of our assets to, another person only if any such transaction complies with certain requirements. However, these covenants are subject to a number of important exceptions and qualifications. See "Description of the Notes—Certain Covenants."
Use of Proceeds	Our gross proceeds from the issuance of the Notes were US$500.0 million. We intend to use the proceeds from the sale of the Notes (i) to pay the consideration for the Tender Offer and accrued and unpaid interest on the Existing Notes, (ii) to refinance existing indebtedness and (iii) the remainder, if any, for general corporate purposes. The Tender Offer is not being made pursuant to this offering memorandum. The closing of the Tender Offer is contingent upon the closing of this offering. See "Use of Proceeds."
Listing	Application has been made to have the Notes listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market of Euronext Dublin. No assurance can be given that the Notes will be approved for listing on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market of Euronext Dublin.

ERISA Considerations	Sales of the Notes to specified types of employee benefit plans and affiliates are subject to certain conditions. See "Certain ERISA Considerations."
Transfer Restrictions........................	The offering of the Notes is being made in accordance with Rule 144A and Regulation S under the Securities Act. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any U.S. state or other jurisdiction and, accordingly, may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except as set forth in "Transfer Restrictions." As a result of these restrictions, investors are advised to consult legal counsel prior to making any reoffering, resale, pledge or transfer of the Notes. As required under the Mexican Securities Market Law, we will notify the CNBV of the offering of the Notes outside of Mexico. The Notes will not be registered in the National Registry of Securities maintained by the CNBV and may not be offered, or sold publicly or otherwise be subject to brokerage activities in Mexico, except that the Notes may be offered to Mexican qualified and institutional investors, pursuant to the private placement exemptions set forth in Article 8 of the Mexican Securities Market Law.
Indenture...	The Notes will be issued pursuant to an Indenture, to be dated as of July 18, 2019 among The Bank of New York Mellon, as "Trustee," registrar, paying agent and transfer agent, The Bank of New York Mellon SA/NV, as Irish paying agent, and us.
Governing Law	The Indenture, the Notes and related documents will be governed by, and construed in accordance with, the law of the State of New York.
Form and Denomination..................	We will issue the Notes in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and the Notes will, once issued, be initially represented by one or more global notes. The global notes representing the Notes will be deposited with a custodian for DTC and registered in the name of CEDE & Co., as nominee for DTC. DTC will act as depositary.
Securities Identification Numbers...	144A ISIN: US17162LAB71 144A CUSIP: 17162L AB7 Reg S ISIN: USP26054AB59 Reg S CUSIP: P26054 AB5
Taxation...	For a summary of Mexican federal income tax consequences and U.S. federal income tax consequences of an investment in the Notes, see "Taxation."
Trustee, Registrar, Paying Agent and Transfer Agent	The Bank of New York Mellon
Irish Paying Agent............................	The Bank of New York Mellon
Risk Factors	Investing in the Notes involves risks. See "Risk Factors" and the other information in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the Notes.

SUMMARY FINANCIAL DATA

The following tables present a summary of consolidated financial information with respect to Terrafina and other data for the periods indicated. These tables should be read in conjunction with the Consolidated Financial Statements included elsewhere in this offering memorandum and are qualified in their entirety by the information contained therein. See "Presentation of Financial and Certain Other Information."

The statement of financial position and income statement data as of and for the years ended December 31, 2016, 2017 and 2018 and for the three-month periods ended March 31, 2018 and 2019, are derived from our Consolidated Financial Statements included elsewhere in this Offering Memorandum. Our historical results are not necessarily indicative of the results that should be expected in the future, and our unaudited interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

Although we maintain our books and records in our functional currency, the U.S. Dollar, we convert all amounts into Pesos, our reporting currency, in our Consolidated Financial Statements. For our results of operations presented in our functional currency, the U.S. Dollar, and a discussion of said results, see "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our results of operations in U.S. Dollars are also available in our quarterly earnings reports available on our electronic website at http://www.terrafina.mx. Unless otherwise indicated, we have translated U.S. Dollar amounts (our functional currency) into Pesos (our reporting currency) in this offering memorandum, (i) for income and expenses in the statement of income, at the monthly average exchange rates published by *Banco de México* in the Official Gazette for the corresponding period and (ii) for assets and liabilities in the balance sheet, at the exchange rate published by *Banco de México* in the Official Gazette as of the end of March 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016, respectively. Please see "Presentation of Financial and Certain Other Information–Currency Information" and Note 4.C to our Audited Financial Statements for a further discussion regarding currency translations in respect of historical information. Peso amounts in the table below are derived from our Consolidated Financial Statements. U.S. Dollar amounts are derived from our books and records.

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2019		2018	2018		2017	2016
	(unaudited)						
	(in millions of US$)	(in millions of Ps.)		(in millions of US$)	(in millions of Ps.)		
Statement of Income Data:							
Rental revenue	$ 48.2	Ps. 926.2	Ps. 895.3	$ 192.3	Ps. 3,701.2	Ps. 3,188.3	Ps. 2,494.9
Other operating income	5.7	109.9	101.7	15.4	295.6	303.3	208.1
Real estate operating expenses	(12.7)	(244.1)	(199.7)	(34.4)	(666.0)	(576.4)	(556.6)
Fees and other expenses	(5.6)	(107.1)	(90.5)	(21.7)	(420.7)	(414.0)	(329.3)
Realized (loss) unrealized gain from disposal of investment properties	3.0	58.6	(17.8)	(1.1)	(20.7)	(54.9)	56.5
Net (loss) gain from fair value adjustment on investment properties	(2.5)	(47.5)	(562.9)	(37.0)	(682.9)	62.6	(235.9)
Net (loss) gain unrealized from fair value on adjusted borrowings	(9.3)	(179.6)	25.1	5.3	109.7	(589.0)	55.2
Net (loss) gain unrealized from fair value	(1.0)	(18.8)	29.6	1.1	19.2	28.5	-

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2019		2018	2018		2017	2016
	(unaudited)						
	(in millions of US$)	(in millions of Ps.)		(in millions of US$)	(in millions of Ps.)		
adjustment on derivative financial instruments							
Net realized gain (loss) from derivative financial instruments	0.2	3.4	-	0.3	5.6	-	-
Foreign exchange (loss) gain	(0.1)	(2.9)	44.7	0.4	5.4	89.2	(67.8)
Operating (loss) profit	**25.9**	**498.1**	**225.5**	**120.6**	**2,346.4**	**2,037.4**	**1,625.1**
Finance income	0.1	2.4	1.8	0.7	14.3	8.7	5.6
Finance cost	(13.0)	(249.6)	(254.2)	(52.9)	(1,018.3)	(966.3)	(729.2)
Finance cost—net	**(12.9)**	**(247.2)**	**(252.4)**	**(52.2)**	**(1,004.0)**	**(957.6)**	**(723.6)**
Share of profit from equity accounted investments	0.4	8.1	5.6	6.5	129.9	18.8	47.6
Profit (loss) for the period	**$13.4**	**Ps. 259.1**	**Ps. (21.3)**	**$ 74.9**	**Ps. 1,472.3**	**Ps.1,098.7**	**Ps. 949.1**

	As of March 31,		As of December 31,			
	2019		2018		2017	2016
	(unaudited)					
	(in millions of US$)	(in millions of Ps.)	(in millions of US$)	(in millions of Ps.)		
Balance Sheet Data:						
Assets						
Non-current assets						
Investment properties	$ 2,325.2	Ps. 45,060.9	$ 2,331.0	Ps. 45,880.2	Ps. 45,959.6	Ps. 34,719.[illegible]
Investment accounted using equity method)	27.9	540.0	27.8	547.7	433.8	233.5
Derivative financial instruments	1.7	32.3	2.6	52.1	30.0	-
Deferred rents receivable	11.4	220.3	10.4	203.9	167.6	138.6
Other assets	7.1	136.7	0.1	-	-	-
Loan receivable	1.9	36.0	1.9	36.8	38.4	41.5
Restricted cash	1.9	36.0	1.9	36.6	36.7	89.1
Current assets						
Other assets	3.3	64.6	3.0	59.6	25.8	111.3
Loan receivable	0.1	1.3	0.1	1.4	1.2	1.2
Recoverable taxes	7.6	148.1	8.4	165.7	683.5	149.8
Prepaid expenses	0.5	8.8	0.5	10.2	11.8	12.4
Acquisition prepayment	-	-	-	-	-	9.8
Deferred rents receivable	1.3	25.9	1.0	19.6	30.6	34.7
Accounts receivable (Net of allowance for doubtful accounts)	8.0	154.8	7.9	154.8	58.6	43.4
Cash and cash equivalents	69.1	1,342.2	79.1	1,557.7	3,209.0	4,297.1
Total assets	**2,467.0**	**47,807.9**	**2,475.8**	**48,726.4**	**50,686.6**	**39,882.2**
Assets attributable to Investors						
Contributions, net	1,556.1	18,701.2	1,556.1	18,701.2	19,844.1	14,782.9
Retained Earnings	(183.8)	(724.3)	(157.3)	(206.4)	48.1	334.3
Currency translation adjustment	-	8,599.8	-	9,034.6	9,169.4	9,663.3
Own credit risk reserve	45.3	894.4	51.5	1,016.2	-	-
Total net assets (Net Equity)	1,417.6	27,471.1	1,450.3	28,545.6	29,061.6	24,780.5
Liabilities						
Non-current liabilities						
Borrowings						
Cost	$ 986.3	$ 19,114.6	$ 985.4	$ 19,395.8	$ 20,889.6	$ 13,879.9
Tenant deposits	15.0	291.3	15.1	296.7	332.1	198.0
Accounts payables	0.3	5.0	0.1	4.9	4.5	5.4
Current liabilities						
Borrowings	27.7	535.8	7.6	148.7	134.9	774.9
Tenant deposits	4.8	92.8	5.1	100.0	56.7	41.7
Accounts payable	15.3	297.3	12.0	234.6	207.2	201.8
Total liabilities (excluding net assets attributable to the investors)	1,049.4	20,336.8	1,025.5	20,180.7	21,625.0	15,101.7

	As of March 31,		As of December 31,			
Total net assets and liabilities	**$ 2,467.0**	**Ps. 47,807.9**	**$ 2,475.8**	**Ps. 48,726.4**	**Ps. 50,686.6**	**Ps. 39,882.**

	As of March 31,	As of December 31,		
	2019	**2018**	**2017**	**2016**
Figures in millions of Ps.		**(unaudited)**		
Operating Data:				
Number of properties	287	287	284	209
Land reserve parcels	5.66	6.06	6.17	6.4
Total GLA at period end (in millions of square feet)	41.1	41.1	40.6	30.1
Total occupancy rate	95.9%	95.3%	95.5%	94.8%
Average Annualized Base Rent per leased square foot (in US$)	5.18	5.15	5.04	4.88
NOI	879.8	3,653.6	3,151.1	2,459.7
NOI Margin(1)	87.3%	92.3%	92.0%	92.1%
AFFO	465.3	2,132.6	1,798.2	1,390.8
AFFO Margin(2)	46.1%	54.0%	52.4%	52.7%
Adjusted EBITDA Margin(3)	78.0%	83.1%	83.0%	82.5%

(1) Calculated as (i) NOI, divided by (ii) rental revenues excluding accrued income from straight line rent adjustments as it is a non-cash item, plus (iii) other operating income excluding tenant improvement reimbursements which are included in the AFFO calculation.

(2) Calculated as (i) AFFO ,divided by (ii) rental revenues excluding accrued income from straight-line rent adjustments, a non-cash item, plus (iii) other operating income excluding tenant improvement reimbursements, which are included in the AFFO calculation.

(3) Calculated as (i) Adjusted EBITDA, divided by (ii) rental revenues excluding accrued income from straight line rent adjustments as it is a non-cash item, plus (iii) other operating income excluding tenant improvement reimbursements, which are included in the AFFO calculation.

RISK FACTORS

An investment in the Notes involves risks. Before making a decision to buy the Notes you should carefully consider the following risk factors in addition to all other information contained in this offering. Any of the following risks could materially affect our business, prospects, financial condition and results of operations. In such case, you could lose all or part of your investment. The risks described below are those that we currently believe may adversely affect us. There may be additional risks not described below or not presently known to us or that we currently deem immaterial that turn out to be material and may affect our business. Some statements in this offering memorandum, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Forward-Looking Statements."

Risks Related to Our Business and Operations

Our Properties are concentrated in the industrial real estate sector, and our business would be adversely affected by an economic downturn in that sector.

The Properties constituting our Portfolio are exclusively concentrated in the industrial real estate sector. As of March 31, 2019, our Portfolio was comprised of 287 Properties, with a collective GLA of approximately 41.1 million square feet and 11 land reserve parcels representing 5.7 million square feet in Buildable GLA. Reductions in the level of demand for industrial space, decrease in export manufacturing (among other reasons as a result of the effect of the ongoing implementation procedures regarding the USMCA and potential tariffs imposed by the U.S.), decline in the demand for space for logistics and distribution uses, decline of domestic consumption, changes in demographic or population trends, reduction in the relative popularity of the properties or increases in the supply of industrial space may adversely affect our real estate investments in that sector. This concentration may expose us to economic downturns in the industrial real estate sector to a greater extent than if our Portfolio were more diversified across other sectors of the real estate industry.

General economic conditions and other events or occurrences that affect areas in which the Properties are geographically concentrated may impact our financial results.

We are exposed to general economic conditions at the local, regional, national and international level, as well as to other events and occurrences that affect the markets in which the Properties are located. Our operating performance is tied to changes in the export manufacturing and the domestic consumption sectors and is further impacted by the economic conditions of the specific markets in which the Properties are concentrated. Our properties are concentrated primarily in the central, Bajio and northern regions of Mexico. As of March 31, 2019 our properties in Chihuahua, Coahuila and Estado de Mexico, represented 34.8%, 16.6% and 13.1%, respectively, of our total GLA. As a result of the geographic concentration of the Properties in the northern region, we are particularly exposed to potential downturns in the North American economy (including increased unemployment and decreased disposable income) and changes in regulations, tariffs, taxes and real estate market conditions. In addition, any decrease in demand for manufactured exports or domestic consumption could have a material adverse effect on our operating performance. In the event of similar or other adverse economic changes in our top markets or in Mexico, our business (including the availability of materials and the demand for industrial spaces), financial condition, property values, results of operations and cash flow may be materially and adversely affected.

We are dependent on our tenants for substantially all of our income, and our business would be adversely affected if a significant number of our tenants, or any of our major tenants, were unable to meet their lease obligations.

Substantially all of our income is derived from rental income from our Properties. Our income and funds available for distribution would be negatively affected if a significant number of our tenants, or any one of our major tenants, were to delay lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, close their businesses or declare bankruptcy. Any of these actions could result in the termination of the tenants' lease and the loss of rental income attributable to the terminated lease. As of March 31. 2019, our ten largest tenants, by leased area, occupied 17.8% of our leased GLA and represented 17.8% of Annualized Base Rents. To the extent that a significant number of our tenants, or any one of our major tenants, experiences a downturn in its businesses, its financial condition could be weakened and could result in its failure to make timely rental payments or its default under its lease, which could seriously harm our performance.

In addition, in the event that any of our tenants were declared insolvent in an insolvency proceeding (*concurso mercantil*) by a Mexican court pursuant to the Mexican Insolvency Statute (*Ley de Concursos Mercantiles*), the mediator (*conciliador*) overseeing such proceeding may elect to either continue such tenant's lease in accordance with its terms (with the relevant rent payments prioritized over other payments due to other creditors of such tenant) or terminate such tenant's lease. In either case, a declaration of insolvency affecting any of our tenants could impair or impede our ability to collect past-due and future rent payments, and may significantly delay the repossession of the leased property, impairing our ability to re-lease such property. While we may decide to initiate litigation or proceedings against tenants who have defaulted on their lease obligations in order to protect our investment and re-lease our property, we cannot guarantee that we will regain possession of the property in a timely fashion or be successful in recovering any amounts in such proceedings, including our costs and expenses of initiating such litigation.

Additionally, under the laws of the various jurisdictions in which our Properties are located, if one of our tenants is unable to utilize its property as a result of an act of God or force majeure, such tenant would have the right either to a partial reduction of its rent or to cease paying rent entirely, depending on the extent of the impairment, for the period for which the impairment exists. If an impairment were to continue for a prolonged period of time, the relevant tenant would have the right to terminate its lease agreement without penalty. Although we carry risk and business-interruption insurance with respect to all of the Properties, our income and funds available for distribution may be negatively affected if a significant number of our lease agreements ceased to generate rent payments as a result of acts of God or force majeure.

Earnings derived from lease agreements on our properties are dependent on various factors.

Leasing revenues are dependent on increases in the value of the real estate properties and expenses associated with such properties. If our properties fail to generate sufficient revenue to cover our operating costs, our results of operations may be adversely affected. The factors that could adversely affect earnings associated with rental income from our properties include, among others: (i) the characteristics and location of our properties; (ii) excess supply of space; (iii) lower demand for our properties; (iv) competition with respect to the sales prices or rental rates of our properties; (v) economic condition of the tenants on our properties; (vi) quality and price of services associated with our properties, including administration, amenities provided, management and maintenance; (vii) increased operation and maintenance costs of our properties; (viii) cyclicality of real estate investments; (ix) uninsured losses or losses not covered under existing insurance policies on our properties (including as a result of acts of God or force majeure); (x) defects in our properties; (xi) expropriation of properties and other government or regulatory action affecting our properties or tenants; and (xii) force majeure.

Our existing financing arrangements contain, and our future financing arrangements may contain, debt service obligations, restrictive covenants and change of control provisions relating to our operations, which may affect our operating policies, status as a FIBRA and our ability to incur additional debt.

The current financing arrangements related to the Properties, which we assumed in connection with the Formation Transactions, in addition to any new financing arrangements related to our Portfolio and the acquisition of the American Industries-Kimco Portfolio, the January 2017 Portfolio, the September 2017 Portfolio, the December 2017 Portfolio and the April 2018 Portfolio include or may include credit facilities and property-level debt, including mortgages and other collateral arrangements. As a result of our existing or future financing arrangements, we may be required to dedicate a substantial portion of our cash flow from operations to make the required payments of principal and interest, thereby reducing funds available for operations and capital expenditures, future business opportunities (including the acquisition of additional properties) or other purposes. Our existing and new financing arrangements bear or may bear interest at a variable rate. In the event interest rates increase, our debt service obligations would also increase, which could reduce the amounts available for our operations, future business opportunities, or other purposes.

We are also subject to the restrictive covenants of any financing arrangements, which may affect our distribution and operating policies and our ability to incur additional debt without the consent of the respective lenders. In addition, our existing credit facilities require, and our future credit facilities may require, us to maintain specified financial ratios, including with respect to debt service coverage, cash flow coverage, and leverage and distribution coverage and meet certain tests such as a minimum net tangible asset requirement. The failure to meet any of these covenants, including financial coverage ratios, could cause an event of default under or accelerate some or all of the existing indebtedness related to the Properties, which could have a material adverse effect on us. For instance, under our Existing Notes, if we experience a change of control triggering event, a mandatory redemption event will be deemed to have occurred and we would need to redeem our notes. For further discussion of our credit facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Obligations to Lenders."

Restrictions on leverage and debt service coverage ratio as promulgated by certain amendments to the Issuers Circular could have a material adverse effect on our ability to incur additional indebtedness.

On June 24, 2014 certain amendments to the General Provisions Applicable to Securities Issuers and other Participants of the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y a otros Participantes del Mercado de Valores* or "Issuers Circular") went into effect. Among other requirements, these amendments require that we comply with new limits on leverage and coverage ratio of debt service applicable to FIBRAs. The leverage limit restricts liabilities to no more than 50% of the book value of our assets. The minimum debt service coverage ratio was set at 1.0 to 1.0. As of March 31, 2019, our Leverage Ratio was 41.1% and our debt service coverage ratio was 3.6 to 1.0, in compliance with the regulation.

We intend to continue to meet the leverage limit by not assuming liabilities that represent more than 50% of the book value of our assets and to meet the debt service coverage ratio set forth in the Issuers Circular. However, such requirements of the Issuers Circular could prevent us from incurring additional debt, which could restrict our operating flexibility and our ability to expand our business through acquisitions or otherwise finance our operations. In addition, a reduction in the market value of our Portfolio, due to impairment charges or a decreased valuation of the fair value of our Properties, could lead us to exceed the leverage limit applicable to FIBRAs.

If maximum leverage and/or the maximum debt service coverage ratio is exceeded (i) we shall not incur additional liabilities until the liabilities that we assumed conform to leverage limits and/or debt service coverage limits, except with respect to refinancing activities undertaken in order to extend the maturity date of existing debt, and only to the extent that our board of directors documents the situation, it being understood that the result of such refinancing may not cause an increase in our indebtedness recorded before such refinancing; and (ii) the Management Subsidiary must submit a detailed report to the Holders Meeting of any breach of the leverage or debt service coverage ratio as well as a corrective plan that establishes measures to be taken to meet those requirements, it being understood that the plan requires the approval of a majority of the independent members of the board of directors, which must be granted no later than 20 business days following our disclosure of our breach to the investing public.

Significant competition may decrease or prevent increases in the Properties' occupancy and rental rates and may reduce our investment opportunities.

We compete with a number of owners, developers, FIBRAs and operators of industrial real estate in Mexico, many of which own properties similar to the Properties in the same markets in which our Properties are located. Our competitors may be able or willing to accept more risk than we can prudently manage. In the future, competition from these competitors and other entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. Further, depending on available resources, our competitors may have more flexibility than we do in their ability to offer rental concessions to attract tenants. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer substantial rent abatements, tenant improvements, early termination rights or tenant-favorable renewal options in order to retain tenants when our tenants' leases expire. In that case, our business, financial condition, results of operations and cash flow may be materially and adversely affected.

If we are unable to renew the existing leases or lease vacant space with respect to the Properties, or we are unable to lease the Properties at or above existing rental rates, our rental revenue may be adversely affected.

The Properties were approximately 95.9% occupied in terms of GLA as of March 31, 2019. As of March 31, 2019, leases representing 14.3% of the total leased GLA of our Properties were scheduled to expire during 2019. We cannot assure you that all such leases will be renewed or that our Portfolio will be re-leased at rental rates equal to or above our existing rental rates or that substantial rent abatements, tenant improvements, early termination rights or tenant-favorable renewal options will not need to be offered to attract new tenants or retain existing tenants. There can be no assurance that we will be able to lease the unoccupied or undeveloped space at our Properties on favorable terms or at all. To the extent that our properties, or portions of our properties, remain vacant for extended periods of time, we may receive reduced or no revenue from such properties, which may adversely affect our business, financial condition and results of operations. In addition, the resale value of a given property could be diminished because the market value of a particular property depends principally upon the value of the lease of such property.

A delay in our ability to repossess a property may adversely impact our revenues and results of operations.

If a tenant is delinquent in rent payments and refuses to vacate the property, we will be required to commence an eviction process against the tenant. In Mexico, there are no self-help remedies available to a landlord and a landlord may only repossess the leased premises after obtaining a final and non-appealable judgment from a competent court. Depending on the defenses asserted and appeals filed by the tenant, the length of the eviction process varies state by state within Mexico and may extend over several months to over a year. Other factors such as labor strikes may also limit or significantly delay our ability to repossess a particular property. Our failure to timely repossess a significant number of our Properties could result in an adverse impact on our revenues and results of operations as a result of our inability to lease the relevant Properties to new tenants.

Our properties may be subject to governmental expropriation.

In Mexico, the government has the authority to expropriate properties or assets if there are justified public benefit reasons. Under applicable laws, the government is required to indemnify the owner of the property subject to expropriation. However, the indemnification amount is not clearly specified in applicable law, may be lower than the market value of the expropriated property and the payment of the amount payable as indemnification may be paid after a significant time period has elapsed. If any of our properties becomes subject to expropriation, the investment we would have made in such property may be partially or completely lost, which could adversely affect our results of operations and our financial condition.

Delays in the constructions of new buildings or tenant improvements on our properties may have an adverse effect on our financial condition and results of operations.

Delays in the construction of new buildings or tenant improvements in our existing buildings could adversely affect our results of operations and financial condition. If we experience delays in the delivery of the construction works and design and engineering services for our new buildings or tenant improvements for our existing buildings or if our contractors fail to comply with their obligations under their respective agreements, we will not be able to start receiving rental payments until completion of the construction of new buildings or tenant improvements on our existing properties. Furthermore, this may impact our business as it could be viewed as affecting our service levels. Therefore, our results of operations and financial condition may be materially adversely affected.

We may rely on external sources of capital to fund future capital needs, and if we encounter difficulty in obtaining such capital, we may not be able to make future acquisitions necessary to grow our business, complete development or redevelopment projects, meet any maturing obligations or invest in capital expenditures.

In order to qualify as a FIBRA under Articles 187 and 188 of the Mexican Income Tax Law, we will be required, among other things, to distribute each year to holders of our CBFIs at least 95% of the tax result of the immediately preceding fiscal year. In accordance with the Mexican Income Tax Law, our tax result for a given year is calculated as taxable income for such year reduced by applicable deductions authorized under Mexican Income Tax Law. Because of this distribution requirement, we do not expect to be able to fund, from cash retained from operations, future capital needs, including capital needed to make acquisitions, complete development or redevelopment projects and satisfy or refinance maturing obligations. In addition, our retained funds from operations may be insufficient to cover the costs associated with investing in capital expenditures necessary for the proper functioning and operation of our properties, or to cure any deficiencies in the makeup of the buildings. In addition, we do not anticipate that we will maintain any permanent working capital reserves. Accordingly, we may rely on external sources of capital, including debt and equity financing, to fund future capital needs. The interest rates and general terms and conditions available for financings in Mexico are often not competitive with those of countries such as the United States. In addition, a global economic slowdown could result in a capital environment characterized by limited financing availability, increasing costs and significant volatility. If we are unable to obtain needed capital on satisfactory terms or at all, we may not be able to make the investments needed to expand our business, complete development or redevelopment projects, make capital expenditures and improvements, or meet our obligations and commitments as they mature. Our access to capital will depend upon a number of factors over which we have little or no control, including general market conditions, the market's perception of our current and potential future earnings and cash distributions and the market price of our CBFIs. We may not be in a position to take advantage of attractive investment opportunities for growth if we are unable to access the capital markets on a timely basis on favorable terms.

We may be exposed to risks associated with development of our Properties, which could cause our results of operations, cash flows and financial condition to be adversely affected.

In connection with our development strategy, we intend to develop and construct improvements on undeveloped land. In any such projects, we may be subject to the following risks, among others:

- the risk of cost overruns or untimely completion making the project less profitable than originally estimated or not profitable at all (including as a result of contract default, the effects of local weather conditions, the possibility of local or national strikes and the possibility of shortages in materials, building supplies, utilities or energy and fuel for equipment);
- the risk that we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;
- the risk that the builder may fail to construct the project in accordance with plans, specifications or periodic progress payments and advances, which may result in legal action by us;
- the risk that development projects in which we have invested may be abandoned and the related investment will be impaired;
- the risk that we may not be able to obtain, or obtain on advantageous terms, permanent financing for development projects or activities that we have financed through construction loans;
- the risk that occupancy levels and the rents that can be charged for a completed project will not be met, making the project unprofitable; and
- in respect of our long-term strategy, the risk that we may not be able to obtain additional land on which to develop at competitive prices or locations.
- The risk that a contractor will not perform under a development contract.
- The risk that, due to weather conditions, any development may require additional time to be completed.
- The risk that a national or regional strike could interrupt the development of our Properties and delay rental payments from such Properties.

Moreover, substantial renovation and development activities, regardless of their ultimate success, typically require a significant amount of management's time and attention which may divert their attention from our other operations.

Funds managed by affiliates of our Advisor may pursue business strategies similar to our own and may compete with us for investment opportunities in the future.

We do not benefit from an exclusivity commitment from PGIM Real Estate Latin America or its affiliates, and PGIM Real Estate and its affiliates may offer investment opportunities to other real estate investment vehicles that they manage. In the event that an investment opportunity is appropriate for two or more PGIM Real Estate Latin America affiliates, the opportunity must be presented to the PGIM Real Estate Latin America allocation committee for its review. See "Certain Relationships and Related Transactions—Conflicts of Interest."

Furthermore, PGIM Real Estate Latin America and its affiliates have in the past and may grant exclusivity commitments, which are common to opportunistic/development funds like Prumex IV, to other investment vehicles in the future. In the event PGIM Real Estate Latin America or its affiliates grant another industrial vehicle exclusivity or other preferential arrangements to our detriment, our remedy may be to terminate the relationship with our Advisor by simple majority vote of the holders of our CBFIs, without cost or penalty. See "Certain Relationships and Related Transactions—Conflicts of Interest," "Management—Our Advisor—Removal of Advisor; Termination."

Our ability to maintain our growth rate depends on the experience of our management team and on our success in hiring and retaining qualified personnel.

Our management team has extensive operating experience and in-depth knowledge of the industry. We rely on our management team to originate opportunities, define strategies and determine the course of and manage our operations. We believe that the work of this team is critical to our success. There has been rising demand in recent years for personnel with experience in our type of operations. The sustained growth of our operations will depend on our ability to attract and retain qualified personnel, including engineers, executives and workers who have the requisite experience. As we continue to expand, our success will be largely dependent upon our ability to attract and retain qualified personnel in all areas of business. There is intense competition to attract individuals of this type and we may have difficulty hiring and retaining them, which could restrict our ability to properly perform our current and future projects. In particular, our senior executives have considerable industry experience and knowledge. The loss of any of these individuals or our inability to attract and retain a sufficient number of other qualified personnel or our availability to timely replace such personnel could adversely affect our ability to implement our business strategy.

Our success also depends on our continuous ability to identify, hire, train and retain qualified sales, marketing, research, administration and other personnel. Competition for such qualified personnel is intense. Our business activities may be adversely affected if we are unable to attract the necessary personnel.

Our future growth strategy may partially depend upon future acquisitions of property, and these acquisitions may not perform as we expect. Additionally, there can be no assurances as to the speed at which we can execute and complete such investments or divestitures.

Substantially all of our acquisition strategy depends on our ability to find and negotiate contracts of sale with third parties. Such third parties may or may not agree to terms and conditions that would be acceptable to us, so our investment capacity could be affected adversely.

We do not have a definitive schedule for our investments and/or divestitures; however, our long-term growth strategy includes the disciplined acquisition of properties as opportunities arise. Our ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following risks:

- our cost estimates for bringing an acquired property up to market standards may prove inaccurate;

- we may acquire properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;

- we may acquire properties for which we have to obtain financing in order to consummate the transactions, and the terms of such financing may not be satisfactory in relation to market conditions at the time;

- we may need to spend more than budgeted amounts to develop properties or to make necessary improvements or renovations to acquired properties;

- we may be unable to acquire desired properties because of competition from other real estate investors that may have greater financial resources than us (which may increase the purchase price of a desired property), including other real estate operating companies and investment funds, particularly in markets where we do not currently operate;

- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations;

- we may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms;

- we may acquire properties that are subject to undisclosed significant liabilities, which may affect the future yields of our investments;

- agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and we may spend significant time and money on potential acquisitions that we do not consummate;

- we may enter new markets in which we initially may not possess the same level of familiarity with the dynamics and market conditions as our current markets;

- we may not be able to identify properties and/or land reserve parcels that meet our investment objectives or that we will be successful in acquiring;

- we may not be able to attract and retain qualified personnel, including engineers, executives and workers who have the requisite experience; and

- we may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

- The risk that a tenant will not perform under a contract.

- The risk that due to weather conditions, any property may require additional repairs in order to be usable.

- The risk that a national or regional strike could interrupt the operations of our tenants and consequently delay rental payments from such Properties.

If we cannot complete property acquisitions on favorable terms, or operate acquired properties to meet our goals or expectations, our business, financial condition, results of operations and cash flow and our ability to satisfy any future debt service obligations could be materially and adversely affected.

Investments in other real estate asset types or other markets may expose us to new risks or be less profitable than anticipated and may materially and adversely affect our business, financial condition and results of operations.

The Properties constituting our Portfolio are concentrated in the industrial real estate sector in the central, Bajio and northern regions of Mexico. While we believe the industrial real estate sector in Mexico provides us with a long-term opportunity, our Trust Agreement allows us the flexibility to, in the future, selectively invest in other real estate asset types, such as commercial, multi-family, mixed-use and office properties. Such investments may expose us to risks to which we have not historically been exposed, including in respect of our competition, insurance and regulatory regimes and tenant base and behavior. While we expect to draw on the expertise and resources of our Advisor's experienced management team, investing in real estate asset types and geographic markets that are new to us may also involve certain execution risk. In particular, as we explore new asset types, we may be required to make considerable expenditures before we achieve any scale in such asset type or geographic market and/or generate any significant associated revenues. Our ability to gain entry into additional asset types or geographic markets is dependent upon a number of factors, including our ability to locate and secure prime locations and strategic partners, the level of existing and future competition in areas where new properties are to be located, the availability of additional capital, our ability to execute our management concepts successfully in new markets and favorable financial market and macroeconomic conditions in Mexico. We work to mitigate such risks through our relationships with PGIM Real Estate, due diligence and research and relationships with experienced third-party partners; however, there can be no guarantee that all or most of such risk will be eliminated. As a result, there can be no assurance that the new real estate asset types or geographic markets we pursue will provide returns that are sufficient to make our expanded operations profitable. Expansion of our real estate investment strategy may also strain our existing management and other resources. In light of these factors, we cannot assure you that we will be able to successfully invest in other real estate asset types or geographic markets, and our failure to do so could harm our business and results of operations.

We may not be able to identify all material defects or other deficiencies related to the Properties and therefore may be subject to unknown liabilities that could affect the value and profitability of these properties.

As part of our operations, we intend to make acquisitions, which may be subject to unknown liabilities. Although we undertake due diligence investigations which we believe to be reasonable, we cannot assure you that our reviews, surveys or inspections (or the relevant third-party review, survey or inspection reports on which we have relied) would have revealed any or all defects or deficiencies that can affect the Properties in which we may have interests or which we manage, including to the title thereof and existing environmental contamination or hazardous substances thereon considering, in particular, that public registries in Mexico often do not maintain accurate records. Unknown defects or deficiencies might include title defects, title disputes, liens, servitudes, easements or other encumbrances. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other third parties, tax liabilities, employment-related issues, and accrued but unpaid expenses whether incurred in the ordinary course of business or otherwise. If the magnitude of such unknown defects, deficiencies and liabilities is high, either singly or in the aggregate, they could adversely affect our business, financial condition, results of operations and cash flow. Furthermore, it is possible that in the future we may acquire properties with debt obligations and may need to pay the properties' debt, incur new loans to service the debt or refinance the debt attached to such properties. We may not have the necessary resources to meet the obligations of such debts and we may be unable to repay the debt attached to such properties, which may have a material adverse effect on us.

We may be subject to confiscation of our assets pursuant to the Mexican law.

Pursuant to article 22 of the Mexican Constitution, certain types of criminal conduct by our tenants in any of our properties may cause the authorities to seek to confiscate our property in accordance with the *Ley Federal de Extinción de Dominio* (Mexican Federal Forfeiture Law). This risk exists, even if the related criminal proceedings have not finalized and any ultimate criminal liability has not been ascertained, as long as it is determined that the specified criminal conduct in fact occurred.

Our assets may be subject to impairment charges, which would have an adverse effect on our results of operations.

We periodically evaluate our real estate investments and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based on factors such as market conditions, tenant performance and legal structure. For example, the early termination of a lease by a tenant may lead to an impairment charge. We do not expect any material impairment this year; however if we determine that an impairment has occurred, we would be required to make an adjustment to the net carrying value of the asset, which could have a material adverse effect on our results of operations in the period in which the impairment charge is recorded.

If we decide to dispose of properties to third parties, we may not be successful.

Real estate investments are relatively illiquid and difficult to sell quickly, particularly in Mexico where there are a limited amount of market participants. This lack of liquidity may limit our ability to react promptly to changes in economic or other conditions. A property that incurs a vacancy, by the continued default of a tenant under its lease or the expiration of one of our leases or otherwise, may be difficult to dispose of and/or re-lease. Furthermore, the resale value of a property could be diminished because the market value of a particular property will depend principally upon the value of the leases of such property. We may also acquire properties through contracts that could restrict our ability to dispose of the property for a period of time. These “lockout” provisions could affect our ability to turn our investments into cash and could affect our cash flow. We are also subject to certain negative covenants of the financing arrangements related to the Properties, which restrict our ability to dispose of assets without the consent of the relevant lenders. In addition, our ability to sell properties on advantageous terms is affected by competition from other owners of properties that are trying to dispose of their properties, market conditions, including the capitalization rates applicable to our properties, and other factors beyond our control. The third parties who might acquire our Properties may need to have access to debt and equity capital, in the private and public markets, in order to acquire such Properties from us. Should the third parties have limited or no access to capital on favorable terms, then dispositions could be delayed resulting in adverse effects on our liquidity, results of operations, cash flow and debt covenant ratios.

In addition, we are subject to limitations on our ability to dispose of properties because we are a FIBRA. In order to qualify as a FIBRA, we are subject to various requirements, including the requirement that we may not sell any real estate that is developed or acquired by us for a period of at least four years following the completion of the development or acquisition, as applicable, in order to retain the tax benefits attributable to that property. If we were to sell a property during this period, we would be subject to significant adverse tax consequences, which may make a sale of the property less desirable. These restrictions and rights could impede our ability to sell properties and to raise cash quickly, or at opportune times.

The cost of refinancing our debt and obtaining future financing may increase.

In the past, we have been able to obtain financing on terms considered attractive to us. We cannot assure you that we will be able to raise financing from the past sources on terms similar to our existing financing, or at all. The recent movements in the financial markets can, among other things, reduce the availability of credit and increase the cost of obtaining lease or debt financing. If the cost of such financing increases or we are unable to obtain such financing, we may be forced to incur higher-than-anticipated financing costs, which could have an adverse impact on our business and financial condition.

If we were to incur uninsured or uninsurable losses, or losses in excess of our insurance coverage, we would be required to pay for such losses, which could adversely affect our financial condition and our cash flow.

We carry comprehensive insurance, including property, casualty and business interruption insurance for all of our Properties. We do not carry insurance for certain losses that are or may be either uninsurable or not economically insurable locally, however, such as losses due to acts of war. Likewise, while many of the Properties have historically carried title insurance, after being transferred to us, such properties could be exposed to claims with respect to defects in title. Should an uninsured loss occur, we could lose both our investment in and anticipated profits and cash flow from a property. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. In addition, the lack of this insurance could constitute a default under the Existing Notes or our other debt agreements. In addition, we may reduce or discontinue certain coverage or other insurance conditions on some or all of our Properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. In addition, if any one of our insurance carriers were to become insolvent, we would be forced to replace the existing insurance coverage with another suitable carrier at potentially unfavorable rates, and any outstanding claims would be at risk for collection. If we were to incur uninsured or uninsurable losses, or losses in excess of our current coverage, our business, financial condition, results of operations and cash flow may be materially and adversely affected.

We may not be able to control our operating costs or our expenses may remain constant or increase, even if our revenue does not increase, causing our results of operations to be adversely affected.

Factors that may adversely affect our ability to control operating costs include the need to pay for insurance and other operating costs, including electricity and real estate assessments and other taxes, which could increase over time, the need periodically to repair, renovate and re-lease space, the cost of compliance with governmental regulation, including zoning, environmental and tax laws, the potential for liability under applicable laws, labor costs and the need to hire additional personnel. While the property is occupied, expenses related to insurance, security and maintenance are generally passed on to the tenant. We must pay these expenses with respect to vacant properties, however. As a result, the expense of owning and operating a property is not necessarily reduced when market factors cause a reduction in income from the property. In addition, other costs associated with real estate investments, such as real estate taxes and loan payments, generally will not be reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease.

Furthermore, periods of economic slowdown or recession, such as the global economic downturn suffered in the last decade, rising interest rates or declining demand for real estate, rising global trade tensions, or the public perception that any of these events may occur, could result in the unavailability of financing or a general decline in rents or an increased incidence of defaults under existing leases. If our operating costs increase as a result of any of the foregoing factors, our results of operations may be materially and adversely affected.

We may be required to make significant capital expenditures to improve the Properties in order to retain and attract tenants, which could have a material adverse effect on our results of operations, financial condition and cash flow.

We may, upon expiration of leases at the Properties, be required to make rent or other concessions to tenants, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases, which would have a material adverse effect on our results of operations, financial condition and cash flow.

Our operations are subject to extensive environmental and safety laws and regulations and we may incur costs that have a material adverse effect on our financial condition as a result of any liabilities under or potential violations of environmental and safety laws and regulations.

Our operations are subject to Mexican federal and state laws and regulations relating to the protection of the environment. Under these environmental laws, the Mexican government has established public policy instruments to protect the environment by promulgating rules concerning areas such as ecological planning, environmental risk and impact assessment, air pollution, natural protected areas, flora and fauna protection, conservation and rational use of natural resources, and soil pollution, among others. Mexican federal authorities, such as the Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*), the Federal Attorney General's Office for the Protection of the Environment (*Procuraduría Federal de Protección al Ambiente*), the National Water Commission (*Comisión Nacional del Agua*) and Mexican state and municipal governments, have the power to bring civil, administrative and criminal proceedings against companies that breach the applicable environmental laws and may halt a non-complying development.

We anticipate that the regulation of our business operations under Mexican federal, state and local environmental laws and regulations will increase and become more stringent over time and may be influenced by international agreements. The Federal Law of Environmental Liability (*Ley Federal de Responsabilidad Ambiental*) which became effective in July 2013 establishes a judicial process for interested parties to claim the reparation of environmental damages as a result of illegal actions by any individual entity or its employees and officers, which may significantly increase our liability for environmental damages in Mexico as it expanded liability for environmental damages or breaches of applicable environmental laws. In addition, due to the lack of judicial precedent in the interpretation and implementation of this law, we cannot predict the outcome of any actions under the new law, including the extent of any liability we may face. We cannot predict the effect, if any, that the adoption of additional or more stringent environmental laws and regulations would have on our results of operations, cash flows, capital expenditure requirements or financial condition.

Mexico is also a party to many international agreements regarding environmental protection. Such international agreements, upon ratification by the Senate (*Cámara de Senadores*), become a part of Mexican law. Under the North American Agreement on Environmental Cooperation ("NAAEC"), a side agreement to NAFTA, or if ratified by the member States, its successor side agreement under the USMCA, the Environmental Cooperation Agreement, each member State, including Mexico, must ensure that its environmental laws and regulations are duly enforced. While NAAEC does not empower any of the environmental agencies of the three NAFTA partners to enforce the environmental laws of another party, if a NAFTA partner fails to enforce its domestic environmental laws, it may be subject to the dispute mechanism created within the NAAEC, which may lead to monetary penalties, and in some cases, to the suspension of NAFTA benefits, the result of which could materially adversely affect our business, financial condition, results of operations and cash flows. As mentioned before, as it is difficult to predict the scope and effect of new environmental laws and regulations derived from international agreements, we cannot predict the effect, if any, that the adoption of additional of such environmental laws and regulations would have on our results of operations, cash flows, capital expenditure requirements or financial condition.

While we have recourse to our tenants under our lease agreements for environmental damages caused by such tenant's operations and we maintain insurance against certain of these environmental risks in an amount we believe is consistent with amounts customarily obtained in accordance with industry norms, we cannot assure you that such tenants will fully reimburse losses or remedy environmental damages, that our insurance will be sufficient to cover damages suffered by us or that insurance coverage will always be available for these possible damages. Furthermore, such insurance typically excludes coverage for fines and penalties that may be levied for non-compliance with environmental laws and regulations. In addition, such insurance may not cover us for all environmental liabilities existing prior to our acquisition of the relevant properties.

We anticipate that the regulation of our business operations under Mexican federal, state and local environmental laws and regulations will increase and become more stringent over time. We cannot predict the effect, if any, that the adoption of additional or more stringent environmental laws and regulations would have on our results of operations, cash flows, capital expenditure requirements or financial condition.

Compliance with the laws, regulations and covenants that are applicable to the Properties may adversely affect our ability to make future acquisitions, developments or renovations, result in significant costs or delays and adversely affect our growth strategy.

The Properties are subject to various covenants and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict the use of the Properties and may require us to obtain approval from local authorities or private community organizations at any time with respect to the Properties, including prior to acquiring or developing such properties or when developing or undertaking renovations of any of the Properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. Often, these restrictions are not readily ascertainable and are frequently modified. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions, developments or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our growth strategy may be materially and adversely affected by our ability to obtain permits, licenses and zoning approvals. Our failure to obtain such permits, licenses and zoning approvals could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to litigation from time to time.

In the ordinary course of our business, we may be subject to litigation from time to time. We may also be exposed to litigation resulting from the activities of our tenants or their customers or in connection with our property acquisition, disposition and development activities. Moreover, we may be exposed to class action lawsuits in Mexico, the rules for which are not fully developed in practice. The outcome of any such proceedings may materially adversely affect us and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of our Management Subsidiary's, our Advisor's and our senior management's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. The acquisition, ownership and disposition of real property will expose us to certain litigation risks which could result in losses, some of which may be material. Litigation may be commenced with respect to a property we have acquired in relation to activities that took place prior to our acquisition of such property. The commencement of any such litigation, or an adverse result in any litigation that may be pending from time to time, could have a material adverse effect on our business, results of operations and financial condition.

We are increasingly dependent on information technology and our systems and infrastructure, as well as those provided by third-party service providers, face certain risks, including cyber-security risks.

We increasingly rely on a variety of information technology and on automated operating systems to manage and support our operations. The proper functioning of this technology and these systems is critical to the efficient operation and management of our business. Our systems and technologies may require modifications or upgrades as a result of technological changes, growth in our business and to enhance our business security. These changes may be costly and disruptive to our operations, and could impose substantial demands on our systems and increase system outage time. Our systems and technology, as well as those provided by our third-party service providers may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access and cyber-attacks. To try to minimize such risks, we safeguard our systems and electronic information through a set of cyber-security controls, processes and a proactive monitoring service to attend to potential breaches. In addition, we also have disaster recovery plans in case of incidents that could cause major disruptions to our business. However, these measures may not be sufficient, and our systems have in the past been subject to certain minor intrusions. As of March 31, 2019, we have not detected, and our third-party service providers have not informed us of, any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information, or any unlawful processing of personal data, could affect our compliance with data privacy laws and make us subject to regulatory action, including substantial fines and private litigation with potentially large costs, and could damage our relationship with our employees, customers and suppliers, which could have a material adverse impact on our business, financial condition, liquidity and results of operations. In addition, any significant disruption to our systems could have a material adverse effect on our business, financial condition, liquidity and results of operations, and could also harm our reputation.

As a result of our registration with the RNV, we are subject to financial reporting obligations and other requirements for which our financial and accounting systems, procedures and controls may not be adequately prepared.

As a Mexican trust with securities registered with the RNV, we incur significant legal, accounting and other expenses, including costs associated with public entity reporting requirements and corporate governance requirements, including requirements under the Mexican Securities Market Law, BMV Internal Rules (*Reglamento Interior de la BMV*) and the Issuers Circular. We continually develop and enhance an integrated accounting platform for the assets that comprise our estate. If we fail to implement proper overall business controls, our results of operations could be harmed or we could fail to meet our reporting obligations. In addition, if we identify significant deficiencies or material weaknesses in our internal control over financial reporting that we cannot remediate in a timely manner, or if we are unable to receive an unqualified opinion from our independent public accounting firm with respect to our internal control over financial reporting, we could become subject to delisting from the Mexican Stock Exchange, an investigation by the CNBV and civil or criminal sanctions. Deficiencies, including any material weaknesses, in our internal control over financial reporting that may occur in the future could result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet reporting obligations and cause holders of the Notes to lose confidence in our reported financial information or otherwise materially adversely affect our business, reputation, results of operations, financial condition, or liquidity.

We may incur losses on our U.S. Dollar-denominated leases due to fluctuations in the exchange rate.

As of March 31, 2019, our leases denominated in U.S. Dollars represented approximately 96.7% of our Annualized Base Rents. We may not be able to receive payments of amounts owed to us by our obligors in U.S. Dollars because, under the Mexican Monetary Law (*Ley Monetaria de los Estados Unidos Mexicanos*), obligations to make payments to any Mexican or foreign companies or individuals in Mexico in a foreign currency, whether by agreement or upon enforcement of a judgment, may be discharged in Pesos at the exchange rate for Pesos prevailing at the time and place of payment or judgment as determined by the *Banco de México* and published in the Official Gazette on the date of the payment. Accordingly, pursuant to the Mexican Monetary Law, we may be forced to accept payments for U.S. Dollar-denominated obligations in Pesos and we may not be able to convert such Pesos into U.S. Dollars at the same exchange rate used for converting such U.S. Dollars into Pesos.

Risks Related to Our Organization and Structure

We are dependent on the services provided by our Advisor, and we may not find a suitable replacement if our Advisor becomes unavailable to us.

Under our Advisory Agreement, our Advisor participates in our management and operation. In addition, other than the Chief Executive Officer and Chief Financial Officer of our business and our small team of three employees, who are employed by our Management Subsidiary, we rely on our Advisor to supply key personnel. We believe that our success depends, to a significant extent, upon the efforts, experience, diligence, skills and network contacts of the officers, key personnel provided to us by our Advisor under the Advisory Agreement. We can offer no assurance that our Advisor will continue to be our Advisor, or that we will continue to have access to its services and expertise. Our Advisor may terminate the Advisory Agreement at any time with six-months prior notice and at any moment and immediately, by means of prior written notification to the Trust Trustee, in the case of an Early Termination Event (as defined therein). If the Advisory Agreement is terminated and no suitable replacement advisor is found, we would not be able to duplicate the quality and experience in providing investment management services, and we would not be able to execute our business plan. Pursuant to the terms of the Advisory Agreement, our Advisor may be removed if (i) it or its employees engage in acts of gross negligence, willful misconduct, bad faith or fraud in the performance of its services, (ii) it is found insolvent or bankrupt by a court of competent jurisdiction, (iii) it, without the approval of a Holders Meeting, ceases to be *PLA Administradora Industrial, S. de R.L. de C. V.* or any other affiliate or subsidiary of PGIM Real Estate Latin America or (iv) without cause by vote of at least 51% of the holders of our CBFIs. Furthermore, our early termination of the Advisory Agreement with our Advisor for reasons other than for cause may be difficult and costly to us. See "Management—Our Advisor." Likewise, under certain credit agreements, the removal of the Advisor or replacement by a party other than *PLA Administradora Industrial, S. de R.L. de C.V.* could be considered a breach. In the event our Advisor is unable or decides to no longer continue to provide services to us, our cost of obtaining substitute services may be greater than the fees we currently pay to them, and as a result our earnings and cash flow may decline.

We rely on Local Property Managers to provide certain services.

Our Local Property Managers are third-party service providers that coordinate the day-to-day operations of the Properties. Historically, we have depended upon these Local Property Managers to manage the Properties and conduct operating and administrative functions, including identifying and leasing properties as well as clerical duties, such as collections. At times, functions such as maintenance, landscaping, plumbing and electrical services are also outsourced or performed directly by the Local Property Manager. We can offer no assurance that our Local Property Managers will continue to serve as our Local Property Managers, or that we will continue to benefit from their personnel or local relationships. We may terminate or opt not to renew our contracts with our Local Property Managers. We anticipate being able to replace Local Property Managers or reallocate the services to existing Local Property Managers. If no suitable replacements are found, however, we may not be able to locate, lease or service our tenants in a manner consistent with past practice, which may have an adverse effect on our business, financial condition or results of operation. See “Business and Properties.”

Members of our Advisor’s team, the board of directors and certain officers may have outside business interests and investments, which could potentially result in conflicts of interests or take their time and attention away from us, which could result in adverse consequences to us and the holders of the Notes.

Our Advisor, certain non-independent members of our board of directors and certain officers of our business may have outside business interests, including ownership or management responsibilities related to certain properties and entities. See “Certain Relationships and Related Transactions.” The presence of outside business interests may present a conflict in that they could interfere with the ability of such persons to deliver objective investment advice or devote time and attention to our business and affairs and, as a result, our business could be harmed. We cannot assure you that such conflict will be eliminated or limited in a satisfactory manner, or that our policies and procedures will be adequate to address all of the conflicts that may arise, which could result in adverse consequences to us and the holders of the Notes.

Our Advisory Agreement was not negotiated at arm’s length and, consequently, its terms may not be as favorable to us as it would have been if they had been negotiated between unrelated parties.

Our Advisory Agreement was negotiated between related parties and its terms, including fees payable to our Advisor, the provisions relating to termination as well as other provisions may not be as favorable to us as if it had been negotiated at arm’s length between unrelated parties.

Risks Related to the Notes and this Offering

Payments on the Notes will be effectively junior to any of our secured indebtedness and structurally junior to debt obligations of our subsidiaries.

The Notes will constitute our senior unsecured obligations and will rank equal in right of payment with all of our other existing and future senior unsecured indebtedness, other than obligations preferred by statute (such as tax and labor claims). Although the holders of the Notes will have a direct, but unsecured claim on our assets and property, payment on the Notes will be subordinated in right of payment to any of our existing or future secured debt, to the extent of the assets securing such debt. Although the indenture governing the Notes will contain a financial ratio limiting the incurrence of secured debt, the secured debt that we may incur in compliance with that covenant could be substantial. Payment by us in respect of the Notes will also be structurally subordinated to the payment of secured and unsecured debt of our subsidiaries.

As of March 31, 2019, Terrafina’s total debt was Ps.19,650.4 million or US$1,014.0 million, all of which was denominated in U.S. Dollars and US$165.2 million of which was secured indebtedness. The average rate of the long-term debt was 5.12% for the first quarter of 2019. Following the issuance of the Notes and the application of proceeds therefrom as described in “Use of Proceeds” we will have Ps. 19,866.7 million or US$1,025.2 million of indebtedness outstanding, including US$165.2 million of secured indebtedness. We will also have capacity under our committed Unsecured Revolving Facility up to US$222.9 million (subject to our compliance with financial covenants and ratios).

If we become insolvent or are liquidated, or we become subject to bankruptcy proceedings (*concurso mercantil*), or if payment under any secured debt is accelerated, any secured lenders would be entitled to exercise the remedies available to a secured lender. Accordingly, any proceeds upon a realization of the applicable collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the Notes. After such application of the proceeds from collateral, it is possible that there would be no assets remaining from which claims of the holders of the Notes could be satisfied.

In addition, under Mexican law, our obligations under the Notes are subordinated to certain statutory preferences, including certain labor claims, claims of secured creditors up to the value of their respective collateral, litigation costs and expenses and costs and expenses for the maintenance and sale of collateral, fees and expenses of the mediator (*conciliador*), receiver (*síndico*) and visitor (*visitador*), social security quotas, Workers’

Housing Fund (*Instituto para el Fondo Nacional de la Vivienda para los Trabajadores*) quotas and Retirement Fund (*Sistema de Ahorro para el Retiro*) quotas. In the event of our liquidation, such statutory preferences will have preference over any other claims, including claims by any holder of the Notes.

Further, if any assets remain after payment to these lenders, the remaining assets would be available to creditors preferred by statute, such as holders of tax and labor claims, and might be insufficient to satisfy the claims of the holders of the Notes and holders of other unsecured debt including trade creditors that rank equal to holders of the Notes.

Our obligations under the Notes would be converted into Pesos in the event of bankruptcy.

Under Mexico's Law on Mercantile Reorganization (*Ley de Concursos Mercantiles*), if we are declared bankrupt, or in *concurso mercantil*, our obligations under the Notes will, (i) be converted into Pesos and then from Pesos into inflation-adjusted units (*unidades de inversion,* known as UDIs), (ii) be satisfied at the time claims of all our creditors are satisfied, (iii) be subject to the outcome of, and priorities recognized in, the relevant proceedings, (iv) cease to accrue interest from the date *the concurso mercantil* is declared, (v) not be adjusted to take into account any depreciation of the Peso against the U.S. Dollar occurring after such declaration, and (vi) be subject to certain statutory preferences, including tax, social security and labor claims, and claims of secured creditors (up to the value of the collateral provided to such creditors).

The Notes are subject to transfer restrictions.

The Notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. As a result, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions" for a full explanation of such restrictions.

An active trading market for the Notes may not develop.

Currently there is no market for the Notes. Application has been made to have the Notes listed on the Official List of Euronext Dublin and for trading on the Global Exchange Market. Even if the Notes become listed on this exchange, we may delist the Notes. A trading market for the Notes may not develop, or if a market for the Notes were to develop, the Notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The initial purchasers are not under any obligation to make a market with respect to the Notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the Notes. If an active market for the Notes does not develop or is interrupted, the market price and liquidity of the Notes may be adversely affected.

Payments claimed in Mexico on the Notes, pursuant to a judgment or otherwise, would be required to be made in Pesos.

In the event that proceedings are brought against us in Mexico, either to enforce a judgment or as a result of an original action brought before Mexican Courts, or if payment is otherwise claimed from us in Mexico, we would not be required to discharge those obligations in a currency other than Mexican currency. Under the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*) an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican currency, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined by Banco de México and published every banking day in the Official Gazette. As a result, you may suffer a U.S. Dollar shortfall if you obtain a judgment or a distribution in Mexico. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall.

We may not be able to make payments in U.S. Dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Pesos to foreign currencies, including U.S. Dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. Dollars to meet our U.S. Dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. We cannot predict the impact of any such measures on the Mexican economy.

We cannot assure you that the credit ratings for the Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes.

We may be unable to purchase the Notes upon a change of control triggering event, which would result in a default under the Indenture.

If we undergo a Change of Control Triggering Event (as defined herein), we may need to refinance large amounts of our debt, including the Notes and the Existing Notes. Under the Indenture, if a Change of Control Triggering Event occurs, we must offer to buy back the Notes at a price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest. A similar provision is included in the indenture of the Existing Notes. We may not have sufficient funds available to us to make any required repurchases of the Notes and the Existing Notes upon a Change of Control Triggering Event or restrictions in our other financing arrangements may not allow such repurchase. If we fail to repurchase the Notes or the Existing Notes in those circumstances, we will be in default under the Indenture and the indenture governing the Existing Notes, as applicable, which may, in turn, trigger cross-default provisions in our other debt instruments. For further discussion of the cross-default provisions under our existing debt instruments, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Obligations to Lenders."

Risks Related to Mexico

Adverse economic conditions in Mexico may adversely affect our financial performance.

We are a trust created in Mexico, all of our assets and operations are located in Mexico and our business is affected by the performance of the Mexican economy. Mexico has historically experienced uneven periods of economic growth. Mexican gross domestic product, or GDP, increased 1.4% in 2013, 2.3% in 2014, 2.7% in 2015, 2.3% in 2016, 2.0% in 2017, and 2.0% in 2018. According to Mexican government forecasts, Mexican GDP growth fell short of forecasts in 2018 and is expected to increase 1.1% to 2.1% in 2019. We cannot assure you that these estimates and forecasts will prove to be accurate. Any future economic downturn, including downturns in the United States, Europe, Asia or anywhere else in the world, could affect our financial condition and results of operations.

Moreover, in the past, Mexico has experienced prolonged periods of economic crisis, caused by internal and external factors over which we have no control. Those periods have been characterized by exchange rate instability, high inflation, high domestic interest rates, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. Decreases in the growth rate of the local economy where our properties are located, periods of negative growth and/or increases in inflation or interest rates may result in lower demand for our properties. Because a large percentage of our costs and expenses are fixed, we may not be able to reduce costs and expenses upon the occurrence of any of these events, and our profit margins may suffer as a result. We cannot assure you that economic conditions in Mexico will not worsen, or that those conditions will not have an adverse effect on our financial condition and results of operations.

Political, social and other developments in Mexico could affect our business.

The last Mexican presidential elections took place in July 2018. Andrés Manuel López Obrador, a member of the MORENA party, was elected President of Mexico and later took office on December 1, 2018. The new President's term will expire on September 30, 2024. Additionally, Mexican congressional elections took place in July 2018, resulting in MORENA's coalition obtaining an absolute majority in both chambers of the Mexican Congress. Mexico's next federal legislative elections will be in July 2021.

The Mexican president and Congress have a strong influence over new policies and governmental actions regarding the Mexican economy, and the new administration could implement substantial changes in law, policy and regulations in Mexico, including reforms to the Constitution, which could negatively affect our business, financial condition, results of operations and prospects. In response to those actions, opponents of the administration could react with, among other things, riots, protests and looting that could negatively affect our operations.

In addition, Mexican governmental actions concerning the economy could have a significant impact on private sector entities in general and us in particular, as well as on market conditions and prices of, and returns on, Mexican securities. In particular, Mexican authorities have the ability to expropriate assets under certain circumstances. Though there remains an obligation to indemnify the owner of expropriated assets, such indemnification is often lower than the market value of the expropriated assets. If any trust assets or any of the Properties were expropriated, there is a possibility that we would lose all or part of our investment in such property, which could adversely affect our ability to comply with the obligations under the Notes.

Moreover, Mexico has experienced increased levels of violence related to combating drug trafficking and organized crime in certain cities central to the transportation of drugs into the United States. This increase in violence has resulted in a deterioration of the business environment in certain cities in which we operate, which has affected the occupancy of industrial facilities therein. If the violence continues or develops in such cities or other cities in Mexico in which we operate, we could experience a negative impact on our financial condition and results of operations. Corruption and links between criminal organizations and authorities also create conditions that affect our business operations; extortion and other acts of intimidation are latent risks in the aforementioned cities. The mitigation of such issues is subject to the level of action and decision of federal and local government.

Furthermore, we are also exposed to natural disasters (such as earthquakes, hurricanes, floods and other unpredictable events), adverse climate conditions or negative conditions produced by third parties (such as strikes, suspension of labor, demonstrations, acts of violence and terrorism) in the Mexican states in which we operate.

The Mexican government has exerted and continues to exert a significant influence on the Mexican economy.

The Mexican federal government has exerted and continues to exert significant influence over the Mexican economy. Consequently, the actions and policies of the Mexican federal government in respect of the economy, non-state and state-controlled companies and financial institutions funded or influenced by the government, can have a significant impact on the private sector, generally, and on our business, specifically, as well as on market conditions, prices and returns on Mexican securities. The Mexican federal government occasionally makes significant changes to policies and regulations, and may do so in the future. Actions to control inflation and other policies and regulations have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluation, capital controls and limits on imports. In particular, the tax legislation in Mexico is subject to continuous change, and we cannot assure you that the Mexican government will maintain current social, economic or any other type of existing policies, or whether policy changes will have a material adverse effect on our financial performance.

In the past, Mexico had, and may in the future have, high real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities averaged 4.2% in 2016, 6.7% in 2017 and 7.7% for 2018. High interest rates in Mexico could increase our financing costs and thereby impair our financial condition, results of operations and cash flow.

Mexico has experienced fluctuating levels of inflation. The annual rate of inflation, as measured by changes in the Mexican National Consumer Price Index, or NCPI, was 3.4% in 2016, 6.8% in 2017, 4.8% in 2018 and is projected to be 3.8% in 2019. An adverse change in the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States. High inflation rates can adversely affect our business and results of operations.

Changes in taxes and other fiscal assessments may adversely affect us.

The Mexican government regularly enacts reforms to tax and other assessment regimes to which we and our clients are subject. Such reforms include changes in the rate of assessments and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from the enactment of additional tax reforms cannot be quantified and there can be no assurance that these reforms, once implemented, will not have an adverse effect upon our business. Furthermore, such changes may produce uncertainty in the financial system, increasing the cost of borrowing and contributing to the increase in our non-performing loan portfolio.

Fluctuations in the value of the Peso against the U.S. Dollar, as well as the reinstatement of exchange controls and restrictions, could adversely affect results of operations and financial condition.

Our results of operations are dependent on economic conditions in Mexico, including fluctuating currency rates. Fluctuations in currency rates may adversely affect our ability to acquire assets denominated in other currencies and may also adversely affect the performance of the investments in such assets. *Banco de México* may from time to time participate in the foreign exchange market to minimize volatility and support an orderly market. *Banco de México* and the Mexican government have also promoted market-based mechanisms for stabilizing foreign exchange rates and providing liquidity to the exchange market, such as using over-the-counter derivatives contracts and publicly-traded futures contracts on the Chicago Mercantile Exchange. However, in the past, the Peso has been subject to significant fluctuations against the U.S. Dollar and may be subject to such fluctuations in the future. Since the second half of 2008, the value of the Peso per U.S. Dollar has fluctuated significantly. From December 31, 2014 to December 31, 2015, the Peso depreciated by approximately 16.6%, from Ps.14.75 per US$1.00 on December 31, 2014, to Ps.17.20 per US$1.00 on December 31, 2015. From December 31, 2015 to December 31, 2016, the Peso depreciated by approximately 19.9%, from Ps.17.20 per US$1.00 on December 31, 2015, to Ps.20.62 per US$1.00 on December 31, 2016. From December 31, 2016 to December 31, 2017, the Peso appreciated by approximately 4.5%, from Ps. 20.6640 per US$1.00 on December 31, 2016 to Ps. 19.7354 per US$1.00 on December 31, 2017. From December 31, 2017 to December 31, 2018, the Peso appreciated by approximately 0.3%, from Ps. 19.7354 per US$1.00 on December 31, 2017 to Ps. 19.6829 per US$1.00 on December 31, 2018. Since the beginning of 2019, the Peso slightly recovered reaching Ps. 19.3794 per US$1.00 on March 31, 2019. Because assets may be purchased with and income may be payable in Pesos, the value of these assets measured in our functional currency, the U.S. Dollar, may be affected favorably or unfavorably by changes in currency rates, costs of conversion and exchange control regulations. As a result, our reported earnings, which are expressed in Pesos, are subject to fluctuations in the value of the Peso relative to the U.S. Dollar.

Severe devaluation or depreciation of the Peso may also result in disruption of the international foreign exchange markets. This may limit our ability to transfer or to convert Pesos into U.S. Dollars and other currencies or to make timely payments of interest and principal on the Notes, the Existing Notes and any additional U.S. Dollar-denominated debt that is outstanding or we may incur in the future. This may also have an adverse effect on our financial position, results of operations and cash flows in future periods by, for example, increasing in Peso terms the amount of our foreign currency-denominated liabilities and the rate of default among our borrowers. While the Mexican federal government does not currently restrict, and for many years has not restricted, the ability of Mexican or foreign persons or entities to convert Pesos into U.S. Dollars or other currencies, it has done so in the past and could reinstate exchange controls in the future. Future fluctuations in exchange rates and the effect of any exchange control measures adopted by the Mexican government on the Mexican economy cannot be predicted.

The decisions and public announcements of the government administration in the United States have had, and may continue to have, an adverse effect on the value of the Peso against other currencies, particularly the U.S.

Dollar. The decision by the U.S. Federal Reserve to increase applicable interest rates for bank reserves could also affect the exchange rate of the Peso relative to the U.S. Dollar.

Developments and the perception of risk in other countries, especially in Europe, China, the United States and emerging market countries, may materially affect the Mexican economy and our financial performance.

The Mexican economy, the social and political situation in Mexico, our financial condition and results of operations and the market value of securities of Mexican companies or vehicles such as our trust may be, to varying degrees, affected by economic and market conditions in other countries, including the United States, China and other Latin American and emerging market countries. Investors' reactions to developments in any of these other countries may have an adverse effect on the market value or trading price of securities of Mexican issuers. Crises in the United States, Europe, China or emerging market countries may reduce investor interest in securities issued by Mexican companies, including those issued by us.

Recent turmoil in other large economies, such as those in Europe, China and the United States, could have the effect of a downturn in the global economy, such as the recession in 2008. Our operations, including the demand for our products or services, and the price of our securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere.

Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in other countries may have an adverse effect on the market value of securities of Mexican issuers or of Mexican assets.

In recent years economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of NAFTA and increased economic activity between the two countries. Adverse economic conditions in the United States or other related events could have a significant adverse effect on the Mexican economy, which could adversely affect our business. On November 30, 2018, the United States, Mexico and Canada signed the USMCA, which is the result of the renegotiation of NAFTA. The USMCA is intended to supersede NAFTA, but has not yet been ratified by all signatories and is therefore not in full force and effect. A failure to ratify the USMCA has the potential to erode Mexico's access to the United States' domestic market and could negatively affect investment, development, growth and confidence in Mexico, as well as foreign exchange rates. If such events occurred, they could adversely impact our business and operations. Any action taken by the current U.S. or Mexico administrations, including changes to NAFTA or the USMCA, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade, or declines in foreign direct investment in Mexico. In addition, increased or perceptions of increased economic protectionism in the United States and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business and our results of operations.

We cannot assure you that events in other emerging market or developed countries will not materially and/or adversely affect our business, financial condition, results of operations, cash flows, prospects and the market price of our securities. Uncertainty in global markets stemming from the June 2016 referendum resulting in the United Kingdom's decision to leave the European Union ("Brexit") may have a significant impact on macroeconomic conditions in the United Kingdom, the European Union and the rest of the world. As a result, Brexit may adversely affect political regulatory, economic and market conditions and contribute to the instability of global political institutions, regulatory agencies and financial markets, negatively impacting our business, results of operations and financial condition.

Other risks that could negatively affect Mexico include the inflation rate not decelerating towards the Central Bank of Mexico's target range, continued decline in oil production in Mexico, manufacturing production not reacting positively to a global manufacturing boost, a contraction of the construction or manufacturing industry and larger than expected domestic demand deceleration for products in our industry.

The U.S. administration has also raised the possibility of taking various forms of action in the area of trade, tariffs, immigration and taxation that could affect Mexico. U.S. immigration policies could also affect trade and other relations between Mexico and the U.S. and have other consequences for Mexican Government policies. These factors could have an impact on Mexico's GDP growth, the exchange rate between the U.S. Dollar and the Mexican Peso, levels of foreign direct investment and portfolio investment in Mexico, interest rates, inflation, and the Mexican economy generally; which in turn, may have an impact on our business and results of operations. Furthermore, future increases by the U.S. Federal Reserve of the target range for the federal funds rate in the United States may adversely affect the Mexican economy or the value of securities issued by Mexican companies, including as a result of any precipitous unwinding of investments in emerging markets, depreciations and increased volatility in the value of their currency and higher interest rates in respect of financings. Consequently, financings denominated in pesos or other foreign currencies may increase costs for Mexican borrowers, including us, affecting in turn their financial conditions and results of operations.

Uncertainty in global financial markets could adversely affect our financing costs and exposure to our clients or tenants.

The global financial markets continue to be uncertain, and it is difficult to predict the duration and impact of the global financial stress of recent years on the global economy in general, or the economies in which we operate, in particular, and whether slowing economic growth in any countries could result in decreased consumer spending affecting our operations. If access to credit tightens further and borrowing costs rise, our borrowing costs could be adversely affected. Difficulties in financial markets may also adversely affect our tenants.

Competition could adversely affect our business, financial condition, results of operations and prospects.

The industrial real estate sector in Mexico is competitive. We face competition from other industrial real estate developers, such as Fibra Prologis, Fibra Macquarie and Fibra UNO. We expect that we will continue to face strong competition and anticipate that existing or new competitors may broaden their product lines and extend their geographic scope. Lower pricing and activities by our competitors and changes in client preferences may have an adverse effect on our business, financial condition, results of operations and prospects.

We are required to comply with the Federal Law on the Prevention and Identification of Operations with Illicit Resources due to our operating activities.

On October 17, 2012, the Federal Law on the Prevention and Identification of Operations Using Illicit Resources (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita* or the "Anti-Money Laundering Law") was published in the Official Gazette and went into force on July 17, 2013. Additionally, the Regulation of the Anti-Money Laundering Law (*Reglamento de la Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*), which was published on August 16, 2013, and Agreement 2/2013, which was published on August 23, 2013, went into force on September 1, 2013 (in conjunction with the Regulation of the Anti-Money Laundering Law, the "Anti-Money Laundering Provisions"). Under the Anti-Money Laundering Provisions, we are obligated to submit to the Ministry of Finance certain notices no later than the 17th of the month immediately following the day on which we have carried out (i) a regular or professional offering of construction or real estate development services or brokerage in the transfer of ownership or the establishment of rights with respect to such properties, which may involve the purchase or sale of such assets on behalf or in favor of customers who provide such services, provided that such activities for a client is greater than 8,025 times the minimum wage in Mexico City, or (ii) the establishment of personal rights of use or enjoyment of real property provided that the monthly amount of the act or transaction with a customer is less than or equal to 3,210 times the measurement unit, with such activity being considered vulnerable when the amount of the monthly operation is less than or equal to 1,605 times the minimum wage in Mexico City) (collectively, the "Vulnerable Activities").

Also, among our obligations established by the Anti-Money Laundering Provisions, is the obligation to compile and maintain records with customer information with whom we conduct Vulnerable Activities and to appoint a representative before the financial authorities to fulfill our obligations under the provisions under the Anti-Money Laundering Provisions. If we were to not meet the above obligations in the terms of the Anti-Money Laundering Provisions, we may become subject to various penalties, including fines, which could negatively impact our results of operations.

Our business and the fair value of our real estate assets may be harmed by eminent domain proceedings related to illicit activities if our properties are used for such activities.

Pursuant to the Federal Law of Eminent Domain (*Ley Federal de Extinción de Dominio*), the Mexican federal government has the authority to take private properties located in Mexico in the event that such properties are employed to commit a felony related to organized crime, drug enforcement, kidnapping, car theft or human trafficking, among others. If any of our properties are used to commit any such felonies and the Mexican federal government were to exercise its right of eminent domain and take any such properties, we would lose all or a portion of our investment in such property. The taking of any of our properties will adversely affect our expected rents and, consequently our results of operations and financial position.

We are subject to different disclosure and accounting standards than companies in other countries.

A principal objective of the securities laws of the United States, Mexico, and other countries is to promote full and fair disclosure of all material corporate information, including accounting information. However, there may be less or different publicly available information about foreign issuers of securities than is regularly published by or about U.S. issuers of listed securities. We are subject to reporting obligations in respect of our CBFIs listed on the Mexican Stock Exchange. The disclosure standards imposed by the Mexican Stock Exchange may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what non-Mexican investors in the Notes are accustomed to. In addition, accounting standards and disclosure requirements in Mexico differ from those of the United States. In particular, our financial statements are prepared in accordance with IFRS, which differ from U.S. GAAP in a number of respects. Items on the financial statements of a company prepared in accordance with IFRS may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with U.S. GAAP.

It may be difficult to enforce civil liabilities against us, members of our board of directors, our Management Subsidiary, our Advisor or their respective officers.

We are a trust formed under the laws of Mexico. All of the members of our board of directors and the officers of our Management Subsidiary and our Advisor reside, and substantially all of the assets of such persons are located, in Mexico. Furthermore, all of our assets are located in Mexico. As a result, it may be difficult for you to effect service of process within the United States or in any other jurisdiction outside of Mexico upon these persons or to enforce against them or us in any jurisdiction outside of Mexico judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the federal and state securities laws of the United States. There is doubt as to the enforceability, in original actions in Mexican courts or in original actions or actions for enforcement of judgments obtained in courts of jurisdictions outside of Mexico, of civil liabilities under the laws of any jurisdiction outside of Mexico, including any judgment predicated solely upon the federal and state securities laws of the United States. See “Service of Process and Enforcement of Civil Liabilities.”

Risks Related to Tax Issues

We are exposed to the adoption of new rules and requirements applicable to FIBRAs and new interpretations by tax authorities.

The tax regime that governs FIBRAs has undergone constant changes in recent years through amendments to the Mexican Income Tax Law and the Miscellaneous Tax Resolution (*Ley del Impuesto sobre la Renta y la Resolución Miscelánea Fiscal*). On January 1, 2014, the new Mexican Income Tax Law went into force, which includes additional requirements to qualify for the FIBRA tax regime and grants the Tax Administration Service (*Servicio de Administración Tributaria*) the authority to establish, through general rules, guidelines to clarify the requirements that FIBRAs need to satisfy to qualify as such. We cannot predict whether or when new rules, requirements or interpretations will be adopted or held by the Tax Administration Service or introduced through new amendments to the Mexican Income Tax Law or through the publication of new regulations to the law. We could be adversely affected by any such changes in the rules, requirements or interpretations of the tax regime that governs FIBRAs as they may affect our ability to continue to be treated as a FIBRA.

We may be subject to adverse legislative or regulatory tax changes that could affect us or the value of the Notes.

At any time, the U.S. federal, state or local, Mexican federal, state or municipal, or other non-U.S. tax laws or regulations or the judicial or administrative interpretations of those laws or regulations may be changed. We cannot predict when or if any new U.S. federal, state or local, Mexican federal, state or municipal, or other non-U.S. tax law, regulation or judicial interpretation, will be adopted, promulgated or may become effective, and any such law, regulation or interpretation may take effect retroactively. We and holders of our Notes could be adversely affected by any such change in, or any new tax law, regulation or administrative or judicial interpretation.

Our property taxes could increase due to property tax rate changes or reassessment, which could adversely impact our cash flows.

We are required to pay local property tax on the Properties. The property tax on the Properties may increase as property tax rates change or as the value of the Properties is assessed or reassessed by tax authorities. The amount of property tax we pay in the future may differ substantially from the property tax that we currently pay. An increase in the property tax we pay could adversely affect our cash flow and results of operations.

USE OF PROCEEDS

The gross proceeds of the offering, US$500.0 million, will be used (i) to pay the consideration for the Tender Offer and accrued and unpaid interest on the Existing Notes (ii) to refinance existing indebtedness and (iii) the remainder, if any, for general corporate purposes. The Tender Offer is not being made pursuant to this offering memorandum. The closing of the Tender Offer is contingent upon the closing of this offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Capitalization."

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2019 (i) on a historical basis and (ii) as adjusted to reflect the sale and issuance of the Notes and the application of the net proceeds as described under "Use of Proceeds." Amounts have been translated at the *Banco de México* FIX published rate as of March 31, 2019, which was Ps.19.3793 per U.S. Dollar.

You should read this table together with the information under the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Use of Proceeds," "Selected Consolidated Financial Data" and the Interim Financial Statements included elsewhere in this offering memorandum.

	As of March 31, 2019			
	Actual(1)		*As Adjusted*	
	Ps.	US$	Ps.	US$
Current assets	(unaudited) (in millions)			
Cash and cash equivalents	1,342.2	69.1	1,342.2	69.1
Recoverable taxes	148.1	7.6	148.1	7.6
Total assets	47,807.9	2,467.0	47,807.9	2,467.0
Current liabilities				
Borrowings	535.8	27.7	535.8	27.7
Non-current liabilities				
Borrowings	10,519.3	542.8	7,837.2	404.4
Existing Notes	8,595.3	443.5	1,804.0	93.1
Notes offered hereby			9,689.7	500.0
Total liabilities (excluding net assets attributable to the investors)	20,336.8	1,049.4	20,553.0	1,060.6
Assets attributable to Investors	27,471.1	1,417.6	27,471.1	1,417.6

(1) Source: Amounts in Pesos from Interim Financial Statements.

DISTRIBUTION POLICY

We have adopted a distribution policy, which consists of paying quarterly cash distributions to all holders of our CBFIs on a pro rata basis. We expect that our distribution policy will generally result in annual distribution rate that represents up to 100% of our estimated cash available for distribution. We define cash available for distribution on the basis, primarily, of operating cash flow adjusted for interest, general and administrative expenses and tenant improvements and leasing commissions. This definition of cash available for distribution does not reflect the amount of cash estimated to be used for investing activities, acquisitions and other activities, other than a provision for recurring and non-recurring capital expenditures, and amounts estimated for leasing commissions and tenant improvements necessary for leasing vacant space or renewing expiring leases. It also does not reflect the amount of cash estimated to be used for financing activities. Any such investing and/or financing activities may have a material effect on our estimate of cash available for distribution. Our estimate of cash available for distribution should not be considered as an alternative to cash flow from operating activities or as an indicator of our liquidity or our ability to pay distributions. We believe that our estimate of cash available for distribution constitutes a reasonable basis for setting the initial distribution rate; however, we cannot assure you that the estimate will prove accurate, and actual distributions may therefore be significantly different from the expected distributions. Our cash available for distribution calculation is separate from our calculation to distribute annually at least 95% of our tax result under Mexican Income Tax Law in order to maintain our status as a FIBRA.

The timing, form, frequency and amount of distributions will be authorized by our board of directors based upon a variety of factors, including:

- actual results of operations (including our annual tax result);
- our level of retained cash flows;
- the terms, requirements and provisions of any financing agreements;
- capital expenditure requirements for our properties;
- our operating expenses;
- our future prospects and our expected financial performance and working capital needs;
- any changes in law, general economic and business conditions; and
- other factors that our board of directors may deem relevant, including the amount of distributions paid by similar businesses.

The board of directors of the Trust approved and paid distributions against the balance of cash available for distribution to CBFI holders since our IPO as follows:

Distribution Quarter	Amount per CBFI (Ps.)	Amount (Ps. Mm)
1Q13	0.0430	16.4
2Q13	0.3289	125.3
3Q13	0.3303	125.9
4Q13	0.4769	181.7
1Q14	0.5244	199.8
2Q14	0.5769	219.8
3Q14	0.4038	243.3
4Q14	0.4227	254.6
1Q15	0.4880	296.3
2Q15	0.4956	300.9
3Q15	0.4714	286.2
4Q15	0.4541	275.7
1Q16	0.4951	300.8
2Q16	0.5653	343.3
3Q16	0.5703	346.4
4Q16	0.6592	400.4
1Q17	0.7417	450.5
2Q17	0.5720	452.4
3Q17	0.5188	410.4
4Q17	0.6130	484.9
1Q18	0.6390	505.4
2Q18	0.7020	555.3
3Q18	0.6993	553.1
4Q18	0.6611	522.6
1Q19	0.5885	465.3

We cannot assure you that any given annual distribution rate will be made or sustained. Any distributions we pay in the future will depend upon our actual results of operations, economic conditions and other factors that could differ materially from our current expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expenses, and the ability of our customers to meet their obligations and unanticipated expenditures. If our properties do not generate sufficient cash flow, we may be required to fund distributions from (i) working capital, which could include proceeds from the issuance of the Notes, (ii) borrowings under our existing facilities, or (iii) from other debt or equity financing, which may not be available. We cannot assure you that once developed, our distribution policy will not change in the future.

EXCHANGE RATES

Since November 1991, Mexico has had a free market for foreign exchange. Prior to December 21, 1994, the *Banco de México* kept the Peso-U.S. Dollar exchange rate within a range prescribed by the Mexican government through intervention in the foreign exchange market. Within the mentioned band, the *Banco de México* generally intervened to reduce day-to-day fluctuations in the exchange rate. In December 1994, the Mexican government suspended intervention by the *Banco de México* and allowed the Peso to float freely against the U.S. Dollar. Factors contributing to the decision included the size of Mexico's account deficit, the level of the *Banco de México's* foreign exchange reserves, rising interest rates for other currencies, especially the U.S. Dollar, and reduced confidence in the Mexican economy on the part of international investors.

Since late 2003, the *Banco de México* has been conducting auctions of U.S. Dollars in an attempt to reduce the levels of its foreign reserves. The *Banco de México* conducts open market operations on a regular basis to determine the size of Mexico's monetary base. Changes in Mexico's monetary base have an impact on the exchange rate. The *Banco de México* may increase or decrease the reserve of funds that financial institutions are required to maintain. If the reserve requirement is increased, financial institutions will be required to allocate more funds to their reserves, which will reduce the amount of funds available for operations, and cause the amount of available funds in the market to decrease and the interest rate to increase. The opposite happens if reserve requirements are lowered. This mechanism, formally known as "the daily settlement balance target," represents a device used by the *Banco de México* to adjust the level of interest and foreign exchange rates.

On October 8, 2008, as a result of the foreign exchange volatility caused by the global financial crisis, the Mexican Foreign Exchange Commission (*Comisión de Cambios*), comprised of senior officials of the Ministry of Finance and the *Banco de México*, which is responsible for determining Mexico's exchange rate policy, established daily dollar auctions in order to help stabilize foreign exchange markets. The U.S. Dollar amounts auctioned have been modified in order to adapt to current market conditions. The *Banco de México* also announced in early 2010 that it would follow a policy of foreign reserves accumulation. To that end, the *Banco de México* has established a monthly options auction to sell U.S. Dollars to it pursuant to certain rules.

On February 17, 2016, the Mexican Foreign Exchange Commission announced it would not dismiss the possibility of intervening, at its discretion, in the foreign exchange markets in the event of extraordinary market conditions. The Mexican Foreign Exchange Commission reported that this decision, together with the measures announced by the Ministry of Finance concerning 2017 budget cuts and measures to tighten monetary policy adopted by *Banco de México*'s governing Board, reinforce the message that it will continue to support the Peso by preserving solid economic policies. We cannot assure you that the Mexican government will maintain its current policies with respect to the Peso or that the Peso will not depreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end, free-market exchange rate expressed in Pesos per U.S. Dollar. The data provided in this table is based on the rates published by the *Banco de México* in the Official Gazette. We have not restated the rates in constant currency units. No representation is made that the Peso amounts referred to in this offering memorandum could have been or could be converted into U.S. Dollars at any particular rate or at all.

	Exchange Rate (Ps. per US$)			
Years Ended December 31,	**Low(1)**	**High(1)**	**Average(2)**	**Period- End**
2014	12.8462	14.7853	13.3534	14.7180
2015	14.5559	17.3776	15.9356	17.2065
2016	17.1767	21.0511	18.8153	20.6640
2017	17.4937	21.9076	18.8679	19.7354
2018	17.9787	20.7160	19.2011	19.6829
Month Ended				
January 31, 2019	18.9280	19.6566	19.2154	18.9972
February 28, 2019	19.0388	19.4084	19.1902	19.1630
March 31, 2019	18.8694	19.5225	19.2408	19.3793
April 30, 2019	18.7719	19.3793	19.0231	18.9414
May 31, 2019	18.9755	19.2623	19.0883	19.2395
June 30, 2019	18.9804	19.7609	19.2853	19.1685

Through July 15, 2019	18.9116	19.2425	19.0687	19.0307

(1) Rates shown are the actual low and high, on a day-by-day basis for each period.
(2) Average of month end rates in the case of yearly averages and average of daily rates in the case of monthly averages.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present a summary of consolidated financial information with respect to Terrafina and other data for the periods indicated. These tables should be read in conjunction with the Consolidated Financial Statements included elsewhere in this offering memorandum and are qualified in their entirety by the information contained therein. See "Presentation of Financial and Certain Other Information."

The statement of financial position and income statement data as of and for the years ended December 31, 2016, 2017 and 2018 and for the three-month periods ended March 31, 2018 and 2019, are derived from our Consolidated Financial Statements included elsewhere in this Offering Memorandum. Our historical results are not necessarily indicative of the results that should be expected in the future, and our unaudited interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

Although we maintain our books and records in our functional currency, the U.S. Dollar, we convert all amounts into Pesos, our reporting currency, in our Consolidated Financial Statements. For our results of operations presented in our functional currency, the U.S. Dollar, and a discussion of said results, see "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our results of operations in U.S. Dollars are also available in our quarterly earnings reports available on our electronic website at http://www.terrafina.mx. Unless otherwise indicated, we have translated U.S. Dollar amounts (our functional currency) into Pesos (our reporting currency) in this offering memorandum, (i) for income and expenses in the statement of income, at the monthly average exchange rates published by *Banco de México* in the Official Gazette for the corresponding period and (ii) for assets and liabilities in the balance sheet, at the exchange rate published by *Banco de México* in the Official Gazette as of the end of March 31, 2019, December 31, 2018, December 31, 2017 and December 31, 2016, respectively. Please see "Presentation of Financial and Certain Other Information–Currency Translation" and Note 4.C to our Audited Financial Statements for a further discussion regarding currency translations in respect of historical information. Peso amounts in the table below are derived from our Consolidated Financial Statements. U.S. Dollar amounts are derived from our books and records.

	For the Three-Month Period Ended March 31,			**For the Year Ended December 31,**			
	2019		**2018**	**2018**		**2017**	**2016**
	(unaudited)						
	(in millions of US$)	**(in millions of Ps.)**		**(in millions of US$)**	**(in millions of Ps.)**		
Statement of Income Data:							
Rental revenue	$ 48.2	**Ps.** 926.2	**Ps.** 895.3	$ 192.3	**Ps.** 3,701.2	**Ps.** 3,188.3	**Ps.** 2,494.9
Other operating income	5.7	109.9	101.7	15.4	295.6	303.3	208.1
Real estate operating expenses	(12.7)	(244.1)	(199.7)	(34.4)	(666.0)	(576.4)	(556.6)
Fees and other expenses	(5.6)	(107.1)	(90.5)	(21.7)	(420.7)	(414.0)	(329.3)
Realized (loss) unrealized gain from disposal of investment properties	3.0	58.6	(17.8)	(1.1)	(20.7)	(54.9)	56.5
Net (loss) gain unrealized from fair value adjustment on investment properties	(2.5)	(47.5)	(562.9)	(37.0)	(682.9)	62.6	(235.9)
Net (loss) gain unrealized from fair value on adjusted borrowings	(9.3)	(179.6)	25.1	5.3	109.7	(589.0)	55.2
Net (loss) gain unrealized from fair value adjustment on derivative financial instruments	(1.0)	(18.8)	29.6	1.1	19.2	28.5	-
Net realized gain (loss) from derivative financial instruments	0.2	3.4	-	0.3	5.6	-	-
Foreign exchange (loss) gain	(0.1)	(2.9)	44.7	0.4	5.4	89.2	(67.8)
Operating (loss) profit	**25.9**	**498.1**	**225.5**	**120.6**	**2,346.4**	**2,037.4**	**1,625.1**
Finance income	0.1	2.4	1.8	0.7	14.3	8.7	5.6

	For the Three-Month Period Ended March 31,			For the Year Ended December 31,			
	2019		2018	2018		2017	2016
	(unaudited)						
	(in millions of US$)	(in millions of Ps.)		(in millions of US$)		(in millions of Ps.)	
Finance cost	(13.0)	(249.6)	(254.2)	(52.9)	(1,018.3)	(966.3)	(729.2)
Finance cost—net	**(12.9)**	**(247.2)**	**(252.4)**	**(52.2)**	**(1,004.0)**	**(957.6)**	**(723.6)**
Share of profit from equity accounted investments	0.4	8.1	5.6	6.5	129.9	18.8	47.6
Profit (loss) for the period	**$13.4**	**Ps. 259.1**	**Ps. (21.3)**	**$ 74.9**	**Ps. 1,472.3**	**Ps. 1,098.7**	**Ps. 949.1**

	As of March 31,		As of December 31,			
	2019		2018		2017	2016
	(unaudited)					
	(in millions of US$)	(in millions of Ps.)	(in millions of US$)	(in millions of Ps.)		
Balance Sheet Data:						
Assets						
Non-current assets						
Investment properties	$ 2,325.2	Ps. 45,060.9	$ 2,331.0	Ps. 45,880.2	Ps. 45,959.6	Ps. 34,719.7
Investment accounted using equity method)	27.9	540.0	27.8	547.7	433.8	233.5
Derivative financial instruments	1.7	32.3	2.6	52.1	30.0	-
Deferred rents receivable	11.4	220.3	10.4	203.9	167.6	138.6
Other assets	7.1	136.7	0.1	-	-	-
Loan receivable	1.9	36.0	1.9	36.8	38.4	41.5
Restricted cash	1.9	36.0	1.9	36.6	36.7	89.1
Current assets						
Other assets	3.3	64.6	3.0	59.6	25.8	111.3
Loan receivable	0.1	1.3	0.1	1.4	1.2	1.2
Recoverable taxes	7.6	148.1	8.4	165.7	683.5	149.8
Prepaid expenses	0.5	8.8	0.5	10.2	11.8	12.4
Acquisition prepayment	-	-	-	-	-	9.8
Deferred rents receivable	1.3	25.9	1.0	19.6	30.6	34.7
Accounts receivable (Net of allowance for doubtful accounts)	8.0	154.8	7.9	154.8	58.6	43.4
Cash and cash equivalents	69.1	1,342.2	79.1	1,557.7	3,209.0	4,297.1
Total assets	**2,467.0**	**47,807.9**	**2,475.8**	**48,726.4**	**50,686.6**	**39,882.2**
Assets attributable to Investors						
Contributions, net	1,556.1	18,701.2	1,556.1	18,701.2	19,844.1	14,782.9
Retained Earnings	(183.8)	(724.3)	(157.3)	(206.4)	48.1	334.3
Currency translation adjustment	-	8,599.8	-	9,034.6	9,169.4	9,663.3
Own credit risk reserve	45.3	894.4	51.5	1,016.2	-	-
Total net assets (Net Equity)	1,417.6	27,471.1	1,450.3	28,545.6	29,061.6	24,780.5
Liabilities						
Non-current liabilities						
Borrowings						
Cost	$ 986.3	$ 19,114.6	$ 985.4	$ 19,395.8	$ 20,889.6	$ 13,879.9
Tenant deposits	15.0	291.3	15.1	296.7	332.1	198.0
Accounts payables	0.3	5.0	0.1	4.9	4.5	5.4
Current liabilities						
Borrowings	27.7	535.8	7.6	148.7	134.9	774.9
Tenant deposits	4.8	92.8	5.1	100.0	56.7	41.7
Accounts payable	15.3	297.3	12.0	234.6	207.2	201.8
Total liabilities (excluding net assets attributable to the investors)	1,049.4	20,336.8	1,025.5	20,180.7	21,625.0	15,101.7

	As of March 31,		As of December 31,			
Total net assets and liabilities	**$ 2,467.0**	**Ps. 47,807.9**	**$ 2,475.8**	**Ps. 48,726.4**	**Ps. 50,686.6**	**Ps. 39,882.2**

	As of March 31,	As of December 31,		
	2019	**2018**	**2017**	**2016**
Figures in millions of Ps.	**(unaudited)**			
Operating Data:				
Number of properties	287	287	284	209
Land reserve parcels	5.66	6.06	6.17	6.4
Total GLA at period end (in millions of square feet)	41.1	41.1	40.6	30.1
Total occupancy rate	95.9%	95.3%	95.5%	94.8%
Average Annualized Base Rent per leased square foot (in US$)	5.18	5.15	5.04	4.88
NOI	879.8	3,653.6	3,151.1	2,459.7
NOI Margin(1)	87.3%	92.3%	92.0%	92.1%
AFFO	465.3	2,132.6	1,798.2	1,390.8
AFFO Margin(2)	46.1%	54.0%	52.4%	52.7%
Adjusted EBITDA Margin(3)	78.0%	83.1%	83.0%	82.5%

(1) Calculated as (i) NOI, divided by (ii) rental revenues excluding accrued income from straight line rent adjustments as it is a non-cash item, plus (iii) other operating income excluding tenant improvement reimbursements which are included in the AFFO calculation.
(2) Calculated as (i) AFFO ,divided by (ii) rental revenues excluding accrued income from straight-line rent adjustments, a non-cash item, plus (iii) other operating income excluding tenant improvement reimbursements, which are included in the AFFO calculation.
(3) Calculated as (i) Adjusted EBITDA, divided by (ii) rental revenues excluding accrued income from straight line rent adjustments as it is a non-cash item, plus (iii) other operating income excluding tenant improvement reimbursements, which are included in the AFFO calculation.

Reconciliation of Non-IFRS Measures

	As of March 31,	As of December 31,		
	2019	**2018**	**2017**	**2016**
Figures in millions of Ps.	**(unaudited)**			
Net Revenue(1)	**1,036.1**	**3,996.8**	**3,491.6**	**2,703.0**
Other operating income(2)	28.3	39.4	61.5	32.9
Operating cost(3)	128.0	303.8	279.0	210.4
NOI	**879.8**	**3,653.6**	**3,151.1**	**2,459.7**
Fees, payroll and other expenses	93.5	368.9	307.7	261.2
Adjusted EBITDA	**786.3**	**3,284.7**	**2,843.4**	**2,198.5**
Finance cost and other expenses(4)	321.0	1,148.2	1,045.2	807.7
AFFO	**465.3**	**2,132.6**	**1,798.2**	**1,390.8**

(1) Rental revenues and Other operating income.
(2) Excluding tenant improvement reimbursements.
(3) Recurring costs incurred in connection with the operation and maintenance.
(4) Financing costs, tenant improvements, leasing commissions and other non-recurring expenses related to acquisitions, dispositions, legal and other expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the related notes included elsewhere in this offering memorandum. The financial information included in the following discussion has been prepared in accordance with IFRS, which may differ from financial reporting standards adopted in other countries in a number of respects. We have made no attempt to quantify the impact of those differences by a reconciliation of our Consolidated Financial Statements or other financial information in this offering memorandum to U.S. GAAP. This offering memorandum contains forward-looking statements that reflect our plans, estimates and beliefs and involve risks, uncertainties and assumptions. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum, particularly in "Forward-Looking Statements" and "Risk Factors." In addition to the other information in this offering memorandum, investors should consider carefully the following discussion and the information set forth under "Risk Factors" before evaluating us and our business.

We use the U.S. Dollar as our functional currency and convert to Pesos for reporting purposes only. Because the U.S. Dollar is our functional currency, we discuss our results in terms of U.S. Dollars as well as Pesos. Figures on our income statement for each period were converted to U.S. Dollars using the average exchange rate for the period presented, while for the balance sheet, the exchange rate used was that of the period end. Please see "Presentation of Financial and Certain Other Information–Currency Information" and Note 4.C to our Audited Financial Statements for a further discussion regarding currency translations in respect of historical information.

Overview

We are a Mexican real estate investment trust, created on March 19, 2013 anchored by a large industrial portfolio and formed primarily to acquire, own, develop and manage real estate properties in Mexico. The Properties making up our Portfolio consist of attractive, strategically-located warehouses and other light manufacturing properties primarily in markets we believe to have strong underlying fundamentals throughout the central, Bajio and northern regions of Mexico. We are treated as a Mexican real estate investment trust (*fideicomiso de bienes raíces* or a "FIBRA"), for Mexican tax purposes, commencing with our fiscal year ended December 31, 2013.

Since 2003, PGIM Real Estate Latin America has acquired and/or developed the industrial properties that formed our Initial Portfolio. Our Portfolio, contributed prior to the creation of the FIBRA, consisted of 132 developed industrial facilities with a collective GLA of approximately 19.9 million square feet and 13 land reserve parcels representing approximately 7.5 million square feet of Buildable GLA. On September 27, 2013, Terrafina acquired the American Industries-Kimco Portfolio with a total of 87 properties. From November 2016 to January 2017, Terrafina acquired the January 2017 Portfolio with a total of 51 industrial properties. Additionally, Terrafina acquired the September 2017 Portfolio comprised of 8 additional properties, the December 2017 Portfolio comprised of 17 additional properties and the April 2018 Portfolio composed of 2 additional properties. As of March 31, 2019, Terrafina holds 287 industrial facilities totaling approximately 41.1 million square feet of GLA and 11 land reserve parcels, which provide for the organic growth capacity of the Portfolio. As of March 31, 2019, the occupancy rate of the Portfolio was 95.9%. The Portfolio is well-diversified both geographically and by tenant. The Properties are located throughout 33 cities in 16 states, primarily in northern and central Mexico. We believe our Portfolio benefits from well-staggered lease expirations. In addition, we believe the structure of our leases, the majority of which provide for Triple Net fixed rental payments in U.S. Dollars, further contributes to the stability of the cash flow provided by our Portfolio. As of March 31, 2019, the developed properties of our Portfolio had a US$5.18 average Annualized Base Rent per leased square foot.

We are internally managed by highly qualified industry specialists and externally advised by PLA Administradora Industrial, S. de R.L. de C.V., which we refer to as the Advisor. We have assembled an internal management team with significant real estate experience, an in-depth knowledge of our portfolio and the financial and capital markets, which is complemented by the strategic overview and asset management capabilities of our Advisor. We intend to leverage our Advisor's multi-faceted institutional real estate platform and local expertise, as well as its deep knowledge of the industrial and other real estate sectors. We believe that our Portfolio's land reserves and vacant properties present us with the opportunity for incremental cash flow generation. We also believe that the fragmented industrial real estate sector in Mexico, combined with our access to capital and the scalability of our portfolio, will offer us opportunities to build on our leadership position and capitalize on the significant market opportunities within the Mexican industrial real estate sector. While our Portfolio consists of industrial properties, we may in the future expand into other complementary real estate sectors.

Factors Influencing Our Results of Operations

Lease Expirations and Renovations. Our ability to re-lease Properties subject to expiring leases will impact our results of operations and is affected by economic and competitive conditions in our markets as well as the desirability of our individual Properties. As of March 31, 2019, we had a total of 294 tenants under leases with terms of up to five years for logistic and distribution activities and up to ten years for manufacturing. Our mix of lease renewals and new lease agreements in any given year may affect our results of operations. Because leasing fees incurred for the first time on a Property are capitalized when incurred, whereas leasing fees associated with lease renewals are expensed when incurred, a higher percentage of lease renewals as compared to new lease agreements executed in a given year will lead to higher real estate expenses and taxes in such year.

Below is a breakdown of our lease expirations for the next five years and beyond as of March 31, 2019:

	Annualized Base Rent (in millions of dollars)	% of Total	Occupied Square Feet (millions)	% of Total
2019	**19.0**	**13.9%**	**5.59**	**14.3%**
2020	**47.5**	**22.5%**	**8.86**	**22.6%**
2021	**39.3**	**19.1%**	**7.51**	**19.2%**
2022	**21.9**	**9.8%**	**3.96**	**10.1%**
2023	**27.0**	**12.1%**	**4.89**	**12.5%**
Thereafter	**49.5**	**22.6%**	**8.39**	**21.4%**

Since the IPO our average renewal rate has been 85.0%. As of the first quarter of 2019, our renewal rate stood at 91.5%. During the past two years our average renewal rate has been above 90.0%. At the beginning of 2018, leases representing 14.5% of our GLA were scheduled to expire during 2018 (5.6 million square feet), all of which were successfully renewed before the end of the fourth quarter of 2018.

Early renewals are relevant to our results of operations. In our experience, tenants seek renewals well before their leases expire, which contributes to our expiration rate profile. For example, as of the first quarter of 2017, 18.1% of the existing leases were scheduled to expire in 2019, and by 2019 this number had been reduced to 14.3% of our total GLA and 13.5% of annualized base rent. Most lease expirations for the next two years correspond to tenants located in the Northern region. Typically, these are manufacturing tenants with high levels of installed capacity which, in our experience, have long-term plans to remain in the Property, and who would incur a significant expense if they decided to move out of the Property.

Market Conditions. Positive or negative changes in conditions in the markets in which we operate will impact our overall performance. Future economic downturns or regional downturns affecting such markets or downturns in the industrial real estate markets that impair our ability to renew or re-lease industrial property as well as the ability of our tenants to fulfill their lease commitments, as in the case of tenant defaults or bankruptcies, could adversely affect our ability to maintain or increase the rental rates of our Portfolio. We initially recognize our industrial properties at acquisition cost, our borrowings at historical cost and subsequently, we measure them at fair value and our derivative financial instruments at each applicable reporting date at fair value. Gains and losses that arise from the mark to market of our investment properties are recognized on the statement of comprehensive income as "net gain (loss) unrealized from fair value adjustment on investment properties." See "—Critical Accounting Policies—Estimation of Fair Value of Investment Properties." The impact of fluctuations in exchange rates and interest rates on our financial debt is recorded on the statement of comprehensive income as "net gain (loss) unrealized from fair value on borrowings." The impact of fluctuations in interest rates on our derivative instruments is recorded on the statement of comprehensive income as "net gain (loss) unrealized from fair value on derivative financial instruments."

Advisory Agreement. We have entered into an agreement with our Advisor pursuant to which we pay fees to our Advisor, and the historical results of operations set forth below reflect the payment of such fees. Pursuant to the terms of the Advisory Agreement, our Advisor shall be entitled to an Advisory Fee (the "Advisory Fee") and a Performance Fee. See "—Obligations to Advisor."

Impact of Currency Fluctuations. We use the Peso as our reporting currency. Because the majority of our ordinary course transactions, including our lease agreements, debt financings and property investments, however, are denominated in the U.S. Dollar, we use the U.S. Dollar as our functional currency. We convert expenses denominated in Pesos into U.S. Dollars based on the exchange rate in effect on the date of the relevant transaction. Income and expense items are subsequently translated from U.S. Dollars into Pesos at the average exchange rate for the reporting period and non-monetary assets are converted at the historical rate. Assets and liabilities for each statement of financial position are translated at the closing rate at the date of such financial position. The value of our monetary assets and liabilities are translated at period-end exchange rates. As a result, changes in the rate of exchange between the U.S. Dollar and the Peso affect our results of operations. See note 4.C to the Audited Financial Statements for a further discussion regarding currency translations in respect of historical information.

The following table sets forth the average and period-end exchange rates for the periods presented in our Consolidated Financial Statements.

Period Ended	Average	Period- End
December 31, 2016	18.6700 (1)	20.6640
December 31, 2017	18.9189(2)	19.7354
December 31, 2018	19.2349(3)	19.6829
March 31, 2018	18.7759(4)	18.3445
March 31, 2019	19.2163(5)	19.3793

Source: Banco de México

(1) For the year ended December 31, 2016.
(2) For the year ended December 31, 2017.
(3) For the year ended December 31, 2018.
(4) For the three-month period ended March 31, 2018.
(5) For the three-month period ended March 31, 2019.
Source: Banco de México

We do not maintain hedge instruments to offset the effect of currency rate fluctuations, mainly because our exposure is mitigated by the fact that substantially all our revenue and expenses are denominated in U.S. Dollars.

Comparability of Results.

The adoption of IFRS 9 in 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements. We considered the limited exemption that allows us not to reformulate previous periods. Our consolidated financial and operating information as of and for the three months ended March 31, 2019 may not be comparable with our results as of and for the period ended March 31, 2018 because the asset base is different for both periods, having increased from 284 properties on March 31, 2018 to 287 properties on March 31, 2019, which in turn causes variations in our financial results. Consequently, comparisons between the periods may not provide an accurate measure of performance between periods.

Results of Operations

The following table sets forth certain financial information with respect to our results of operations for the periods indicated. Peso amounts in the table below are derived from our Consolidated Financial Statements. U.S. Dollar amounts are derived from our books and records.

	For the Three-Month Period Ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in millions of Ps.)				
Statement of Income Data:					
Rental revenue	Ps. 926.2	Ps. 895.3	Ps. 3,701.2	Ps. 3,188.3	Ps. 2,494.9
Other operating income	109.9	101.7	295.6	303.3	208.1
Real estate operating expenses	(244.1)	(199.7)	(666.0)	(576.4)	(556.6)
Fees and other expenses	(107.1)	(90.5)	(420.7)	(414.0)	(329.3)
Realized (loss) unrealized gain from disposal of investment properties	58.6	(17.8)	(20.7)	(54.9)	56.5
Net (loss) gain from fair value adjustment on investment properties	(47.5)	(562.9)	(682.9)	62.6	(235.9)
Net (loss) gain unrealized from fair value on adjusted borrowings	(179.6)	25.1	109.7	(589.0)	55.2
Net (loss) gain unrealized from fair value on derivative financial instruments	(18.8)	29.6	19.2	28.5	-
Net realized gain (loss) from derivative financial instruments	3.4	-	5.6	-	-
Foreign exchange (loss) gain	(2.9)	44.7	5.4	89.2	(67.8)
Operating (loss) profit	**498.1**	**225.5**	**2,346.4**	**2,037.4**	**1,625.1**
Finance income	2.4	1.8	14.3	8.7	5.6
Finance cost	(249.6)	(254.2)	(1,018.3)	(966.3)	(729.2)
Finance cost—net	**(247.2)**	**(252.4)**	**(1,004.0)**	**(957.6)**	**(723.6)**
Share of profit from equity accounted investments	8.1	5.6	129.9	18.8	47.6
Profit (loss) for the period	**Ps. 259.1**	**Ps. (21.3)**	**Ps. 1,472.3**	**Ps. 1,098.7**	**Ps. 949.1**

The following table sets forth certain financial data with respect to our results of operations for the period indicated in millions of U.S. Dollars as derived from our books and records. We are presenting the table below in U.S. Dollars due to the fact that our functional currency is the U.S. Dollar, as such, we maintain our books and records in U.S. Dollars. As a result, our management believes that this information is helpful to investors for purposes of understanding our performance and the discussions contained in this offering memorandum. See "Presentation of Financial and Certain Other Information—Currency Translation" and Note 4.C to our Audited Financial Statements for a further discussion regarding currency translations in respect of historical information.

	For the Three-Month Period Ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(in millions of US$)				
Rental revenue	$ 48.2	$ 47.7	$ 192.3	$ 168.6	$ 133.6
Other operating income	5.7	5.4	15.4	15.8	11.3
Real estate operating expenses	(12.7)	(10.6)	(34.4)	(30.1)	(29.9)
Fees and other expenses	(5.6)	(4.8)	(21.7)	(22.1)	(17.6)
Realized (loss) unrealized gain from disposal of investment properties	3.0	(0.9)	(1.1)	(2.9)	3.0
Net (loss) gain unrealized from fair value adjustment on investment properties	(2.5)	(30.1)	(37.0)	3.6	(12.2)
Net (loss) gain unrealized from fair value on adjusted borrowings	(9.3)	1.3	5.3	(31.6)	1.3
Net (loss) gain unrealized from fair value on derivative financial instruments	(1.0)	1.6	1.1	1.5	-
Net realized gain (loss) from derivative financial instruments	0.2	-	0.3		-
Foreign exchange (loss) gain	(0.1)	2.4	0.4	4.3	(3.4)

	For the Three-Month Period Ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
			(in millions of US$)		
Operating (loss) profit	**25.9**	**12.0**	**120.6**	**107.1**	**88.8**
Finance income	0.1	0.1	0.7	0.5	0.3
Finance cost	(13.0)	(13.5)	(52.9)	(51.0)	(39.1)
Finance cost—net	**(12.9)**	**(13.4)**	**(52.2)**	**(50.5)**	**(38.8)**
Share of profit from equity accounted investments	0.4	0.3	6.5	1.0	2.5
Profit for the period	**$ 13.4**	**$ (1.1)**	**$ 74.9**	**$ 57.5**	**$ 50.0**

Rental Revenues

Our revenue is derived primarily from rents we receive from leases with our tenants. The amount of current rental revenue is recognized on a straight-line basis over the lease term.

Other Operating Income

Our other operating income is comprised of income from service charges paid by tenants in accordance with their lease agreements and other charges paid by tenants as a result of early termination of lease agreements. Most of our leases are Triple Net Leases, under which the tenant pays all operating expenses and non-operating expenses, including but not limited to property taxes, insurance, maintenance, security and other expenses. The real estate expenses and taxes paid by us are reflected in the line item “real estate operating expenses.”

Other operating income stems primarily from tenant reimbursements, derived from Triple Net Leases. The expenses reimbursable to Terrafina mainly include: electricity, property taxes, insurance and maintenance fees.

Other operating income is recognized in the accounting period in which the services are rendered.

Fees and Other Expenses

These expenses correspond to our general and administrative expenses and are comprised of various advisory and professional fees, including administrative management fees, auditor fees, property appraisal fees, legal fees, and other administrative expenses and fees associated with investment properties and the management thereof.

Net Gain Unrealized from Fair Value on Borrowings

See note 7.B to the Audited Financial Statements for a description of the methodologies used to calculate fair value on borrowings.

Net Gain (Loss) Unrealized from Fair Value Adjustment on Investment Properties

Property that is held for long-term rental yields, for capital appreciation or for both, and that is not occupied by the owner, is classified as investment property. The industrial properties in our portfolio qualify as investment property and we account for them pursuant to IFRS 13, which establishes a fair value measurement framework. Our investment property is measured initially at its acquisition cost, including related transaction costs, and is carried at fair value, which is determined by independent third-party appraisers in accordance with international valuation standards.

Net unrealized gain from fair value adjustment on investment property reflects, among other things, rental income from current leases, assumptions about rental income from future leases in light of current market conditions and expenses that could be expected in respect of our investment property. Because our functional currency is the U.S. Dollar, we translate the relevant gain (loss) into Pesos at the average monthly exchange rate. Fluctuations in the exchange rate may result in the reporting of higher or lower gains or losses year over year. Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When we dispose of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net unrealized gain from fair value adjustment on investment properties.

Real Estate Operating Expenses

Our real estate operating expenses are comprised of expenditures related to the maintenance, security and insurance of the Properties, as well as expenditures for utilities. Although we are reimbursed for certain real estate operating expenses and taxes under our Triple Net Leases, such expenses are paid by us in respect of properties that are not governed by Triple Net Leases as well as properties that are vacant. Such expenses are also paid by us in situations where a tenant is delinquent in the payment of expenses under our Triple Net Leases.

	For the Three-Month Period Ended March 31,				**For the year ended December 31,**					
	2019		**2018**		**2018**		**2017**		**2016**	
	(unaudited)									
	(millions of Pesos)	**(millions of US$)**	**(millions of Pesos)**	**(millions of US$)**	**(millions of Pesos)**	**(millions of US$)**	**(millions of Pesos)**	**(millions of US$)**	**(millions of Pesos)**	**(millions of US$)**
Repairs, maintenance and facilities[1]	Ps. (61.1)	$ (3.2)	Ps. (45.9)	$(2.3)	Ps.(202.8)	$(10.4)	Ps. (169.5)	$(9.0)	Ps. (166.9)	$(8.9)
Recurring	(9.4)	(0.5)	(8.4)	(0.4)	(32.1)	(1.7)	(33.1)	(1.8)	(27.3)	(1.5)
Non-recurring	(51.7)	(2.7)	(37.5)	(1.9)	(170.7)	(8.7)	(136.4)	(7.2)	(139.6)	(7.5)
Property taxes[1]	(89.1)	(4.6)	(82.7)	(4.2)	(115.8)	(6.0)	(114.5)	(5.6)	(107.8)	(5.9)
Operating	(77.6)	(4.0)	(78.8)	(4.1)	(78.3)	(4.1)	(66.4)	(3.1)	(50.2)	(2.8)
Non-operating	(11.5)	(0.6)	(3.9)	(0.1)	(37.5)	(1.9)	(48.1)	(2.5)	(57.6)	(3.1)
Property management fees	(17.9)	(0.9)	(17.9)	(0.9)	(74.2)	(3.9)	(68.5)	(3.6)	(56.7)	(3.0)
Electricity	(8.1)	(0.4)	(8.3)	(0.4)	(58.9)	(3.0)	(50.8)	(2.7)	(27.0)	(1.4)
Broker fees[2]	(35.1)	(1.8)	(17.9)	(0.9)	(77.1)	(4.0)	(66.0)	(3.5)	(64.3)	(3.6)
Property Insurance	(3.2)	(0.2)	(3.4)	(0.1)	(27.4)	(1.4)	(28.3)	(1.5)	(24.6)	(1.3)
Operating	(2.4)	(0.1)	(2.7)	(0.1)	(24.4)	(1.2)	(25.1)	(1.3)	(20.9)	(1.1)
Administrative	(0.8)	(0.0)	(0.7)	(0.0)	(3.0)	(0.2)	(3.2)	(0.2)	(3.7)	(0.2)
Security	(4.3)	(0.2)	(4.5)	(0.2)	(18.3)	(1.0)	(13.4)	(0.7)	(12.3)	(0.7)
Advertising	(0.5)	(0.0)	(0.2)	(0.0)	(1.3)	(0.1)	(0.6)	(0.0)	(1.6)	(0.1)
Other fees and expenses[3]	(12.5)	(0.6)	(9.9)	(0.4)	(35.1)	(1.8)	(43.0)	(2.3)	(34.4)	(3.3)
Operating	(8.3)	(0.4)	(4.9)	(0.2)	(17.7)	(0.9)	(22.7)	(1.3)	(15.8)	(0.8)
Administrative	(4.2)	(0.2)	(5.0)	(0.2)	(17.4)	(0.9)	(20.3)	(1.0)	(18.6)	(2.5)
Estimated doubtful accounts	(12.3)	(0.6)	(8.3)	(0.4)	(55.1)	(2.9)	(21.8)	(1.1)	(35.3)	(1.9)
Transaction cost	-	-	-	-	-	-	-	-	-	-
Total	**Ps.(244.1)**	**$(12.7)**	**Ps.(199.7)**	**$(10.6)**	**Ps.(666.0)**	**$(34.4)**	**Ps. (576.4)**	**$(30.1)**	**Ps.(556.6)**	**$(29.9)**

(1) Expenses related to maintenance, insurance, property taxes, common area expenses and security expenses may be reimbursed by our tenants under certain lease agreements. See "—Other Operating Income."

(2) Partner leasing fees incurred for the first time on a given property are capitalized when paid. Subsequent partner leasing fees for such property are expensed when paid.

(3) Represents fees and expenses associated with fire safety, cleaning, security, industrial park fees, third party broker fees, allowance for doubtful accounts (invoices 120 days or more overdue), and other miscellaneous fees and expenses.

It is also important to differentiate those expenses that are directly related to the operation and maintenance of the industrial portfolio, the latter being used for the calculation of NOI.

Net Gain (Loss) Unrealized from Fair Value on Derivative Financial Instruments

We record our interest rate caps and fixed rate options at fair value, which is determined by using discounted cash flow models. The key assumptions of the models include the contractual terms of the instruments along with significant observable information, which includes interest rates, credit spreads and other factors such as our own nonperformance risk and that of our partners. Such derivatives are handled over-the-counter ("OTC") and are classified in Level 2 of the fair value hierarchy. Level 2 OTC derivatives are valued using generally accepted models in the financial services industry that utilize observable or actively quoted values, non-binding quotes commercial intermediaries of third-party pricing vendors and/or recent trading activities.

Net Finance Cost

Our net finance cost includes all costs related to our interest-bearing debt (including bank borrowings, senior notes, commissions and borrowing acquisition costs) less finance income generated by interest income on bank accounts.

The following table sets forth the breakdown of our net finance cost for the period indicated.

	For the Three-Months Ended March 31,				For the year ended December 31,					
	2019		2018		2018		2017		2016	
	(unaudited)									
	(millions of Pesos)	(millions of US$)	(millions of Pesos)	(millions of US$)	(millions of Pesos)	(millions of US$)	(millions of Pesos)	(millions of US$)	(millions of Pesos)	(millions of US$)
Interest income on bank accounts	1.9	0.1	1.3	0.1	12.1	0.6	6.6	0.4	4.2	0.2
Interest income on loan receivables	0.5	0.0	0.5	0.0	2.1	0.1	2.1	0.1	1.4	0.1
Interest expense on bank borrowings	(241.8)	(12.6)	(218.7)	(11.6)	(945.4)	(49.1)	(861.7)	(45.6)	(658.7)	(35.3)
Borrowing costs	(7.8)	(0.4)	(35.5)	(1.9)	(72.8)	(3.8)	(104.6)	(5.4)	(70.5)	(3.8)
Total	**Ps.(247.2)**	**$ (12.9)**	**Ps.(252.4)**	**$ (13.4)**	**Ps.(1,004.0)**	**$ (52.2)**	**Ps.(957.6)**	**$ (50.5)**	**Ps.(723.6)**	**$ (38.8)**

Results of Operations for the Three-Month Period Ended March 31, 2019 Compared to the Three-Month Period Ended March 31, 2018

The occupancy rate as of March 31, 2019 was 95.9%, an increase of 998 basis points as compared to March 31, 2018. The average Annualized Base Rent per leased square foot of the Portfolio as of March 31, 2019 increased to US$5.18 as compared to US$5.06 as of March 31, 2018. The lease renewal rate as of March 31, 2019 was 91.5% for the first quarter of 2019, an increase of 470 basis points as compared to the first quarter of 2018. During the first quarter of 2019, our total leasing activity amounted to 2.3 million square feet of which 19.5% were new leases, 68.2% were regular lease renewals and 12.3% were early lease renewals. Leasing activity was conducted primarily in the Ciudad Juarez, Cuautitlan Izcalli, San Luis Potosi, Chihuahua, Queretaro, Guadalajara, Irapuato, Reynosa, Ramos Arizpe, Puebla, Hermosillo, Saltillo and Toluca markets.

Rental Revenue.

Reported rental revenue (including earned income but excluding accrued revenues) for the three-month period ended March 31, 2019 was Ps. 926.2 million, or US$48.2 million as compared to Ps. 895.3 million, or US$47.7 million, for the three-month period ended March 31, 2018. For the three-month period ended March 31, 2019, reported rental revenues increased as compared to the same period in 2018, primarily due to (i) the increase in occupancy from 95.2% as of March 31, 2018 to 95.9% as of March 31, 2019; (ii) the increase in the average annualized base rent per square foot of the Portfolio from US$5.06 as of March 31, 2018 to US$5.18 in March 31, 2019 and (iii) new tenants due to the acquisitions of the April 2018 Portfolio.

	Three months ended March 31, 2019	Three months ended March 31, 2018	Variance %	Three months ended March 31, 2019	Three months ended March 31, 2018	Variance %
	(unaudited)			(unaudited)		
	(millions of Pesos) [1]			(millions of US$)		
Rental Revenues[2]	**900.1**	**889.8**	**1.2%**	**46.8**	**47.4**	**(1.3)%**
Accrued Income[3]	26.1	5.5	374.5%	1.4	0.3	366.7%
Other Operating Income	**109.9**	**101.7**	**8.1%**	**5.7**	**5.4**	**5.6%**
Reimbursable Expenses as Revenues[4]	99.5	93.1	6.9%	5.2	5.0	4.0%
Reimbursable Tenant Improvements.........................	9.2	7.8	17.9%	0.5	0.4	25.0%
Other Non-Monetary Income..	1.2	0.8	50.0%	0.0	0.0	0.0%
Net Revenue	**1,036.1**	**997.0**	**3.9%**	**53.9**	**53.1**	**1.5%**

Source: PGIM Real Estate Latin America – Fund Accounting

(1) Peso amounts are converted from U.S. Dollar amounts at monthly average exchange rates for the period during which the transaction took place.
(2) Excludes accrued income from straight line rent adjustments as it is a non-cash item.
(3) Adjustment for straight-line rents; non-monetary accounts.
(4) Corresponds to the reimbursement of Triple Net Leases to Terrafina by its tenants.

Other Operating Income.

Other operating income for the three-month period ended March 31, 2019 was Ps. 109.9 million, or US$5.7 million, as compared to Ps. 101.7 million, or US$5.4 million, for the three-month period ended March 31, 2018. For the three-month period ended March 31, 2019, other operating income increased by US$0.3 million, or 5.6%, compared to the same period in 2018, primarily due to tenants' refunds from our Triple Net Leases. The expenses reimbursable to Terrafina mainly include electricity, property taxes, insurance and maintenance activities.

Net revenue for the three-month period ended March 31, 2019 was Ps. 1,036.1 million, or US$53.9 million, as compared to Ps. 997.0 million, or US$53.1 million, for the three-month period ended March 31, 2018. For the three-month period ended March 31, 2019, net revenue increased by US$0.8 million, or 1.5%, as compared to the same period in 2018.

Real Estate Operating Expenses.

For the three-month period ended March 31, 2019, operating expenses related to investment properties were Ps. 244.1 million, or US$12.7 million, as compared to Ps. 199.7 million, or US$10.6 million, for the three-month period ended March 31, 2018. Real estate expenses are primarily comprised of maintenance and repairs, property tax and insurance. For the three-month period ended March 31, 2019, real estate operating expenses increased by US$2.1 million, or 19.8%, as compared to the same period in 2018, primarily due to non-recurring maintenance expenses related to re-leasing activity during the quarter. Additionally, it is important to distinguish expenses directly related to operations from those related to maintenance of the industrial portfolio, with the latter being used to calculate NOI.

Fees and Other Expenses.

For the three-month period ended March 31, 2019, our general and administrative expenses were Ps. 107.1 million, or US$5.6 million, as compared to Ps. 90.5 million, or US$4.8 million, for the three-month period ended March 31, 2018, a decrease of US$0.8 million, or 16.7%, primarily due to the acquisition of the April 2018 Portfolio.

Realized Gain from Disposal of Investment Properties

For the three-month period ended March 31, 2019, our realized gain from disposal of investment properties was Ps. 58.6 million, or US$3.0 million, and for the three-month period ended March 31, 2018 there was a loss of Ps. 17.8 million or US$0.9 million, primarily due to the fact that the sale that took place in the three-month period ended March 31, 2019 was valued above fair market value while the sale completed in the three-month period ended March 31, 2018 was valued below fair market value.

Net Loss Unrealized from Fair Value on Borrowings.

For the three-month period ended March 31, 2019, loss unrealized from fair value on borrowings was Ps. 179.6 million, or US$9.3 million, as compared to a gain of Ps. 25.1 million, or US$1.3 million, for the three-month period ended March 31, 2018, primarily as a result of variations in the fair value of borrowing from quarter to quarter due to fluctuations in the interest rate yield curve and market conditions.

Net Gain (Loss) Unrealized from Fair Value Adjustment on Investment Properties.

The net loss unrealized from fair value adjustment on investment properties for the three-month period ended March 31, 2019 was Ps. 47.5 million, or US$2.5 million, as compared to a loss of Ps. 562.9 million, or US$30.1 million, for the three-month period ended March 31, 2018. Variations in the fair value on investment properties are due to the incorporation by the independent appraiser of new information regarding new leases, lease renewals and escalation provisions in our leases. In order to reduce volatility in the fair value on investment properties, we have the entire portfolio appraised by an independent third party on a quarterly basis.

Net Loss Unrealized from Fair Value on Derivative Financial Instruments.

The net loss unrealized from fair value on derivative financial instruments for the three-month period ended March 31, 2019 was Ps. 18.8 million, or US$1.0 million, as compared to a gain of Ps. 29.6 million, or US$1.6 million, for the three-month period ended March 31, 2018, a decrease, primarily because the derivative financial instruments matured during the period. The fair value on derivative instruments is adjusted based on market conditions and the maturity of the instruments.

Foreign Exchange (Loss) Gain.

Foreign exchange loss for the three-month period ended March 31, 2019 amounted to Ps. 2.9 million as compared to a gain of Ps. 44.7 million, for the three-month period ended March 31, 2018. This variation was due primarily to fluctuations in the exchange rate.

Operating Profit.

Operating profit for the three-month period ended March 31, 2019 was Ps. 498.1 million, or US$25.9 million, as compared to Ps. 225.5 million, or US$12.0 million, for the three-month period ended March 31, 2018. This 115.8% decrease was primarily due to changes in the previously discussed line items.

Finance Cost - Net.

Finance cost – net for the three-month period ended March 31, 2019 was Ps. 247.2 million, or US$12.9 million, as compared to Ps. 252.4 million, or US$13.4 million, for the three-month period ended March 31, 2018, a 3.7% decrease, primarily due to the renegotiation of terms and conditions under the Unsecured Revolving Facility.

Net Profit

Net profit for the three-month period ended March 31, 2019 was Ps. 259.1 million, or US$13.4 million, as compared to a net loss of Ps. 21.3 million, or US$1.1 million, for the three-month period ended March 31, 2018.

This increase was primarily due to fluctuations in the exchange rate and the changes in the previously mentioned line items.

Results of Operations for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

The occupancy rate as of December 31, 2018 was 95.3%, a decrease of 18 basis points as compared to December 31, 2017. The average Annualized Base Rent per leased square foot of the Portfolio as of December 31, 2018 was US$5.15, an increase of US$0.11 as compared to that as of December 31, 2017. The increases in the rent per square foot are mainly due to the rent increases based on U.S. inflation in the lease agreements, as well as to the property acquisitions carried out during 2018. The average lease renewal rate (including early renewals) during 2018 was 90.1%, a decrease of 488 basis points as compared to December 31, 2017. During the year ended 2018, our total leasing activity amounted to 9.0 million square feet of which 11.7% were new leases, 46.1% were regular lease renewals and 42.2% were early lease renewals. Leasing activity was conducted primarily in the Cuautitlan Izcalli, Chihuahua, Ciudad Juarez, San Luis Potosi, Ramos Arizpe, Saltillo, Monterrey, Guadalajara, Silao, Toluca, Irapuato, Reynosa, Queretaro, Hermosillo and Tijuana markets.

Rental Revenue.

Rental revenue (including earned income) for the year ended December 31, 2018 was Ps. 3,701.2 million, or US$192.3 million, as compared to Ps. 3,188.3 million, or US$168.6 million, for the year ended December 31, 2017. For year ended December 31, 2018, rental revenues increased by US$23.7 million, or 14.1%, as compared to the year ended 2017, primarily due the stabilization of the Portfolio increasing occupancy. Additionally, occupancy during the year decreased from 95.5% as of December 31, 2017 to 95.3% as of December 31, 2018.

	Year ended December 31, 2018	**Year ended December 31, 2017**	**Variance %**	**Year ended December 31, 2018**	**Year ended December 31, 2017**	**Variance %**
	(millions of Pesos) [1]			(millions of US$)		
Rental Revenues[2]	**3,675.7**	**3,157.7**	16.4%	**191.0**	**166.9**	14.4%
Accrued Income[3]	25.5	30.6	(16.7)%	1.3	1.7	(23.5)%
Other Operating Income	**295.6**	**303.3**	(2.5)%	**15.4**	**15.8**	(2.5)%
Reimbursable Expenses as Revenues[4]	253.6	233.0	8.8%	12.6	12.1	4.1%
Reimbursable Tenant Improvements............................	28.4	31.1	(8.7)%	1.4	1.6	(12.5)%
Other Non-Monetary Income......	13.6	39.2	(65.3)%	1.4	2.1	(33.3)%
Net Revenue	**3,996.8**	**3,491.6**	14.5%	**207.7**	**184.4**	12.6%

Source: PGIM Real Estate Latin America – Fund Accounting

(1) Peso amounts are converted from U.S. Dollar amounts at monthly average exchange rates for the period during which the transaction took place.
(2) Excludes accrued income from straight line rent adjustments as it is a non-cash item.
(3) Adjustment for straight-line rents; non-monetary accounts.
(4) Corresponds to the reimbursement of Triple Net Leases to Terrafina by its tenants.

Other Operating Income.

Other operating income for the year ended December 31, 2018 was Ps. 295.6 million, or US$15.4 million, as compared to Ps. 303.3 million, or US$15.8 million, for the year ended December 31, 2017. For the year ended December 31, 2018, other operating income decreased by US$0.4 million, or 2.5%, compared to 2017, primarily due to tenant reimbursements. The expenses reimbursable to Terrafina mainly include electricity, property taxes, insurance costs and maintenance activities.

Net revenue for the year ended December 31, 2018 was Ps. 3,996.8 million, or US$207.7 million, as compared to Ps. 3,491.6 million, or US$184.4 million, for the year ended December 31, 2017, an increase of US$23.3 million, or 12.6%, as compared to the year ended December 31, 2017, primarily due to the acquisitions completed during 2017, which were incorporated into the Portfolio for the year ended in December 31, 2018, but not for the full year ended December 31, 2017.

Real Estate Operating Expenses.

For the year ended December 31, 2018, real estate operating expenses related to investment properties were Ps. 666.0 million, or US$34.4 million, as compared to Ps. 576.4 million, or US$30.1 million, for the year ended December 31, 2017. Real estate expenses are primarily comprised of repairs and maintenance, electricity expenses, commissions, taxes and insurance. For the year ended December 31, 2018, real estate operating expenses increased by US$4.3 million, or 14.3%, as compared to 2017, primarily due to the acquisitions carried out during 2017. Expenses directly related to operations differ from those related to maintenance of the industrial portfolio, with the latter being used to calculate NOI.

Fees and Other Expenses.

For the year ended December 31, 2018, our general and administrative expenses were Ps. 420.7 million, or US$21.7 million, as compared to Ps. 414.0 million, or US$22.1 million, for the year ended December 31, 2017, a decrease of US$0.4 million, or 1.8%, primarily due to the acquisitions carried out during 2017.

Realized Gain from Disposal of Investment Properties.

For the year ended December 31, 2018, our realized loss from disposal of investment properties was Ps. 20.7 million, or US$1.1 million, as compared to a loss of Ps. 54.9 million, or US$2.9 million, for the year ended December 31, 2017, primarily due to the fact that the sales that took place in year ended December 31, 2018 were completed, on average, above fair market value while the sales completed in the year ended December 31, 2017 were valued, on average, below fair market value.

Net Gain (Loss) Unrealized from Fair Value on Borrowings.

For the year ended December 31, 2018, gain unrealized from fair value on borrowings was Ps. 109.7 million, or US$5.3 million, as compared to a loss of Ps. 589.0 million, or, US$31.6 million, for the year ended December 31, 2017, primarily as a result of variations in the fair value of borrowings from quarter to quarter due to fluctuations in the interest rate yield curve and market conditions.

*Net Gain (Loss) Unrealized from Fair Value Adjustment on Investment Propertie*s.

The net loss unrealized from fair value adjustment on investment properties for the year ended December 31, 2018 was Ps. 682.9. million, or US$37.0 million, as compared to a gain of Ps. 62.6 million, or US$3.6 million, for the year ended December 31, 2017. Variations in the fair value on investment properties are due to changes in prevailing market prices for investment properties, as well as increases of new developments or acquisitions and decreases in the form of dispositions.

Net Loss Unrealized from Fair Value on Derivative Financial Instruments.

The net gain unrealized from fair value on derivative financial instruments for the year ended December 31, 2018 was Ps. 19.2 million, or US$1.1 million, as compared to a gain of Ps. 28.5 million, or US$1.5 million, for the year ended December 31, 2017, primarily because the derivative financial instruments matured during the period. The fair value on derivative instruments is adjusted based on market conditions and the maturity of the instruments.

Foreign Exchange (Loss) Gain.

Foreign exchange gain for the year ended December 31, 2018 amounted to Ps. 5.4 million, or US$0.4 million, as compared to a gain of Ps. 89.2 million, or US$4.3 million, for the year ended December 31, 2017. This US$3.9 million, or 90.7%, decrease was due primarily to the fluctuations in the exchange rate.

Operating Profit.

Operating profit for the year ended December 31, 2018 was Ps. 2,346.4 million, or US$120.6 million, as compared to Ps. 2,037.4 million, or US$107.1 million, for the year ended December 31, 2017. This 12.6% increase was primarily due to due to stabilization of the acquired portfolios during 2017 and the acquisition of two properties during 2018, as well as the increase in the average rent of the Portfolio.

Finance Cost - Net.

Finance cost – net for the year ended December 31, 2018 was Ps. 1,004.0 million, or US$52.2 million, as compared to Ps. 957.6 million, or US$50.5 million, for the year ended December 31, 2017, an 3.4% increase, primarily due to the increase in the underlying interest rate in several of the credit facilities.

Net Profit.

Net profit for the year ended December 31, 2018 was Ps. 1,472.3 million, or US$74.9 million, as compared to a net profit of Ps. 1,098.7 million, or US$57.5 million, for the year ended December 31, 2017. This 30.3% increase was primarily due to the changes in the previously mentioned line items.

Results of Operations for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

The occupancy rate as of December 31, 2017 was 95.5%, an increase of 66 basis points as compared to December 31, 2016. The average Annualized Base Rent per leased square foot of the Portfolio as of December 31, 2017 increased to US$5.04 as compared to US$4.88 as of December 31, 2016. The lease renewal rate as of December 31, 2017 was 95.0%, an increase of 997 basis points as compared to December 31, 2016. During the year ended December 31, 2017, our total leasing activity amounted to 6.3 million square feet of which 24.1% were new leases, 47.6% were regular lease renewals and 28.3% were early lease renewals. Leasing activity was conducted primarily in the Chihuahua, Ciudad Juarez, Cuautitlan Izcalli, Ramos Arizpe, Reynosa, Monterrey, Queretaro, San Luis Potosi, Toluca, Tijuana, Apodaca, Irapuato, Puebla and Monclova markets.

Rental Revenue.

Rental revenue (including earned income) for the year ended December 31, 2017 was Ps. 3,188.3 million, or US$168.6 million, as compared to Ps. 2,494.9 million, or US$133.6 million, for the year ended December 31, 2016. For the year ended December 31, 2017, rental revenues increased by US$35.0 million, or 26.2%, as compared to the year ended December 31, 2016. Financial metrics for the fourth quarter of 2017 (revenues, NOI and Adjusted EBITDA) increased as a result of the incorporation of the different portfolios acquired during 2017. Moreover, margins increased as a result of incorporating fully-occupied portfolios into Terrafina's balance sheet.

	Year ended December 31, 2017	**Year ended December 31, 2016**	**Variance %**	**Year ended December 31, 2017**	**Year ended December 31, 2016**	**Variance %**
	(millions of Pesos) [1]			(millions of US$)		
Rental Revenues[2]	**3,157.7**	**2,460.2**	28.4%	**166.9**	**131.7**	26.7%
Accrued Income[3]	30.6	34.7	(11.8)%	1.7	1.9	(10.5)%
Other Operating Income	**303.3**	**208.1**	45.7%	**15.8**	**11.3**	39.8%
Reimbursable Expenses as Revenues[4]	233.0	154.4	50.9%	12.1	8.4	44.0%
Reimbursable Tenant Improvements...........................	31.1	23.6	31.8%	1.6	1.3	23.1%
Other Non-Monetary Income....	39.2	30.1	30.2%	2.1	1.6	31.3%
Net Revenue	**3,491.6**	**2,703.0**	29.2%	**184.4**	**144.9**	27.3%

Source: PGIM Real Estate Latin America – Fund Accounting

(1) Peso amounts are converted from U.S. Dollar amounts at monthly average exchange rates for the period during which the transaction took place.
(2) Excludes accrued income from straight time rent adjustments as it is a non-cash item.
(3) Adjustment for straight-line rents; non-monetary accounts.
(4) Corresponds to the reimbursement of Triple Net Leases to Terrafina by its tenants.

Other Operating Income.

Other operating income for the year ended December 31, 2017 was Ps. 303.3 million, or US$15.8 million, as compared to Ps.208.1 million, or US$11.3 million, for the year ended December 31, 2016. For the year ended December 31, 2017, other operating income increased by US$4.5 million, or 39.8%, compared to 2016, primarily due to the asset sale during March 2017 that resulted in lower reimbursements for the year, which was partially offset by the increase in occupancy during the year. The expenses reimbursable to Terrafina mainly include electricity, property taxes, insurance and maintenance activities.

Net revenue for the year ended December 31, 2017 was Ps. 3,491.6 million, or US$184.4 million, as compared to Ps.2,703.0 million, or US$144.9 million, for the year ended December 31, 2016. For the year ended December 31, 2017, net revenue increased by US$39.5 million, or 27.3%, as compared to 2016, primarily due to the acquisition of properties.

Real Estate Operating Expenses.

For the year ended December 31, 2017, operating expenses related to investment properties were Ps.576.4 million, or US$30.1 million, as compared to Ps.556.6 million, or US$29.9 million, for the year ended December 31, 2016. Real estate expenses are primarily comprised of maintenance, electricity costs, property taxes and insurance. For the year ended December 31, 2017, real estate operating expenses increased by US$0.2 million, as compared to 2016, primarily due to the acquisition of new properties in 2017. Additionally, it is important to distinguish expenses directly related to operations from those related to maintenance of the industrial portfolio, with the latter being used to calculate NOI.

Fees and Other Expenses.

For the year ended December 31, 2017, our general and administrative expenses were Ps. 414.0 million, or US$22.1 million, as compared to Ps. 329.3 million, or US$17.6 million, for the year ended December 31, 2016, an increase of US$4.5 million, or 25.6%, primarily due to the cost originated for the acquisition of the new properties in 2017.

Net Loss Unrealized from Fair Value on Borrowings.

For the year ended December 31, 2017, loss unrealized from fair value on borrowings was Ps.589.0 million, or US$31.6 million, as compared to a gain Ps.55.2 million, or, US$1.3 million, for the year ended December 31, 2016, primarily as a result of variations in the fair value of borrowings from quarter to quarter due to fluctuations in the interest rate yield curve and market conditions.

Net Gain Unrealized from Fair Value Adjustment on Investment Properties.

The net gain unrealized from fair value adjustment on investment properties for the year ended December 31, 2017 was Ps. 62.6 million, or US$3.6 million, as compared to a loss of Ps.235.9 million, or US$12.2 million, for the year ended December 31, 2016. Variations in the fair value on investment properties are due to changes in prevailing market prices for investment properties, as well as increases of new developments or acquisitions and decreases in the form of dispositions. In order to reduce volatility in the fair value on investment properties, we have the entire portfolio appraised by an independent third party on a quarterly basis.

Net Loss Unrealized from Fair Value on Derivative Financial Instruments.

The net gain unrealized from fair value on derivative financial instruments for the year ended December 31, 2017 was Ps.28.5 million, or US$1.5 million,. The fair value on derivative instruments is adjusted based on market conditions and the maturity of the instruments.

Foreign Exchange (Loss) Gain.

Foreign exchange gain for the year ended December 31, 2017 amounted to Ps. 89.2 million, or US$4.3 million, as compared to a loss of Ps. 67.8 million, or US$3.4 million, for the year ended December 31, 2016. This increase was due primarily to fluctuations in the exchange rate.

Operating Profit.

Operating profit for the year ended December 31, 2017 was Ps. 2,037.4 million, or US$107.1 million, as compared to Ps. 1,625.1 million, or US$88.8 million, for the year ended December 31, 2016. This 20.6% increase was primarily due to the changes in the previously mentioned line items.

Finance Cost - Net.

Finance cost – net for the year ended December 31, 2017 was Ps. 957.6 million, or US$50.5 million, as compared to Ps. 723.6 million, or US$38.8 million, for the year ended December 31, 2016, a 30.2% increase, primarily due to the acquisition of new credit lines.

Net Profit.

Net profit for the year ended December 31, 2017 was Ps. 1,098.7 million, or US$57.5 million, as compared to a net profit of Ps.949.1 million, or US$50.0 million, for the year ended December 31, 2016. This 15.0% increase was primarily due to the changes in the previously mentioned line items.

Liquidity and Capital Resources

We have historically financed our operations mainly with internally generated funds, capital contributions, bank borrowings and the offering of our Existing Notes in 2015.

The following table presents our cash position and uses of cash for the periods indicated:

	For the three-month period ended March 31,		For the year ended December 31,		
	2019	2018	2018	2017	2016
	(unaudited)				
	(millions of Pesos)	(millions of Pesos)	(millions of Pesos)	(millions of Pesos)	(millions of Pesos)
Net cash (used) generated from operating activities..	583.1	580.4	3,250.1	2,153.8	1,764.1
Net cash (used) generated from investing activities..	132.9	(15.5)	(750.1)	(13,415.6)	(774.7)
Net cash (used in) generated from financing activities..	(915.7)	(1,499.5)	(4,068.1)	9,795.0	(1,952.3)
Net (decrease)/increase in cash and cash equivalents..	(199.7)	(934.6)	(1,568.1)	(1,466.8)	(962.9)
Exchange effects on cash and cash equivalents...	(15.9)	(238.7)	(83.3)	378.7	792.2

Our liquidity requirements after issuance of the Notes will consist primarily of funds to pay for property acquisitions, development projects, renovations, expansions and other non-recurring capital expenditures that need to be made periodically, certain operating expenses and other expenditures, including refinancing activities, directly associated with our Portfolio, including the fees payable under the Advisory Agreement and any anticipated or unanticipated capital expenditures and servicing our debt.

Capital Expenditures

Expenses that result in an increase in the value of the investment properties or in future cash flows are treated as capital expenditures.

For the three months ended March 31, 2019, we made aggregate capital expenditures of Ps. 144.7 million, primarily for improvements on our existing investment properties. For the years ended December 31, 2016, 2017 and 2018, we made aggregate capital expenditures of Ps. 466.4 million, Ps. 376.3 million and Ps. 314.5 million, respectively.

Contractual Obligations and Commitments

The table below summarizes information regarding our material contractual obligations as of March 31, 2019.

Contractual Obligations	Total		Less than 1 year		1 - 3 years		3 or more years	
	(in millions)							
Borrowings	**US$**	**1,001.5**	US$	15.2	US$	504.0	US$	482.3
(equivalent in Ps. to)	**Ps.**	**19,409.0**	Ps.	294.5	Ps.	9,768.0	Ps.	9,346.5

Contractual Obligations Interest	Total		Less than 1 year		1 - 3 years		3 or more years	
	(in millions)							
Borrowings	**US$**	**12.5**	US$	12.5	US$	-	US$	-
(equivalent in Ps. to)	**Ps.**	**241.4**	Ps.	241.4	Ps.	-	Ps.	-

Fair Market Value of Borrowings

In accordance with IFRS, borrowings are carried in our financial statements at fair market value ("FMV"). The following tables are included for ease of comparison, as of March 31, 2019:

	Outstanding Principal							
	FMV (US$)		Nominal value (US$)		Cost (Ps.)		FMV MXP (Ps.)	
Existing Notes	$	434.8	$	425.0	Ps.	8,236.2	Ps.	8,426.9
Syndicated Term Loan	$	350.0	$	350.0	Ps.	6,782.8	Ps.	6,782.8
MetLife Loan	$	150.0	$	150.0	Ps.	2,906.9	Ps.	2,906.9
Citibank	$	51.5	$	51.5	Ps.	998.0	Ps.	998.0
New York Life	$	15.2	$	15.2	Ps.	294.5	Ps.	294.5
Total	**$**	**1,001.5**	**$**	**991.7**	Ps.	**19,218.4**	Ps.	**19,409.1**

Borrowings' Interests:

	Accrued Unpaid Interest							
	FMV (US$)		Nominal value (US$)		Cost (Ps.)		FMV (Ps.)	
Existing Notes	$	8.7	$	8.7	Ps.	68.4	Ps.	68.4
Syndicated Term Loan	$	2.6	$	2.6	Ps.	50.2	Ps.	50.2
MetLife Loan	$	-	$	-	Ps.	-	Ps.	-
Citibank	$	1.1	$	1.1	Ps.	21.4	Ps.	21.4
New York Life	$	0.1	$	0.1	Ps.	1.3	Ps.	1.3
Total	**$**	**12.5**	**$**	**12.5**	Ps.	**241.3**	Ps.	**241.3**

The discussion below reflects information presented in nominal amounts.

Obligations to Lenders

We believe that cash generated from operations, together with amounts available under our various credit facilities and the funds raised from the issuance of the Notes will be sufficient to permit us to meet our debt service obligations, ongoing cost of operations, working capital needs, tax result distribution requirements and capital expenditure requirements for at least the next 12 months. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with the covenants and restrictions contained in our various credit facilities will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See "Risk Factors" and "Forward-Looking Statements."

As of March 31, 2019, our total debt fair value was Ps. 19,650.4 million, or US$1,014.0 million, compared to Ps. 19,544.5 million, or US$993.0 million, as of December 31, 2018. As of March 31, 2019, 59.5% of our total debt was subject to fixed interest rates. During the first quarter of 2019, 63.5% of the outstanding amount of our floating rate debt was hedged for interest rate risk. See note 15 to the Audited Financial Statements for further discussion regarding our financial derivatives. All of our debt is owed by the Company.

	March 31, 2019		December 31, 2018				
	(in millions of pesos)						
Credit entity/ Instrument	**Principal balance**	**Fair value**	**Principal balance**	**Fair value**	**Interest rate (p.a.)(1), (2)**	**Maturity date**	**Terms(3)**
Existing Notes	8,404.6	8,595.3	8,427.1	8,313.3	Fixed – 5.25%	November 2022	I
Syndicated Term Loan	6,833.0	6,833.0	6,940.0	6,940.0	3 months Libor + 2.45%	October 2022	I(7)
MetLife	2,906.9	2,906.9	2,952.4	2,952.4	Fixed – 4.75%	January 2027	I(8)
Citibank(4)	1,019.4	1,019.4	1,035.4	1,035.4	3 months Libor + 2.45%(6)	August 2023	I
New York	295.8	295.8	303.4	303.4	Fixed – 5.19%	February 2020	P&I

Life[8]										
Total of borrowing (including accrued interest).........	**Ps.**	**19,459.7**	**Ps.**	**19,650.4**	**Ps.**	**19,658.3**	**Ps.**	**19,544.5**	-	-	-

(1) p.a. = per year.

(2) At March 31, 2019, and December 31, 2018, the 3 months LIBOR rate was 2.5997% and 2.7970%, respectively.

(3) P&I = Principal and interest; I = Interest only.

(4) Unsecured, committed, revolving credit, up to an amount of US$300 million dollars with an option to increase up to US$400 million dollars (Note 3).

(5) The margin may vary according to the Rating and Loan to Value (“LTV”) ratio.

(6) Loan includes two drawdowns with a fixed rate 5.19% and 4.84%.

(7) Interest only until January 2021.

(8) Interest only until February 2024.

(9) Maturity date: January 2023 – a four-year maturity with an option to extend one additional year.

As of March 31, 2019, we had no short-term indebtedness.

Existing Notes

On November 3, 2015, we completed a global offering of our Existing Notes. The Existing Notes mature on November 10, 2022 and have an interest rate of 5.25% per annum. We intend to use a portion of the net proceeds of the issuance of the Notes to repurchase a portion of the Existing Notes. See “Summary—Concurrent Tender Offer.”

The proceeds of the Existing Notes were used for the refinancing of credit facilities and other general corporate purposes. The Existing Notes are governed by the laws of the state of New York.

We are subject to certain affirmative and negative covenants under the Existing Notes, including (i) maintenance of our FIBRA status, (ii) maintenance of properties, (iii) waiver of the benefit or advantage granted by any law that allows for any default and (iv) maintenance of a debt service coverage ratio of at least 150% in relation to unencumbered assets and unsecured debt.

The Existing Notes set forth certain financial covenants, such as (i) limitation on total outstanding debt of 60% of the sum of total assets as of the last quarter and total price of any real estate acquired, (ii) limitation on total secured debt of 40% of the sum of total assets as of the last quarter and total price of any real estate acquired and (iii) limitation on incurrence of additional debt unless the debt coverage ratio would be less than 1.50 to 1.00 on a pro forma basis.

Syndicated Term Loan (Banamex)

On October 27, 2017 we entered into the Syndicated Term Loan. The proceeds of this facility were used for complete repayment of the Unsecured Term Loan (as defined below) in the amount of US$150 million, and for the repayment of US$196.5 under the Unsecured Revolving Facility (as defined below). This loan is interest only for the first three years and a maturity of five years, ending on October 2022. See "Use of Proceeds."

MetLife Loan (Metlife)

On January 31, 2017, we entered into a US$150 million secured loan (the "MetLife Loan") with Metropolitan Life Insurance Company, a New York Corporation as lender. The proceeds of this facility were used for the refinancing of the prior GE and MetLife credit agreement. The MetLife Loan is interest only for 7 years at a rate of 4.75%. Thereafter, if debt yield is less than 15%, a 30-year amortization profile may apply until maturity on February 1, 2027 when a single settlement will be enforced. The MetLife Loan is governed by the laws of the state of New York.

The MetLife Loan contains, among others, the following covenants: (i) escrow deposits equal to one twelfth of the annual charges for of all impositions and insurance policies premiums and (ii) delivery of property reports, rent rolls, financial statements and lease agreements.

The MetLife Loan contains, among others, the following events of default: (i) nonpayment, (ii) false representations, (iii) failure to comply with covenants and (iv) bankruptcy or insolvency, experience a change of control or of management.

The obligations under the MetLife Loan are guaranteed by a Mexican guaranty trust with reversion rights and with rights over the cash flow generated from certain of our leases, pledges over accounts receivables and mortgages with respect to certain of our properties.

Unsecured Revolving Facility

On August 21, 2015, we entered into a US$375 million syndicated revolving credit facility (with the option to increase the amount available to up to US$475 million subject to certain conditions) (the "Unsecured Revolving Facility") with Citibank N.A, International Banking Facility, HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Barclays Bank PLC, Itau BBA International PLC, Goldman Sachs Bank USA, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, Sabadell Capital, S.A. de. C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Citibank, N.A. as Administrative Agent and Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex, as syndication agent and lead arranger. The proceeds of this facility were initially used for the refinancing of a revolving facility and subsequently for general corporate purposes, including without limitation, the acquisition of assets, the development and renovation of our industrial properties, new investments, and the servicing of certain debt obligations. The obligations under the Unsecured Revolving Facility are guaranteed by certain of our subsidiaries and it is governed by the laws of the state of New York.

On November 24, 2017, we requested the reduction of this facility from US$375 million to US$300 million, and on January 31, 2018 we renegotiated certain terms of this facility, including (i) the extension of the original maturity to 2023 and an option to extend for an additional year, (ii) a reduction in the interest rate of 20 basis points, and (iii) an option to increase the credit limit from US$300 million to US$400 million. On March 23, 2018 we prepaid US$47 million of this facility. As of March 31, 2019, we had US$51.5 million aggregate principal amount outstanding under our Unsecured Revolving Facility and US$248.5 million of loans available.

The Unsecured Revolving Facility bears interest at a Eurodollar interest rate equal to three-month LIBOR *plus* an applicable margin which may vary depending on certain financial ratios between 2.45% and 3.20%.

The Unsecured Revolving Facility also sets forth a base interest rate applicable only when LIBOR is unavailable. The Eurodollar interest rate does not cover lenders' cost of funds and, after and during the continuance of an event of default, the payable interest rate (including any applicable margin) would be the interest rate otherwise applicable to such Loan plus 2% per annum.

We are subject to certain affirmative covenants under the Unsecured Revolving Facility, including (i) reporting of financial information; (ii) corporate existence, maintenance of properties, appropriate insurance and interest rate hedging, (iii) fulfillment and payment of obligations, (iv) restrictions on transactions with affiliates and (v) maintenance of our FIBRA status. In addition, we have assumed certain negative covenants that restrict our ability to make certain investments or payments, experience a change of control or a change of management.

We are also subject to certain financial covenants pursuant to which we must maintain at all times (i) a minimum equity value of US$843.8 million plus 70% of the net proceeds of all equity offerings after the closing date, (ii) a consolidated fixed service coverage ratio of at least 1.60 to 1.00, (iii) a debt service coverage ratio of at least 1.60 to 1.00 in relation to unencumbered properties and unsecured debt, (iv) a consolidated leverage ratio not to exceed 55% (increases to 60% for four quarters following a material acquisition), and (v) unsecured debt and a secured debt ratio not to exceed 50% and 40%, respectively (increases to 65% and 45%, respectively, for the four quarters following a material acquisition).

The Unsecured Revolving Facility contains, among others, the following events of default: (i) non-payment; (ii) misrepresentations; (iii) breach of covenants; (iv) cross-default to material debt; (v) bankruptcy or insolvency events; (vi) occurrence of an ERISA event resulting in a plan insufficiency; or (vii) change of control.

New York Life Loan (New York Life)

As a result of the acquisition of a 5-property portfolio, on August 15, 2017 we assumed a US$16.1 million secured credit facility with Seguros Monterrey New York Life, S.A. de C.V. (the "New York Life Loan") with a maturity date on February 5, 2020. There were two disbursements under this facility for the amounts of US$12.5 million and US$3.6 million, which are subject to monthly amortizations and interest payments at annual fixed rates.

Under the New York Life Loan, we are subject to certain financial covenants such as: (i) debt service coverage ratio of at least 1.00, (ii) a cash on cash of at least 8.0% (net operating income over outstanding debt under this facility), (iii) leverage ratio not to exceed 60% (total liabilities over total assets of the borrower), and (iv) total liabilities over total net assets of the borrower not to exceed 110%.

The New York Life Loan contains, among others, the following covenants: delivery of property reports, rent rolls, financial statements, budgets, lease agreements, among others.

BBVA-JPMorgan Unsecured Term Loan

On October 4, 2016, we entered into a US$150 million syndicated unsecured term loan (the "Unsecured Term Loan") with BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as Administrative Agent, JPMorgan Chase Bank, N.A. and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer as Lenders, Joint Lead Arrangers and Joint Book Running Managers. The proceeds of this facility were used for the refinancing of other facilities. The Unsecured Term Loan bears interest during 3 years only, thereafter we shall make quarterly payments of 1.25% on commitments until maturity on October 4, 2021, when we shall make a single amortization of 90.0% of the commitments. The Unsecured Term Loan is governed by the laws of the state of New York. The Unsecured Term Loan was repaid in full on November 1, 2015 using the proceeds from the Syndicated Term Loan.

BRE Facility

Certain of our subsidiary trusts entered into a US$283.5 million credit agreement dated September 27, 2013 (the "BRE Facility") with GE Real Estate México, S. de R.L., Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte, Banco Nacional de Comercio Exterior, S.N.C. and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC as lenders, with the participation of the Trust as limited guarantor and, Deutsche Bank Mexico, S.A., Institución de Banca Múltiple in its capacity as trustee to trusts F/128 and F/129 as guarantors, and which proceeds were used to, among other things, repay in full certain indebtedness of certain subsidiary trusts to be purchased as part of the acquisition of American Industries-Kimco Portfolio, which was used to fund the acquisition and related expenses. The BRE Facility was partially repaid on October 14, 2016 and fully repaid on February 17, 2017, through the refinancing strategy described above.

MetLife 2609

As a result of a 10-property portfolio acquisition during 2015, Terrafina assumed the MetLife 2609 credit facility (the "MetLife 2609 Loan") for US$22.4 million. The MetLife 2609 Loan had a fixed interest rate of 5.09% and a maturity date in November 2016; however, the maturity date was extended on November 1, 2016 until March 1, 2017 as part of the Company's refinancing efforts. The MetLife 2609 Loan was fully repaid on January 31, 2017 with the MetLife Loan.

Leverage Level

We intend to remain below the maximum Leverage Ratio of 50% of the book value of our total assets. As of March 31, 2019, our Leverage Ratio was 41.1%.

Obligations to Advisor

Pursuant to the terms of the Advisory Agreement, our Advisor is entitled to the Advisory Fee and Performance Fee, which is prorated based on the number of days in the year in which the Advisor has acted as Advisor.

The Advisory Fee is an annual fee payable on a quarterly basis and equal to the sum of (a) 0.5% of our Investment Property Value, as adjusted for inflation, plus (b) the applicable value added tax. The calculation will be made in U.S. Dollars and the payment may be in U.S. Dollars or Pesos at the exchange rate prevailing in Mexico and fixed by Banco de México on the date on which payment is made. The Advisory Fee will be prorated based on the number of days in which the Advisor provided services or in which any Property comprised part of the Trust Estate.

Our Advisor is also entitled to a performance fee (the "Performance Fee") payable in CBFIs and calculated based upon cumulative returns to holders through distributions and growth in market capitalization over a 9% growth per year hurdle rate.

The Performance Fee shall be calculated as of the close of trading on each anniversary of our initial trading date on the BMV, according to the following formula:

$$[10\% \times (A + B - C)] - D$$

A = our market capitalization

B = the aggregate amount of all distributions made to holders of our CBFIs increased by 9% per annum from each distribution's respective payment date

C = the aggregate issue price of all issuances of our CBFIs, *minus* the aggregate value of all repurchases of our CBFIs, in each case increased by 9% per annum from their respective issuance or repurchase date, as applicable

D = all previously paid Performance Fees.

For purposes of the calculation of the Performance Fee, market capitalization, in respect of any performance period, is the product of (i) the number of outstanding CBFIs at the close of trading on each anniversary of our initial trading date on the BMV and (ii) the average closing price per CBFI during the sixty days prior to and including the calculation date. In no event will the Performance Fee be less than zero.

Subject to the prior written authorization of the Ordinary Holders Meeting, the Performance Fee will be paid directly to the Advisor (or to any of its subsidiaries or affiliates) in the form of CBFIs valued at the average closing price for our CBFIs during the period in respect of which the Performance Fee is paid. All CBFIs issued as payment of the Performance Fee will be subject to a six months' lock-up period. In the event the Ordinary Holders Meeting does not approve payment of the Performance Fee in CBFIs, we must pay the Performance Fee to the Advisor (or to any of its subsidiaries or affiliates) in cash.

Please see note 23 to the Audited Financial Statements for a further discussion regarding fees paid to the Advisor.

Mexican Tax Law Requirement

During the fiscal years ended December 31, 2016, 2017 and 2018, we were taxed as a FIBRA under Articles 187 and 188 of the Mexican Income Tax Law, and we intend to continue being taxed as a FIBRA each year thereafter commencing with January 1 and ending with December 31. The Mexican Income Tax Law requires that a FIBRA distribute annually at least 95% of the tax result of the immediately preceding fiscal year. In accordance with the Mexican Income Tax Law, our taxable income for a given year is calculated by reducing the taxable income by deductions permitted under the Mexican Income Tax Law and, where appropriate, tax loss carryforwards. For more information, see "Taxation—Certain Mexican Federal Tax Considerations." To satisfy the requirements to qualify as a FIBRA, we intend to pay annual distributions in an amount equal to at least 95% of our tax result to holders of our CBFIs. The Mexican Income Tax Law expressly provides that when the taxable income of a fiscal year is greater than the amounts effectively distributed by the FIBRA to the holders of our CBFIs on or before March 15 of the immediately succeeding fiscal year, the FIBRA is required to pay taxes for the difference at a rate of 30% on behalf of the holders of our CBFIs and such taxes paid by the FIBRA may be credited by the holders of CBFIs to the extent such taxes are accruable to such holders, without there being a withholding obligation by the FIBRA with respect to such difference paid.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the exposure to an adverse change in the value of financial instruments caused by interest rate changes, foreign currency fluctuations and inflation. The following quantitative and qualitative information is provided with respect to financial instruments to which we are a party as of March 31, 2019, and from which we may incur future gains or losses. This discussion contains forward-looking statements that are subject to risks and uncertainties.

Risk management is carried out by our Advisor, under policies developed by PGIM Real Estate. The Advisor identifies, evaluates and hedges financial risks in cooperation with specialist third-party advisors and banks as deemed appropriate by our Advisor.

Price Risk

We are exposed to property price and market rental risks. We use local knowledge and experience, including that of our Local Property Managers, in order to minimize these risks.

Cash flow and fair value interest rate risk

As we have no significant interest-bearing assets, our income and operating cash flows are substantially independent from changes in market interest rates except for items related to our borrowings. Borrowings issued at variable rates expose us to fair value interest rate risk. The Trust maintains derivative instruments in order to hedge such risk. As of March 31, 2019, 59.5%, respectively, of our borrowings were at a fixed rate and the remainder is at a floating rate. All of our borrowings are denominated in U.S. Dollars.

Credit risk

We have no significant concentrations of credit risk. Policies have been implemented to ensure that rental agreements are made with customers with an appropriate credit history. To reduce such risk, we have security deposits and bonds. Cash transactions are limited to high-credit-quality financial institutions. We aim to limit the amount of credit exposure to any financial institution. In addition, we address this risk through our detailed analysis of clients with which we have entered into lease agreements, focusing mainly on triple "A" clients.

Liquidity risk

Liquidity risk is managed by maintaining sufficient cash and cash equivalents, availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Given the dynamic nature of the underlying businesses, Management aims to maintain certain funding flexibility by keeping sufficient committed credit lines available.

In the normal course of business, we enter into loan agreements with certain lenders to finance our real estate investment transactions. Unfavorable economic conditions could increase our borrowing-related costs, limit our access to the capital markets or financing and result in a decision by lenders to not extend credit to us. There is no guarantee that our borrowing arrangements or ability to obtain leverage will continue to be available, or if available, will be available on terms and conditions that are acceptable to us. Furthermore, these loan agreements include, among other conditions, provisions regarding events of default and various covenants and representations. As of March 31, 2019 and December 31, 2018, 2017 and 2016, we had no past due/callable loans.

A decline in the market value of our assets may also have particular adverse consequences in instances where we have borrowed money based on the market value of certain assets. A decrease in market value of such assets may result in a lender requiring us to post additional collateral or repay the loans.

In the event that our current investment portfolio and investment obligations have not been refinanced or the due date has not been extended when they become due and/or we are required to pay these loans or obligations, our management anticipates that our operating cash flow, investors contributions, new debt refinancing and of real estate investments sales will provide the repayment of these obligations. If we are required to sell investments quickly in order to meet such obligations and commitments, we may realize a value considerably lower than the value at which we previously recorded those investments.

Financial risk

We are exposed to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow risk and interest rate risk), credit risk, liquidity risk, fair value estimation, financial risk, and net assets (net equity) management risk.

Foreign Currency Risk

We are exposed to foreign exchange risk arising from currency exposures in our operations, primarily with respect to investment properties, leasing agreements and debt, which are mostly denominated in U.S. Dollars. Foreign exchange risk also arises from service provided by foreign suppliers.

We have not entered into hedging instruments to offset the effect of currency rate changes, mainly because our investments and revenue are denominated in U.S. Dollars.

Foreign Currency Translation Effect

The effect on net assets (net equity) of converting U.S. Dollar denominated assets and liabilities to Mexican Pesos for the periods ended March 31, 2019 and December 31, 2018 were as follows:

	For the three-month period ended March 31,		For the year ended December 31,		
	2019 (unaudited)	2018	2018	2017	2016
Currency translation effects on net assets (in millions of Ps.)	Ps. 8,599.8	Ps. 7,103.4	Ps. 9,034.6	Ps. 9,169.4	Ps. 9,663.3

A sensitivity analysis prepared by management illustrates how changes in the currency rates affect the net assets at March 31, 2019 and December 31, 2018:

Sensitivity Analysis	For the three-month period ended March 31,		For the year ended December 31,		
	2019 (unaudited)	2018	2018	2017	2016
Exchange Rate	19.3793	18.3445	19.6829	19.7354	20.6640
Weakening 10% (+)	21.3172	20.1790	21.6512	21.7089	24.7968
Strengthening 10% (-)	17.4414	16.5101	17.7146	17.7619	16.5312
			(in millions of Ps.)		
Net Assets	27,471.1	26,636.7	28,545.6	29,061.6	24,780.4
Adjusted Net Assets (weakness)	30,218.2	28,412.4	31,400.2	31,967.7	29,736.5
Adjusted Net Assets (strength)	24,724.0	23,246.5	25,691.1	26,155.4	19,824.3

Critical Accounting Policies

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and its interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as applicable at December 31, 2018.

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

Preparation of consolidated financial statements in accordance with IFRS requires us to make certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate.

We have identified the following accounting policies as the most important to the portrayal of our current financial condition and results of operations.

Revenue Recognition

Accounting policies applied as of January 1, 2018

Lease agreements include rental revenues and service and maintenance charges, as well as investment property management charges. Rental revenues are recognized on a straight-line basis over the lease period as described in the leases policy previously mentioned.

Other elements that are part of the lease agreements that correspond to the charges for services, maintenance and property management were identified.

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

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

Revenues relating to the charges for services and maintenance are recognized at the transaction price agreed in the contract at a specific time. Revenues from management fees are recognized over time, when (or as) the Trust performs its obligations or delivers the promised goods or services to its customers. For income from non-leasing elements, the Trust performs its obligation as customers receive the corresponding services during the term of the contract, so that income is recognized over time. The transaction price for non-lease income is identified in each of the contracts and corresponds to the independent sale prices, and they do not include variable payments, financing or any other.

The Trust obtains other income that includes mainly recoverable maintenance costs, water supply, electric power, property taxes and insurance premiums, which are billed to the tenants. The Trust recognizes this income as an agent, such that the income, if any, corresponds to the difference between the expense incurred by the client and the amount invoiced by the Trust for this concept and is presented in the consolidated statement of income as Other Operating Income.

None of the services performed by the Trust entail the payment of consideration beyond twelve months following the date on which the obligation is fulfilled.

These changes had no effect on the amount or time of recognition of income for these items that is not leasing income, with respect to the accounting policy of the Trust based on the previous applicable standards, so no adjustments were required derived from the adoption.

Accounting policies applied until December 31, 2017

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 ("free rent months"), the cost of these are amortized over the lease term, on a straight-line basis, as a reduction of rental income. These incentives are presented in the deferred rents receivable in the consolidated statement of financial position.

Service and property management charges are recognized in the accounting period in which the services are rendered. This other income primarily includes maintenance cost recoveries, water supply, electrical energy, property taxes and insurance premiums that are billed to tenants.

Estimation of Fair Value of Investment Properties

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

The vice president of the valuation area of PGIM, Inc., an affiliate company of the Advisor and Administrator, is in charge of ensuring that the valuation process offers estimates at fair value, based on appraisal reports prepared by third party independent real estate appraisers (members of the Valuation Institute or an equivalent body). The purpose of an appraisal is to estimate the fair value of a property as of a specific date. Fair value estimates require the exercise of significant judgment.

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

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

Fair value of an investment property represents, among other things, rental revenue, expected cash inflows and the underlying assumptions about the market conditions. Fair value also represents, under similar basis, any expected cash outflows with respect to the property.

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

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

Subsequent expenditure is added to the investment property's carrying 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 during the financial period in which they are incurred.

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

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

Borrowings

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

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

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

Derivative Financial Instruments

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

All derivative financial instruments are recognized and subsequently measured at fair value in the consolidated statement of financial position. Changes in fair value are recognized in results.

Recently Issued Accounting Pronouncements

Standards and amendments to existing standards effective January 1, 2018

IFRS 15, "Revenue from contracts with customers"

IFRS 15, "Revenue from contracts with customers" and "clarifications to IFRS 15" (hereinafter "IFRS 15" replace IAS 18 "Revenues", IAS 11 "Construction Contracts" and several related interpretations with the income. The Trust has adopted the new standard according to the modified retrospective method. The main effects of adoption are described below:

Income from other elements of lease agreements

As a result of the analysis carried out by the Trust, other elements that are part of the lease agreements were identified and evaluated in accordance with IFRS. These other elements correspond to charges for services, maintenance and property management, the Trust recognizes the income for these elements at a certain moment, which coincides with the time in which the client receives and consumes the benefits (compliance with performance obligations). The consideration for these elements is separately identified in each of the contracts and corresponds to the independent selling price for those services, so it is assigned in its entirety to each performance obligation.

The change had no effect on the amount or time of recognition of income for these items that are not leasing income, with respect to the accounting policy of the Trust based on the previous applicable standards, therefore no adjustments were required derived from the adoption.

Presentation and disclosure

As of the date of initial implementation, the Trust did not identify liabilities from the contract for performance obligations, or assets of the contract where the Trust satisfies a performance obligation before receiving the payment. Therefore, the issues of recognition, measurement, presentation and disclosure for these items are not applicable. Likewise, no deficit contracts were identified in accordance with the evaluations of the contracts and, regarding costs to obtain contracts, they are recognized and measured in accordance with IAS 17 "Leases".

IFRS 9 "Financial Instruments"

IFRS 9 replaces the IAS 39 "Financial Instruments: Recognition and Measurement." This standard makes important changes to the previous guidance on the classification and measurement of financial assets and introduces a model of "expected credit loss" for the impairment of financial assets.

The adoption of IFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements. The Trust considered the limited exemption that allows for the avoidance of reformulation of previous periods.

The impact on retained earnings as of January 1, 2018 is as follows:

Retained earnings as of December 31, 2017	$	48,063
Own credit risk reserve		(619,828)
Retained earnings as of December 31, 2017	$	(571,765)

The following table shows the categories of original measurement according to IAS 39 compared to the new measurement categories according to IFRS 9, for all financial assets and liabilities held by the Trust as of January 1, 2018.

	Measurement category Original IAS 39	**New IFRS 9**
Financial assets:		
Derivative financial instruments	fair value through profit or loss (“FVTPL”)	FVTPL
Loan receivable	FVTPL	FVTPL
Accounts receivable	amortized cost	
Cash	amortized cost	(619,828)
Financial liabilities:		$ (571,765)
Borrowings	FVTPL	FVTPL/Own credit risk in other comprehensive income (“OCI”)
Tenant deposits	amortized cost	amortized cost
Accounts payable	amortized cost	amortized cost

Accounts receivable, loans receivable and cash are held within a business model whose objective is to hold financial assets and collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Accounts receivable and cash are measured at amortized cost; and loans receivable are measured at fair value with a change to results, whose classifications are consistent with the classifications under the previous standard.

Derivative financial instruments held by the Trust are not designated for hedge accounting under IFRS 9, which is consistent with the prior classification of these instruments at fair value through profit or loss.

Impairment of financial assets applying the expected credit loss model affects the accounts receivable measured at amortized cost, over which the Trust applies a simplified model of recognition of the expected credit losses during the life of the financial asset, since these items do not have a significant component of financing.

Change in the standard did not have significant effects, so no adjustments derived from the adoption were required.

This classification remained unchanged for the majority of financial liabilities, maintaining its measurement at amortized cost; for those measured at fair value, the effect corresponds to changes in the fair value related to the credit risk of the Trust, which are recognized in the other comprehensive income in accordance with the new IFRS 9.

IFRIC 22, “Foreign Currency Transactions and Advance Consideration”

This amendment does not have a significant impact on these consolidated financial statements and therefore the disclosures have not been made.

New standards, amendments and interpretations effective after December 31, 2018 that have not been adopted early.

IFRS 16, “Leases”: The IASB issued a new standard for lease accounting in January 2016. This standard will replace the current norm IAS 17, which classifies leases into financial and operating. IAS 17 identifies leases as financial when transferring the risks and benefits of an asset and operating to the rest of the leases. IFRS 16 eliminates the classification between financial and operating leases and requires the recognition of a liability reflecting future payments and a “right to use” asset in most leases. The Trust is evaluating the possible impact of this standard. As a result, the adoption of IFRS 16 is not expected to have a material impact on the Trust’s financial statements.

As of the reporting date, the Trust has non-cancellable operating lease commitments of $16,105,959 thousand of Mexican Pesos. Of these commitments, approximately 28% refer to short-term leases and 72% to long-term leases, which will be recognized on a straight-line basis.

The Trust will apply the standard as of its mandatory adoption date of January 1, 2019. The Trust does not expect to have modifications considering that the standard does not include significant changes to the accounting of lessors.

There are no other standards that are not yet effective and would be expected to have a significant impact on the Trust in the current or future reporting periods and future transactions.

INDUSTRY OVERVIEW

Economic Overview of Mexico

According to the IMF, Mexico is the second largest economy in Latin America, the sixth largest amongst emerging market countries, and the fifteenth largest in the world. In general, the country has stable macroeconomic indicators, stable inflation levels, positive balance in the current account, a demographic bonus and low unemployment levels which favor industrial production, mainly in the manufacturing sector.

In 2018, Mexico's GDP was US$1.240 trillion and has grown at an average 2.1% rate during the last 10 years. The IMF forecasts that this growth will continue for the next 5 years. In 2018, Mexico was the 13th largest country when measured by gross industrial output in nominal terms (US$415 billion). Economic growth during the last 10 years has been led by three sectors: manufacturing (+20%), services (+19%) and wholesale retail trade (+19%).

With an estimated daily turnover of US$97.0 billion, the Mexican Peso is the second most liquid currency across emerging markets, just below the Chinese renminbi, and the 11th most liquid globally, just below the New Zealand dollar. Mexico has a network of 12 free-trade agreements, enabling trade with partners that make up 60% of the world's GDP. Manufacturing makes up approximately 17.5% of Mexico's GDP and employs approximately 17% of the total economically active population. According to the World Bank, Mexican industrial production has grown steadily over the past decade and represents a significant component of Mexican GDP, employing 25.9% of the workforce and representing nearly 30.0% of GDP.

Banco de Mexico, an autonomous institution, maintains an inflation target of 3% (+/- 1%). Banco de Mexico's international reserves are near an all-time high at US$185,722.0 million as of June 7, 2019. Mexico's Ministry of Finance and Public Credit has a maintained a conservative indebtedness strategy, maintaining government net debt as percent of GDP between 40% and 50% in the last 5 years, which compares positively against most developed markets. With respect to fiscal policy, Mexico's Ministry of Finance and Public Credit has maintained a debt-to-GDP ratio below 50% since 2000. Since 2015, the Mexican government has embarked in a fiscal consolidation strategy with the objective to reduce public debt.

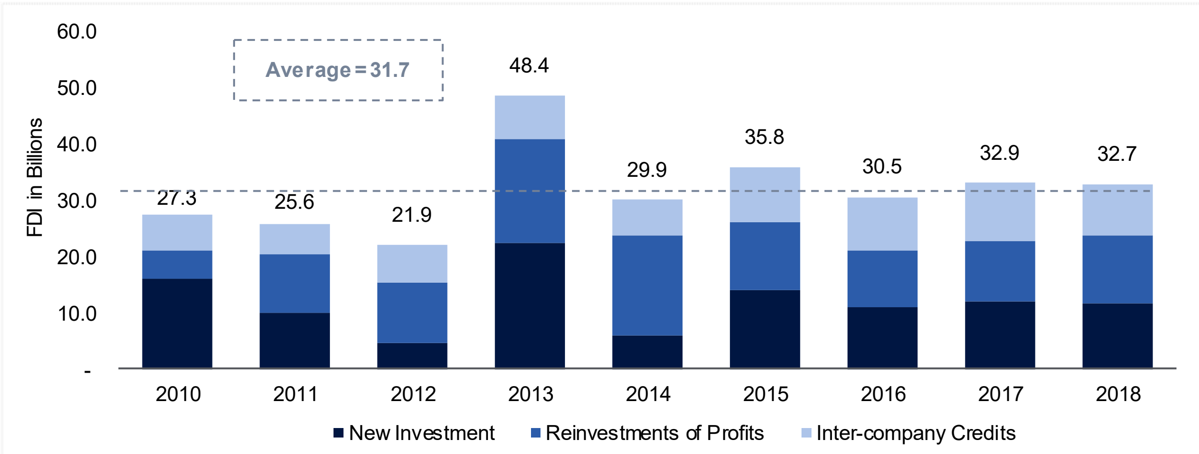
Recent Political and Macroeconomic Events

The last Mexican presidential elections took place in July 2018. Andrés Manuel López Obrador, a member of the MORENA party, was elected President of Mexico by over 50% of the electorate and later took office on December 1, 2018. President López Obrador's administration has stated that its primary objectives are to decrease corruption levels, strengthen Mexico's state-owned oil company (PEMEX), develop social programs and invest in marginalized regions in order to boost the overall national economy, among others. The budget for 2019 approved by the current Mexican government indicates that the administration plans to maintain a fiscal and economic policy that is consistent with that of the previous Mexican administrations.

Foreign Direct Investment in Mexico

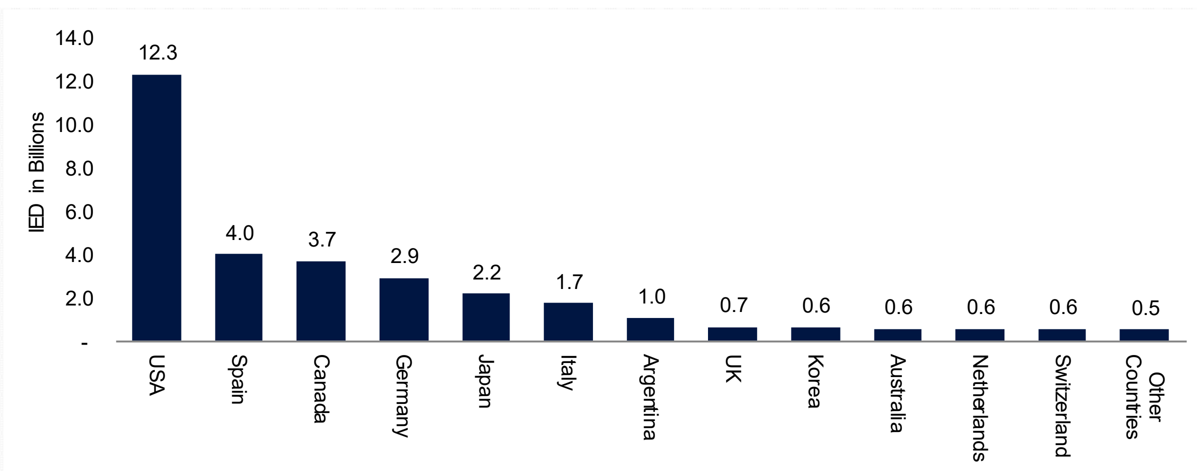
Foreign Direct Investment ("FDI") is a direct indicator of the attractiveness of a country for investment worldwide. Mexico enjoys a strategic geographic location and acts as a transit platform to North America and Latin America as well as having a wide variety of natural resources, and a flexible regulatory framework that allows the development of all types of industries. Over the past decade Mexico has seen an increase in FDI inflow. Current FDI volume stands at $32.7 billion which is above the average volume seen in the last 10 years. FDI inflows come from countries around the globe with a significant weight from United States, which represents 38% of Mexico's FDI, allowing a more flexible exchange of goods and services and investments.

Mexico FDI by Volume (2010 - 2018)



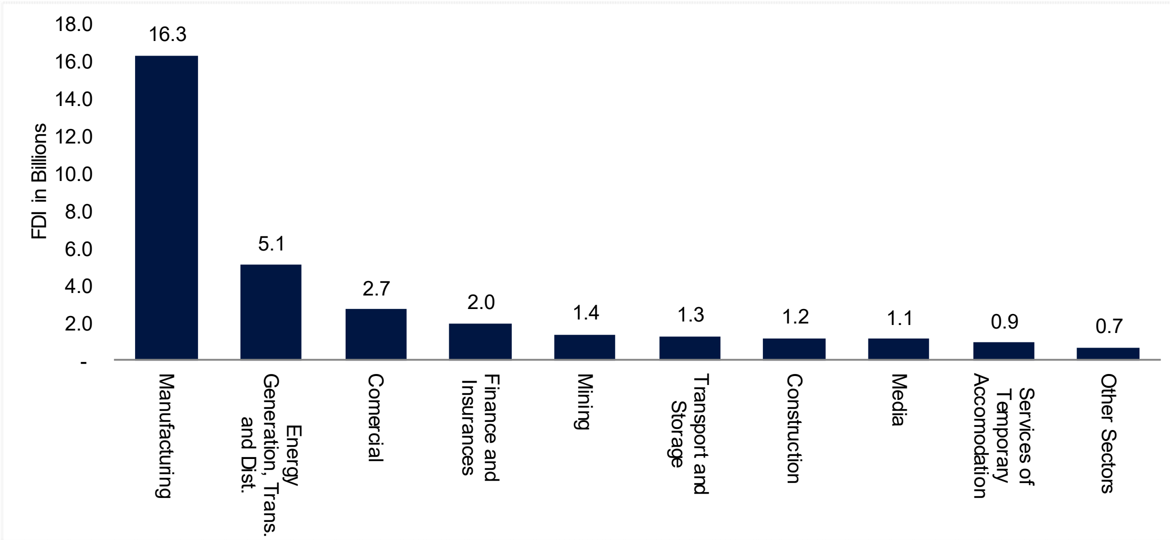
Source: Secretaría de Economía

Mexico FDI by Country of Origin (2018)



Source: Secretaría de Economía

Mexico FDI by Sector (2018)



Source: Secretaría de Economía

FDI in Mexico is highly concentrated in cities in the northern region, such as Tijuana, Monterrey, Chihuahua and Saltillo, as well as Mexico's central region, including Mexico City, Guanajuato, San Luis Potosi and Aguascalientes. FDI remains concentrated in the manufacturing sector, and the biggest contributor to Mexico's FDI is the United States followed by Spain, Canada and Germany, among others.

According to the Ministry of Finance and Public Credit, FDI increased 6.94% during the first quarter of 2018, as compared to the first quarter of 2019. So far there has been US$10.3 billion announced in FDI for 2019, of which approximately 80% is in the form of reinvestment of profits and 20% consists of new investments expected into the consumer/retail and energy sectors.

FDI in 2018, % of total

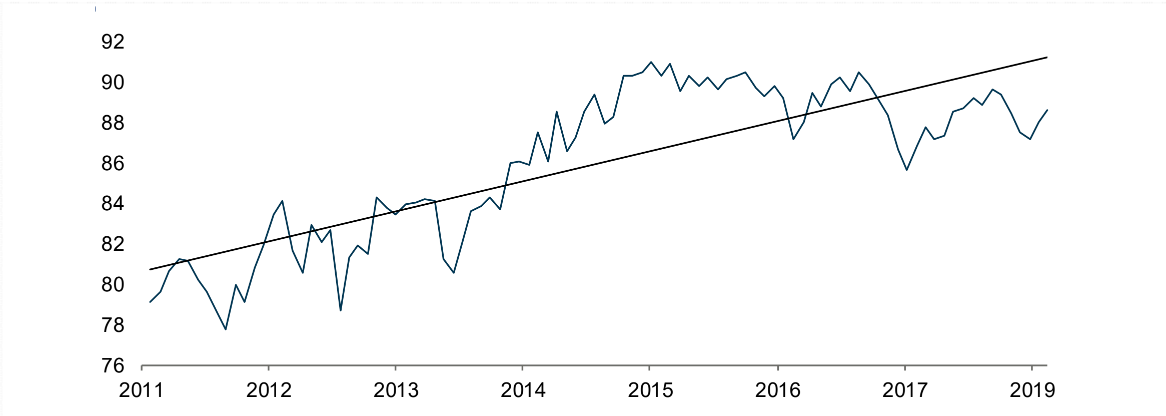
FDI by sectors	
Manufacturing	49.1
Utilities	13.5
Trade	8.9
Financial services	7.9
Mining	4.4
Others	16.2
FDI by country	
United States	38.8
Spain	13.1
Canada	10.1
Germany	8.2
Japan	6.7
Other	23.1

Source: Banco de Mexico, Ministry of Finance

Manufacturing in Mexico

The manufacturing sector is a significant component of industrial production in Mexico and one of the most relevant sectors for Mexican GDP. This sector experienced a 2.8% growth in 2018, which is higher than the national economic growth for the same period. Historically, the sector has accounted for 16.5%, 18.2%, and 19.4% of GDP for 2016, 2017, and 2018, respectively. Furthermore, the manufacturing sector has become one of the most relevant sectors for the export industry, accounting for more than 88% of Mexico's total exports as of March 31, 2019.

Manufacturing Share of Total Mexico Exports (%)



Source: Banco de México

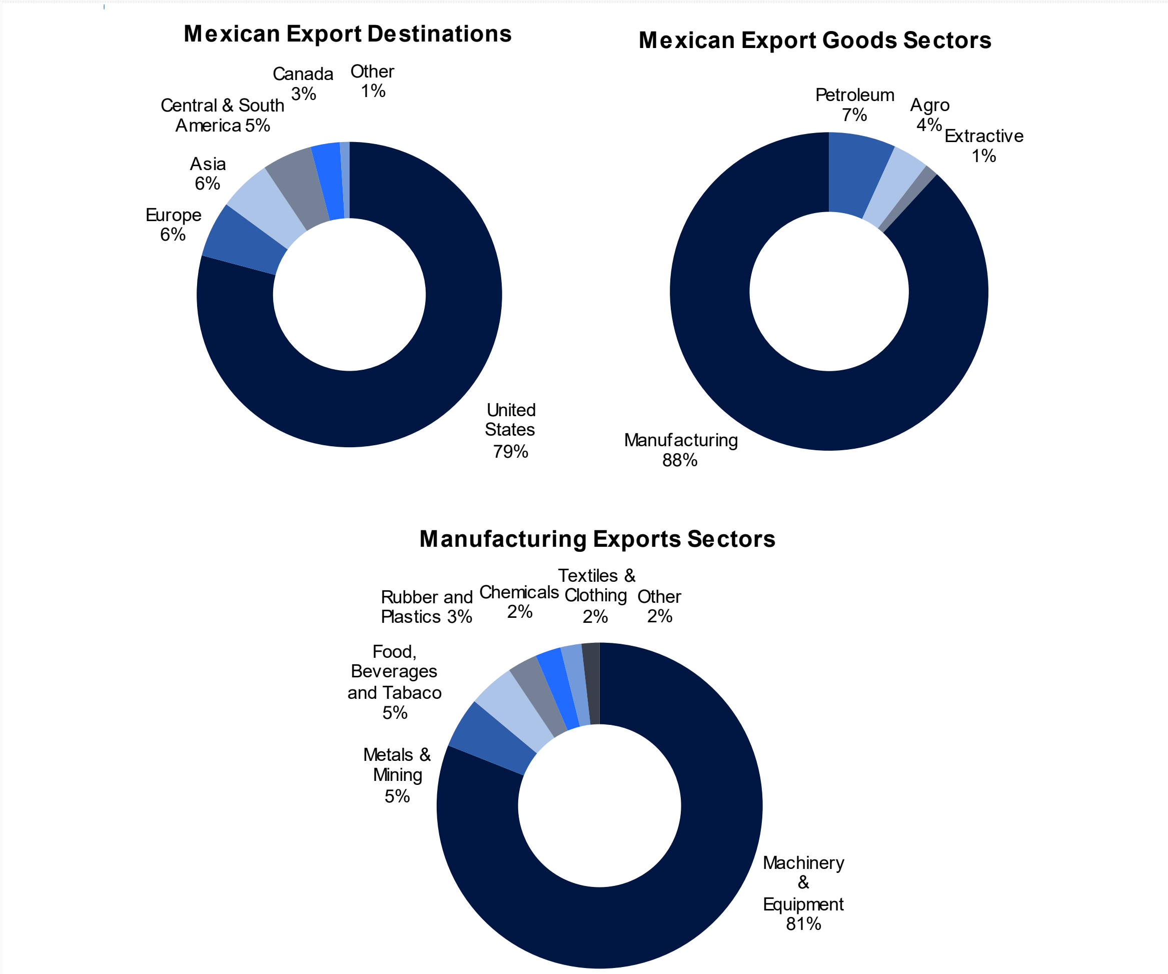
The manufacturing sector has been a key driver for economic growth. This sector has strongly benefited from Mexico's trade agreements such as NAFTA, the Pacific Alliance and other bilateral agreements. Mexico has positioned itself as one of the most open and receptive economies for foreign trade and investment worldwide.

Mexico has gained unparalleled relevance given its competitive advantages and efficiencies in the manufacturing sector in North America. NAFTA allowed the integration of supply chains between United States, Mexico and Canada, with Mexico being the country with the most competitive labor costs. Such integration has consolidated trade synergies among the three countries that are expected to continue. This dynamic lead to a consistently strong demand for industrial real estate.

Trade

Over the past few decades, Mexico has implemented fiscal and monetary policies intended to open the Mexican economy to foreign trade and investment. As of 2018, Mexico is the world's 12th largest exporter, the largest exporter in Latin America and the second largest exporter in the Americas, behind the United States.

According to *Banco de Mexico*, Mexico's exports represented US$450 billion in 2018, approximately 30% of Mexico's GDP. Nearly 80% of these exports, which represent US$360 billion, are exported to the U.S. Machinery and equipment goods remain the most important export class in Mexico, totaling US$322 million in 2018, which represented 81% of all exports.



Source: Banco de Mexico

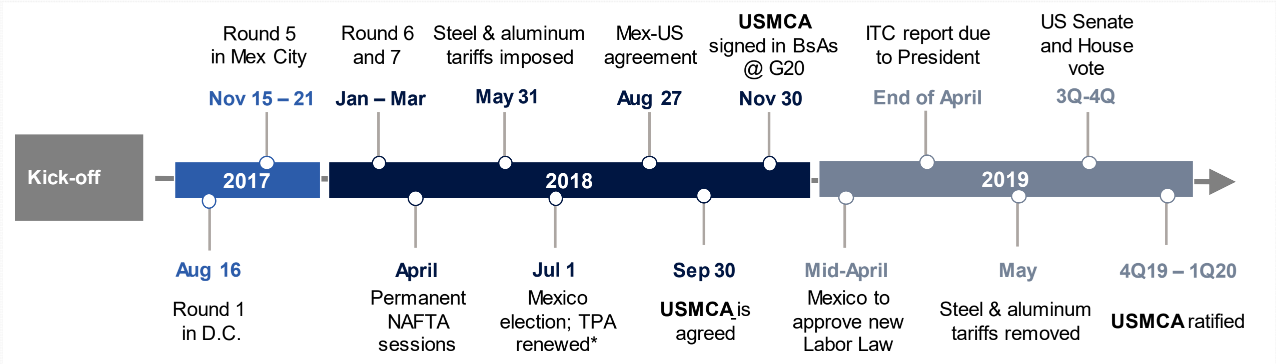
The implementation of NAFTA in 1994 became the flagship treaty when referring to bilateral and multilateral trade agreements with other countries and regions. Mexico's participation in these types of agreements has allowed the country to increase its relevance and presence globally.

In addition to NAFTA, Mexico participates in the Asia-Pacific Economic Corporation ("APEC") and the Pacific Alliance, two institutions that have boosted Mexican economic growth. According to the Mexican Ministry of Economy, Mexico has 12 free trade agreements, which involve 46 countries representing 60% of the world's GDP. Mexico has also signed 32 international agreements for the reciprocal promotion and protection of investments.

On November 30, 2018, the United States–Mexico–Canada Agreement ("USMCA") free trade agreement was signed as a result of the renegotiation of NAFTA during 2017 and 2018. The USMCA covers a wide range of provisions from NAFTA, including agricultural produce, manufactured goods, labor conditions and digital trade. This agreement also underlines intellectual property rights and establishes a new dispute settlement mechanism.

The USMCA is subject to ratification procedures in each country. In order for the USMCA to become effective, it must be ratified by each country's legislative body. Until then, the NAFTA continues to govern the trade relationship between the United States, Mexico and Canada.

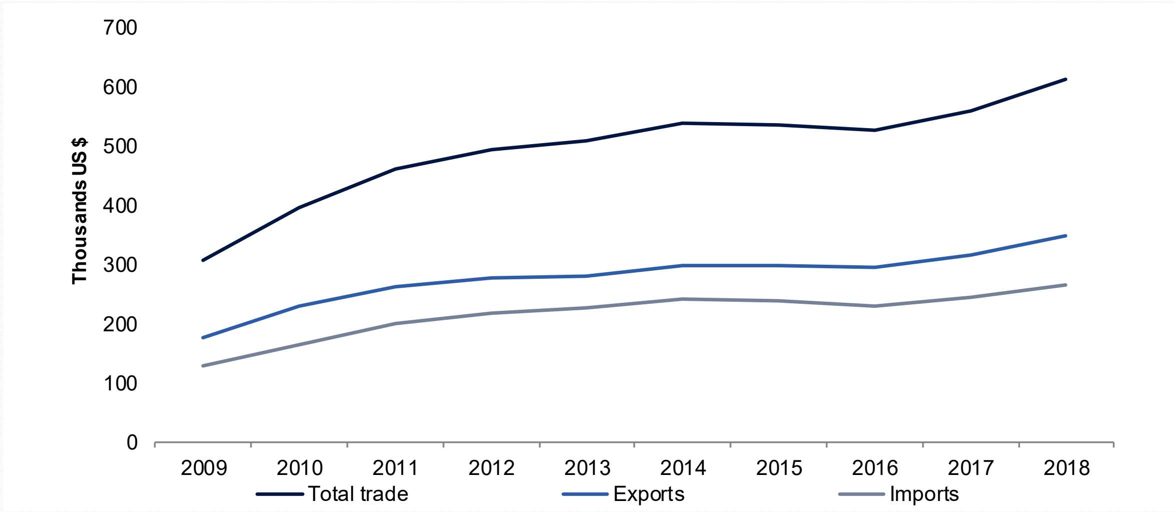
USMCA timeline



Source: Banco de Mexico

According to the Office of the United States Trade Representative from the Executive Office of the Presidency, in 2018, the bilateral trade of goods and services between the U.S. and Mexico totaled an estimated US$671 million (approximately 54% of Mexico's GDP). Mexico is the United States' second largest trade partner with 13.6% of overall imports in 2018. U.S. goods imported from Mexico totaled US$346.5 billion in 2018, an increase of 10.3% (US$32.3 billion) from 2017, and an increase of 60.5% from 2008. The top Mexican exports to the U.S. in 2018 were: vehicles (26.8%), electrical machinery (18.4%), machinery (18.1%), mineral fuels (4.6%), and optical and medical instruments (4.3%). These categories concur with Terrafina's main tenant industries.

Trade in goods between Mexico and the United States



Source: United States Census Bureau

Competitive Advantages for doing business in Mexico

When compared to other large emerging economies such as China, India and Brazil, Mexico is highly competitive as a result of its high productivity, attractive demographics, low labor costs, favorable geographic position, and extensive infrastructure. This has allowed the country to become a manufacturing leader. On the other hand, rising production costs in other countries (particularly China) have encouraged manufacturers to focus on strategies of manufacturing in geographic proximity to the end consumer markets, as opposed to focusing on labor costs, and to relocate production from Asia to Mexico. This change in strategy highly benefits Mexican over Asian manufacturing, particularly with respect to goods sold in North American markets. Additionally, industry clusters and financial incentives provided by state government and U.S. dollar rents (driven by U.S. dollar exports of manufacturers) further position the Mexican industrial real estate sector favorably.

Strategic Geographic Locations, Free-Trade Agreements and Connectivity

Mexico's location, combined with its strategic trade alliances, generates unique opportunities to serve as a global hub. According to Colliers, proximity to the largest economy in the world (the United States economy) means lower inventories and lower transportation costs which make Mexico an attractive destination for several companies.

Mexico's network of free trade agreements offer companies access to a market of over 1.2 billion consumers in 46 countries in North America, Latin America, Europe and Asia. These trade agreements positioned Mexico as one of the world's most important trade gateways.

The vast majority of the industrial properties from different players of the Mexican market are located in strategic geographic areas that benefit from existing trade corridors, including the USMCA corridor and the U.S.

border corridor (including its multiple border crossings). Mexico benefits as well from daily flights to multiple locations which allow same-day travel arrangements facilitating connectivity.

Main regions in Mexico

The rise of the manufacturing sector has and will continue to drive the need for improved logistics and effective transportation means.

Manufacturing integration

During the last 20 years, Mexico has been home to thousands of world-class production facilities from countries like United States, Spain, Canada, Germany, Japan, Netherlands, England and Belgium, among others This has led to an ongoing improvement in value added industries' productivity, such as automotive, aerospace, appliances, food processing, medical devices, chemical, and pharmaceuticals, among others.

With the implementation of NAFTA, Mexico became highly integrated with the United States and Canada which allowed supply chain optimization according to each country's competitive advantages. The USMCA is also expected to be a beneficial commercial agreement between those three countries.

Logistics

Mexico has made significant investments over the years in its highway network, intermodal terminals, border crossings, rail and seaport infrastructure. Mexico has 378,000 kilometers in main roads, including 54 land ports of entry, 64 international airports, over 15 major interior intermodal terminals and over 27,000 kilometers of railways. These investments allow companies to reduce their freight costs, keep lower inventories and increase their speed and access to market.

Mexico's Low Labor Cost and Skilled Workforce

Mexico's relative low labor cost continues to benefit the manufacturing sector. China plays a key role here as Mexico's main competitor in low-cost manufacturing. Recently, Chinese labor wages have risen higher than Mexican wages. Since 2007, China's labor costs have grown 60% in U.S. Dollar terms while Mexico's labor costs have remained relatively stable. As of 2017, wages in the manufacturing sector were US$4.5 per hour in China and US$2.4 per hour in Mexico. The average manufacturing wage in the United States is approximately US$21 per hour vs. $2.4 per hour in Mexico. This has led to an increased attractiveness for Mexico, particularly in labor-intensive manufacturing exports like transport equipment and parts, but also in technology and electronics manufacturing.

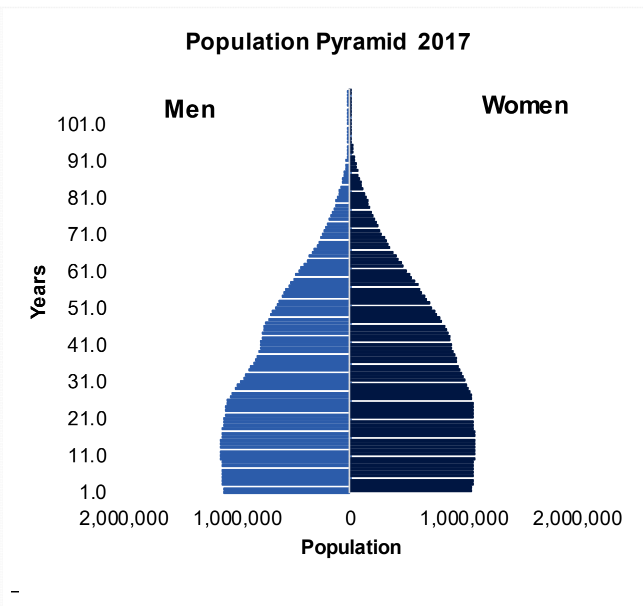
The rising cost of labor in China has led to a re-shoring trend for U.S. manufacturers, with many re-shoring their activities into Mexico. One additional factor to consider is the rising rate of productivity of Mexican labor, which in combination with the low labor costs make Mexico even more attractive.

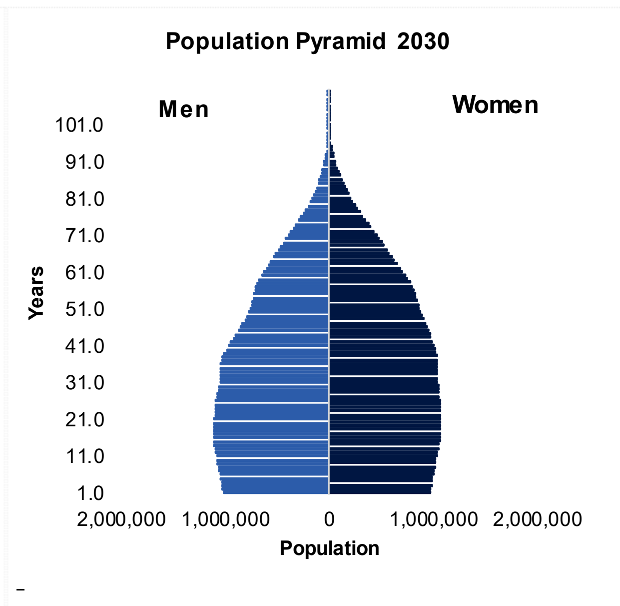
Mexico is well known for its young and skilled labor force. Each year in Mexico, 110,000 engineers and technicians graduate from universities. Mexico's educational system has focused on increasing the workforce's technical abilities and synchronizing their programs with the industrial sectors.

Favorable Demographics and Growing Middle Class

Mexico is the second-largest market in Latin America in terms of population, and it is the 10th most populous country in the world. The country has a favorable demographic profile comprised of young individuals, with an increasingly qualified labor force. This has positioned Mexico in a privileged position when comparing workforces with other countries.

Around 45.3% of Mexico's population is under the age of 25, and the average age is 27.3. Mexico has benefited as well from improvement in life expectancy, which has reshaped its current population pyramid. Mexico benefits from a younger population as compared to other countries such as Japan with an average age of 47.3 years, Spain with an average age of 42.7 years, the United Kingdom with an average age of 40.5 years, the United States with an average age of 38.1 years, China with an average age of 37.4 years, among others.





Source: Consejo Nacional de Población

Mexico's population is concentrated in the central region where around 64% of the population lives and 58% of the national production is generated. The north region of Mexico generates around 30% of national production and accounts for approximately 27% of the population. The southeast region of Mexico accounts for 12% of national production.

Industrial Real Estate Sector Overview

The industrial real estate sector is typically divided into two categories: manufacturing and logistics/distribution.

Industrial space in Mexico has grown consistently for more than ten years at a compounded average growth rate of 5.3% per year. Lease rates have grown sustainably since 2009 and are at its highest rate since then. On average, rates have maintained a steady course. Vacancy rates have improved since 2009. In the last 5 years the tendency shows a decrease of availability, with weighted average vacancy rates decreasing from 6.0% in 2014 to 5.2% in 2018. Industrial Real Estate remains particularly attractive as nearly 80% of its rents are denominated in U.S. Dollars. Net absorption showed a marginal increase of 34.23 million square feet in 2018 on a national level. This came with a 1.2% increase in rents per square foot and a marginal decrease in average vacancy rates to 5.2% at a national level. Regionally, very few markets have shown vacancy increases, in particular Saltillo and San Luis Potosí.

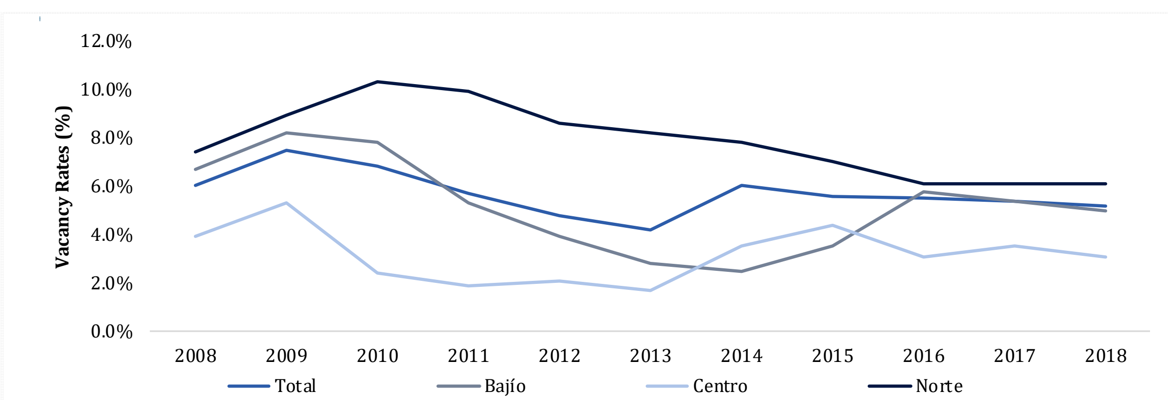
Segmentation of the Industrial Real Estate Market by Region

Mexico Industrial Markets Statistics

Region	Stock (ft^2)	Availability (ft^2)	Net Absorb. (ft^2)	Vacancy Rate (%)	Average Rent	Growth
TOTAL MEXICO….	**797,227,963**	**41,624,722**	**34,232,442**	**5.2%**	**4.30**	**3.5%**
Bajio………………..	**222,790,040**	**11,231,591**	**9,160,940**	**5.0%**	**4.15**	**3.1%**
Aguascalientes…….	23,679,116	738,360	502,836	3.1%	3.95	3.1%
Guadalajara………..	43,583,892	1,393,591	2,133,340	3.2%	4.35	0.5%
Guanajuato…………	61,560,843	4,065,116	2,832,477	6.6%	4.15	4.6%
Queretaro………….	59,250,813	3,111,704	3,138,872	5.3%	4.13	4.8%
San Luis Potosi…...	34,715,375	1,922,820	553,415	5.5%	4.16	3.9%
Central …………….	**155,457,314**	**4,815,758**	**9,379,996**	**3.1%**	**4.56**	**3.9%**
Mexico City………..	92,058,427	3,335,722	8,078,070	3.6%	5.02	6.7%
Puebla………………	28,362,521	1,087,606	280,098	3.8%	4.00	-
Toluca………………	35,036,376	392,430	1,021,828	1.1%	4.66	-
North………………	**418,980,599**	**25,577,362**	**15,691,495**	**6.1%**	**4.19**	**3.4%**
Chihuahua…………	23,246,558	873,340	167,529	3.8%	4.12	-
Juarez City…………	64,968,252	4,173,013	3,046,033	6.4%	4.10	-
Matamoros…………	17,977,026	971,980	374,002	5.4%	4.00	-
Mexicali……………	24,324,272	2,225,630	1,051,159	9.1%	3.92	0.7%
Monterrey…………	115,791,169	8,669,686	5,266,529	7.5%	4.19	6.2%
Nogales…………….	12,499,816	386,069	236,300	3.1%	4.99	0.9%
Nuevo Laredo………	10,451,176	839,961	664,692	8.0%	3.80	9.3%
Reynosa…………….	33,864,392	1,988,695	1,004,283	5.9%	4.05	1.0%
Saltillo……………..	48,885,490	2,833,866	703,195	5.8%	4.25	1.8%
Tijuana……………..	66,972,458	2,615,122	3,177,772	3.9%	4.53	7.4%

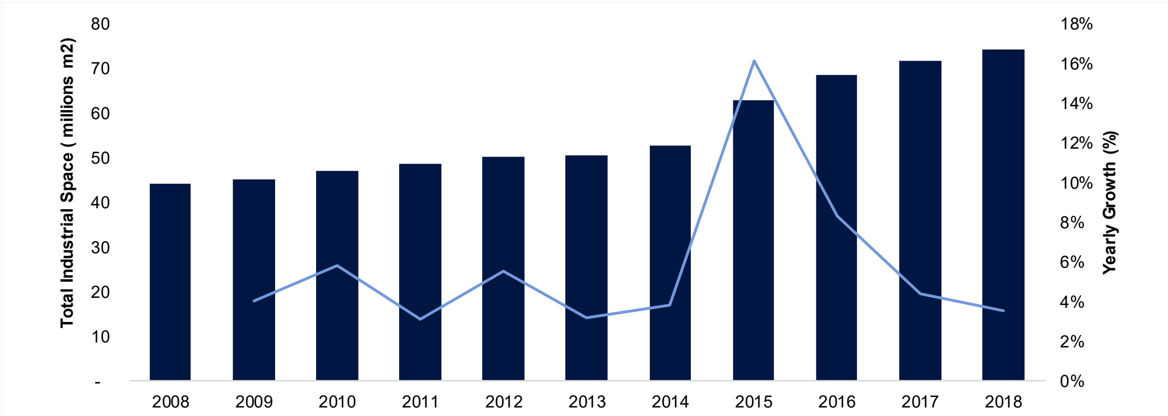
Source: Jones Lang LaSalle Mexico Industrial Report 2018

Vacancy Rates by Region



Source: Jones Lang LaSalle Mexico Industrial Report 2018

Mexico's Total Industrial Stock and Annual Growth



North Region

Vacancy rates in the northern region of Mexico have decreased from 9.9% in 2011 to 6.1% in 2018. The northern region represents 52.55% of the national industrial space stock.

The northern region features one of Mexico's most robust industrial markets, Monterrey, with a highly qualified labor force and ambitious plans of expansion. Many multinational companies from all over the world have established presence in Monterrey, KIA Motors being the most recent example, with the United States accounting for the largest presence and a growing presence from Korea and China.

Electronics, home appliances, automotive and aerospace industries drive this region's growth. There is a build to suit focus in this particular region; however, an increased development of specialized electronic and automotive clusters have developed mainly in Ciudad Juarez.

Proximity to the United States and a skilled labor force greatly benefit the northern region. Tijuana and Ciudad Juarez have benefited from the existing transportation infrastructure which eases the exports and imports between the United States, Mexico and Canada.

Bajio Region

Automotive, aerospace and distribution and logistics are the main drivers for the Bajio market's growth. Industrial space stock for the region increased at a 12.6% compound annual growth rate from 2008 to 2018. The Bajio Region represents 27.9% of the national industrial space stock.

The region has benefited from growth in multiple sectors including the development of the automotive and aerospace industries that have established clusters such as the Automotive Cluster in Guanajuato and Aguascalientes, the Aerospace Cluster in Queretaro, among others. Key multinational companies have established in this region, such as BMW, Volkswagen, Toyota and General Motors. Several other companies that provide components to these industries have decided to move into the region given the increased synergies in transportation costs and time. Logistics and electronic manufacturers play an important role in the Bajio market. Manufacturers have started to consolidate their presence in the region and several companies have established large distribution centers to serve Mexico's western region.

Outlook for this region remains particularly strong as the automotive, aerospace and manufacturing sectors are expected to continue its consolidation in the region in the upcoming years. The region will continue to benefit from supply chain integration and skilled labor force that remain Mexico's main competitive advantages.

Central Region

Distribution and logistics are the main drivers of this market's growth. The central region represents 19.5% of the national industrial space stock.

Within Mexico City, the industrial real estate sector has benefited from a moderate but consistent increase in domestic consumption and regional trade. This in particular has strengthened demand, translating into a 2.7% vacancy rate, a 1.20% decrease for the fourth quarter of 2018 as compared to the fourth quarter of 2017.

Today, technology companies looking for logistics facilities are taking a bigger role in Mexico's industrial real estate sector. Logistics facilities related to manufacturing remain the biggest driver in this region. Ease of access to connectivity for transportation plays a critical role for this type of companies.

Key players in the Industrial Real Estate sector

Automotive

Mexico is the 6th largest producer of vehicles in the world as well as the leader in Latin America, producing 4.1 million vehicles in 2018. The country is a highly dynamic and competitive export hub boosted by a large number of international trade agreements.

Manufacturers operating in the North American markets are attracted by Mexico's low labor costs and attractive fiscal incentives for FDI. The industry's active export activity, investment inflows, and increasing production capabilities have aided in the consolidation of the industry. Mexican vehicle exports to the United States, one of the main markets for automotive production in Mexico, grew to 2.6 million vehicles in 2018, representing a growth of 9.9% from 2017 and a 74.4% share of Mexico's total shipments.

Automotive manufacturing in Mexico has historically concentrated on the US-Mexico border. A large automotive industry cluster is located in the State of Coahuila, in the northern part of the country, which includes the presence of three large U.S. automakers and their suppliers. Over the last years, newcomers such as Nissan, Honda, Toyota, Hyundai, Audi, BMW, and Mercedes Benz have announced and built new operations in Mexico. A growing share of tenants in the automotive sector is now participating in the manufacturing of electric and hybrid vehicles.

Aerospace

The aerospace industry in Mexico is one of the country's three largest manufacturing industries, with over 300 aerospace companies currently operating in the country. Mexico has positioned itself as an important low-cost location in North America in which nearly every commercial and military airplane component can be manufactured. With the support of the private sector, government, and academia, Mexico has developed the infrastructure and educational foundation to support the growth and transformation of the aerospace industry. Educational programs have been built around these clusters and improved the necessary human capital to the industry. Some aerospace companies have established specialized training schools themselves in order to enhance the skillsets of workers.

The Mexican government has helped lay the foundation of the aerospace industry by incentivizing the import of raw materials and components of finished goods that will eventually be exported. Additionally, the government has various programs to create employment opportunities, workforce training programs and new universities to support the industrial sector.

Affordable wages, a qualified and highly trained workforce, and the country's proximity to the United States and Canada have influenced aerospace companies to look at Mexico as a viable cost, quality and logistics solution, incentivizing them to relocate and expand operations in Mexico. Clusters of aerospace firms have formed in Mexico, especially in cities near the northern border, accelerating industrial park development in northern Mexico. These clusters have created economies of scale and specialization, allowing players to benefit from each other's presence.

Tenants in this sector are changing the share of aircraft components from metal to composite material with the objective of creating lighter aircrafts. Some of the aircrafts these tenants manufacture are: Gulfstream, Airbus, Honda HA 420, Citation CJ4, Boeing, Sirkorsky, Beechcraft, Lockheed Martin, Dassault, Kaman, Latitude Jet, Caravan, King Air, Eagle Angels, SkyCourier, among others

Electronics

Mexico is an important electronics market in Latin America due to its significant position in global supply chains as an assembly center for electronics. The Mexican electronics industry has a large domestic production base with significant presence of both multinational and domestic companies. The country's electronics industry is geared towards the assembly and export of electronics devices to end markets in the United States and Canada. As such, the most important companies in the industry use the maquiladora model that takes advantage of duty-free and tariff-free inputs for assembly, processing and manufacture for exports. Mexico's main consumer electronics export products in 2018 were computer hardware and audio-visual equipment, with servers and storage solutions experiencing the highest growth.

Logistics

Logistics in Mexico are geared towards meeting trade demands from the United States, its main export partner. The utilities infrastructure and transportation network in the country are focused on its role in the global manufacturing supply chain. Mexico has captured a large portion of transpacific and inter-American maritime trade due to its extensive coastline and high-quality ports. Additionally, land-based freight infrastructure, such as roads and railways, is well established and has received significant maintenance investments. Wider international connections via air are also well established due to the country's numerous developed and efficient airports offering air freight options.

At the same time, logistics real estate has gradually increased its regional consumption-oriented distribution strategy, mainly in Mexico City where most of the tenant operations cover distribution to retail stores or e-commerce.

BUSINESS AND PROPERTIES

Overview

We are a Mexican real estate investment trust (FIBRA) created on March 19, 2013 and anchored by what we believe is a high quality and geographically diversified industrial portfolio. As of March 31, 2019, our Portfolio consisted of 298 real estate properties, including 287 developed industrial facilities, with a collective GLA of approximately 41.1 million square feet (making it one of the largest industrial portfolios in Mexico) with a 95.9% occupancy rate. Additionally, we have a total of 294 tenants as of March 31, 2019. The Properties making up our Portfolio consist of attractive, strategically-located warehouses and other light manufacturing properties primarily in markets we believe to have strong underlying fundamentals throughout the central, Bajio and northern regions of Mexico.

As of March 31, 2019, we owned 11 land reserve parcels that we believe can support, in the aggregate, approximately 5.7 million square feet of Buildable GLA, backed by our extensive experience in the origination, development and leasing of industrial properties. In the past, these land reserves have allowed us to meet the expansion requirements of our tenants and capture other build-to-suit opportunities. Our Advisor and our management team collectively have more than 80 years of experience acquiring, managing, developing and divesting real estate industrial assets.

Our Portfolio is well-diversified geographically, by tenant and by industry sector. Our largest tenant represents 3.3% of our Annualized Base Rent and 3.1% of our total GLA and our 10 largest tenants represent 17.8% of our Annualized Base Rent and 17.8% of our total GLA. Additionally, our tenant base is comprised primarily of large, creditworthy multinational corporations. The Properties are located throughout 33 cities in 16 states, primarily in northern Mexico and are distinguished by the quality of our tenants. We maintain 62.3% of our Portfolio in the north, 22.5% in Bajio and 15.2% in central Mexico. Our Portfolio benefits from well-staggered lease expirations, with a weighted average lease term of more than 7 years considering leases signed since IPO.

In addition, we believe the structure of our leases, 96.7% of which provide for fixed rental payments in U.S. Dollars, further contributes to the stability of the cash flow provided by our Portfolio and hedges against adverse fluctuations in the peso-to-dollar exchange rates. In addition, these leases contain contractual annual rental rate increases pegged to U.S. inflation. The average age of our Portfolio is 12 years providing our tenants with facilities meeting modern specifications. As of March 31, 2019, the developed properties of our Portfolio had an average Annualized Base Rent of US$5.18 per leased square foot.

We are internally managed by highly qualified industry specialists and externally advised by our institutional sponsor Prudential Financial Inc.'s real estate investment management business: PGIM Real Estate. We have assembled an internal management team with significant real estate experience and an in-depth knowledge of our portfolio and the financial and capital markets, which is complemented by the strategic advisory and portfolio and asset management capabilities of our Advisor. We intend to continue to leverage our Advisor's multi-faceted institutional real estate platform and local expertise, as well as its local and global deep knowledge of the industrial and other real estate sectors. We believe that our Portfolio's fully occupied properties represent a steady and resilient source of cash flow. We also believe that the fragmented industrial real estate sector in Mexico, combined with our access to capital and the scalability of our portfolio, will offer us opportunities to build on our leadership position and capitalize on the significant market opportunities within the Mexican industrial real estate sector.

Our business model consists of: (i) continued delivery of organic growth capitalizing on our and PGIM Real Estate's tenant and industry relationships and our local property management expertise; (ii) executing on disciplined accretive acquisitions by sourcing deals and taking advantage of our long-term relationships and joint venture partnerships; (iii) selectively pursuing development opportunities by leveraging on expansion of existing properties and accessing our current land reserves; and (iv) proactively optimizing our asset portfolio through divestitures of non-strategic assets. See "—Business and Growth Strategy."

Terrafina has executed a disciplined business strategy, consisting of new developments (mainly expansions and build-to-suits (BTS)) and mergers and acquisitions (M&A) transactions, including divestitures of non-strategic assets. Our M&A transactions, including recent accretive portfolio acquisitions in 2017 and 2018, have provided for substantial operational and financial gains.

As a result of such strategy, most recently industrial properties increased by 37.3% to reach 287 properties in the first quarter of 2019 as compared to December 31, 2016;. Total GLA reached 41.1 million square feet in the first quarter of 2019, a 34.7% increase compared to the first quarter of 2016. As of March 31, 2019, the occupancy rate was 95.9%, a 108 basis points increase compared to December 31, 2016, and LTM EBITDA increased by 44.3% to reach US$170.6 million as of March 31, 2019 compared to the fourth quarter of 2016.

Terrafina has maintained a positive track record over the years, including through its IPO in 2013 and the issuance of the Existing Notes on November 10, 2015, with sustained increases in LTM Rental Revenues, LTM NOI, LTM NOI Margin, LTM EBITDA and LTM EBITDA Margin as shown in the table below.

	December 31, 2013	November 10, 2015[(1)]	March 31, 2019[(1)]	Variation vs. December 31, 2013	Variation vs. November 10, 2015
Net Revenues[(2)(3)]	75.3	139.2	190.4	152.9%	36.8%
NOI (millions of US$)	69.9	124.9	189.8	171.5%	52.0%
NOI Margin	87.6%	89.7%	92.3%	5.4%	2.9%
EBITDA (millions of US$)	59.2	110.4	170.6	188.2%	54.5%
EBITDA Margin	74.2%	79.3%	83.0%	11.9%	4.7%

(1) Last twelve months figures.
(2) Excludes accrued income from straight-line rent adjustments, as it is a non-cash item.
(3) Excludes tenant improvements reimbursements which are included in other metrics' calculations.

Our Competitive Strengths

Strong and Steady Cash Flows Supported by High Margins: We believe the structure of our leases, 96.7% of which provide for fixed rental payments in U.S. Dollars, further contributes to the stability of the cash flows provided by our tenants' financial strength and export-driven activity, which hedges against adverse fluctuations in the peso-to-dollar exchange rates. We believe we have a balanced lease expiration schedule. Moreover, our diversified tenant base comprised primarily of large creditworthy multinational corporations reduces single-tenant vacancy risk, which we believe, together with our average historical renewal rates of 85.0%, contributes to a greater predictability of our cash flows. Combined with efficiencies available to us through PGIM's platform, we believe these factors have allowed us to achieve the highest operating margins in the FIBRA sector.

Premier Institutional Sponsorship: We expect to continue benefiting from the substantial expertise of our Advisor's vertically integrated real estate platform, industry relationships, access to capital markets, market intelligence, portfolio management, asset management and execution capabilities. PGIM Real Estate, the real estate investment management business of Prudential Financial, Inc., operates an integrated real estate investment business in the United States, Europe, the Middle East, Asia and Latin America. With a global presence and a team of highly qualified industry specialists, PGIM Real Estate has been redefining the real estate investing landscape since 1970. Combining insights into macroeconomic trends and global real estate markets with excellence of execution and risk management, PGIM Real Estate's tenured team offers to its global clients a broad range of real estate equity, debt and securities investment strategies that span the risk-return spectrum and geographies. PGIM Real Estate is one of the largest real estate investment managers in the world with US$171.2 billion in combined gross assets under management and administration across its PGIM Real Estate and PGIM Real Estate Finance businesses, as of March 31, 2019. PGIM Real Estate Latin America has been investing, managing and operating industrial real estate in Mexico and Latin America since 2002. As of March 31, 2019, PGIM Real Estate Latin America managed approximately US$3.2 billion in gross real estate assets (approximately US$1.9 billion net of debt). Since 2003, PGIM Real Estate has maintained a team in Mexico City with real estate investment management responsibilities including the acquisition, development, leasing, financing, divestment and management through Local Property

Managers, portfolio and asset management, M&A financing as well as risk management, which has led to a deep knowledge of industrial real estate and robust local market intelligence.

Members of our Advisor's senior management team have proven track records of acquiring, developing, leasing, financing, divesting and managing industrial real estate and have grown the overall industrial portfolio from 1.2 million square feet (as of December 31, 2003) to close to 47 million square feet (as of March 31, 2019), thus creating and managing one of the most diversified and one of the largest industrial portfolios in Mexico. Using a disciplined and proactive asset management process, members of our Advisor's senior management team have increased the occupancy of the properties in our Portfolio from approximately 85.9% as of March 31, 2013 to approximately 95.9% as of March 31, 2019.

As an affiliate of PGIM Real Estate, our Advisor has continued access to PGIM's comprehensive due diligence, risk management, underwriting, accounting, cash management, compliance and legal real estate experience, economies of scale, policies and procedures. Additionally, our Advisor has access to overall PGIM's knowledge of industrial assets and markets, expertise in leasing, property management, marketing, acquisitions, development, financing and divesting activities, among others. The continued involvement of PGIM Real Estate through our Advisor will provide business continuity for our Properties and our long-term tenant relationships. We believe that as owners of one of the largest and most diversified industrial portfolios in Mexico, together with our continued relationship with PGIM Real Estate, we have a competitive advantage to capitalize on the opportunities and continue to be a lead player within Mexico's real estate market.

Transparent Governance Structure: We believe our transparent, internally managed and externally advised structure reflects a thoughtful and prudent approach to corporate governance issues which is tailored to the interests of our shareholders while blending PGIM's institutional best practices with Terrafina's independent oversight. In this respect, Terrafina is one of a few FIBRAs in Mexico with a team that is completely internal and fully dedicated, and it was the first FIBRA in Mexico to form a majority-independent board of directors and to have an external institutional advisor under a flexible contract which can be terminated by a simple majority vote of the holders of our CBFIs at any time without cost or penalty. Our Advisor was formed to present us with strategic and investment recommendations that are in line with the investment guidelines established by our board of directors. In addition, our Advisor is responsible for applying PGIM's institutional model with respect to portfolio, asset and risk management by accessing its global best practices and standing committees. Our Management Subsidiary implements our Advisor's recommendations at its discretion, with the support of the Advisor's resources. Our internal management team, via our Advisor, leverages PGIM's in-house portfolio management, asset and risk management, capital markets, underwriting and operational functions, including accounting, tax and treasury capabilities, thereby bringing economies of scale to Terrafina. This structure provides us with an internal management team that is wholly dedicated to us, aligned with our debt and equity holders and accountable to a majority independent board of directors, while simultaneously benefiting from PGIM's institutional platform, which, through its size, we believe affords us efficiencies and economies of scale.

Attractive Industrial Properties with Significant Scale: As of March 31, 2019, our Portfolio is one of the largest industrial portfolios in Mexico in terms of GLA according to the public earnings reports filed by FIBRAs for the first quarter of 2019. We believe it would be difficult to replicate our Portfolio due to its scale, high quality and strategic locations. As of March 31, 2019, our Portfolio comprised 287 developed industrial facilities with a GLA of approximately 41.1 million square feet and 11 land reserve parcels with approximately 5.7 million square feet of Buildable GLA. Our Portfolio benefits from well-staggered lease expirations.

The scale of our Portfolio helps us to achieve revenue diversification, efficiencies that stem from economies of scale and allows our tenants to expand across our locations as their businesses evolve. We have achieved substantial market share in attractive markets, which we believe position us to benefit from the ongoing economic expansion in Mexico.

Attractive Facilities: We believe our focus on high quality, well-located, market-competitive industrial properties has positioned us to take advantage of the growth in the demand for modern industrial and logistics facilities in Mexico. We have developed what we believe are high-quality and flexible properties with modern features such as wide column spacing, large floor plates, high ceilings, office space, large depth loading docks and good vehicular access. Our Portfolio is also relatively young with 74.3% of total

GLA built between 2003 and 2018, 13.3% between 2000 and 2003, and 12.4% before 2000. We believe that the quality of our properties coupled with our proactive deployment of capital expenditures to preserve and improve the quality of our properties, as well as our scale and geographical diversification distinguishes us from our competitors in Mexico.

Strategic Locations: Since 2003, when PGIM Real Estate launched operations in Mexico, the Properties which comprise our Portfolio have been acquired or developed in more than 33 cities as part of a strategic effort by PGIM Real Estate and, later, Terrafina, to own attractive assets within markets with long-term growth prospects, including favorable demographic and economic trends, robust infrastructure and communication networks, qualified labor and competitive locations for light manufacturing processes, the logistics and trade sectors and distribution warehouses. Our Portfolio, as of March 31, 2019, has a strong presence in the major industrial hubs in Mexico, including Cuautitlan Izcalli, Chihuahua, Queretaro, Ciudad Juarez and Ramos Arizpe. We believe that many of our properties have the potential to achieve rental and occupancy rates equal to or above those typically prevailing in their respective markets due to their desirable locations within their submarkets, as well as our hands-on management approach. We believe that the quality of our Portfolio gives us a competitive advantage to attract and retain tenants in the markets in which we operate.

Diverse Portfolio: Our Properties are located in 33 cities and 16 states, primarily in the central, Bajio and northern regions of Mexico. We believe it would be difficult to replicate our Portfolio due to its diverse composition. Our portfolio has a diversified revenue stream and is geographically balanced by region, which mimics the geographic distribution of Mexico's industrial real estate market. We maintain 62.3% of our Portfolio in the north, 22.5% in the Bajio and 15.2% in the central regions of Mexico. Our tenant base is well diversified across a variety of industries, including automotive, electronic, consumer goods, industrial goods, aerospace and logistics. No single tenant accounts for more than 3.1% of total leased GLA of our Portfolio or more than 3.3% of Annualized Base Rents as of March 31, 2019. Our leased GLA as of March 31, 2019 was split between manufacturing and distribution usage, with 73.2% used by manufacturing tenants, which typically operate under leases with terms of up to ten years, and 26.8% used by distribution and logistics tenants, which typically operate under leases with terms of up to five years.

The following table shows a breakdown of our operational metrics by region and growth since our IPO on March 19, 2013.

As of March 31, 2019	North	Bajio	Central	Total	Growth Since IPO
GLA (millions of sq. ft.)	25,608,346	9,273,548	6,252,104	41,133,997	107.0%
Average Annualized Base Rent (US$/sq. ft./year).......	5.10	5.24	5.39	5.18	12.60
Occupancy Rate (%).........	97.6%	91.8%	94.8%	95.9%	998bps

Experienced and Committed Internal Management Team: Our internal management team has significant experience in all aspects of real estate management, marketing, leasing, acquisition, development and finance. Our chief executives have over 60 years of experience in the industrial sector, with a proven ability to prudently and efficiently deploy capital through property acquisitions and development. Terrafina's management has experience in risk management and consulting, is responsible for establishing our financial management strategy, ensuring that we maintain an appropriate capital structure and debt resources and monitors the performance of our Advisor with respect to our financial management strategy, including with respect to accounting, treasury, tax payment strategy, capital raising and financing.

Proven Access to Sources of Capital: We believe that the quality of our Portfolio, coupled with our established track record in the industrial real estate space in Mexico, provides us with competitive and consistent access to different sources of capital. From the IPO to date, we have successfully accessed the equity capital markets pursuant to our IPO and the follow-on offerings of CBFIs in September 2014 and July 2017, raising an aggregate of US$1.6 billion, and our global offering of the Existing Notes in 2015, raising US$425.0 million. Additionally, our proactive asset management strategy also provides us with an additional source of capital through the divestiture of non-strategic assets. For example, through the March 2015 Sales we completed the sale of certain of our properties, comprising 3.7 million square feet of land reserves and industrial space located predominantly in the northeast region of Mexico, for US$101.0 million. See "—Proactive Asset Management" for further details. As part of our business strategy, we intend to continue pursuing capital recycling strategies. On the other hand, together with our Advisor, we have developed strong lending relationships with both international and local players, including Citibank N.A, BBVA Bancomer S.A., Banco Nacional de Comercio Exterior, S.N.C., J.P. Morgan Chase & Co. and Metropolitan Life Insurance Company, a New York Corporation, among others. From the IPO to date, we have raised an aggregate of approximately US$2.6 billion of debt. For further discussion of our lending relationships see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Obligations to Lenders."

Solid Performance and Proven Execution: We believe that our performance from the IPO to date has allowed us to deliver strong financial and operational results that demonstrate a commitment to create value, generate new business, access financing and use financial discipline in carrying out our strategies for both inorganic and organic growth. From the IPO in March 2013 to March 31, 2019, we have completed acquisitions valued at more than US$1.35 billion and, as a result, our distributions from operations of the Portfolio have increased 47.7%. Moreover, our historical retention rate of 88.9% has allowed us to maintain our occupation rate, which reached 95.9% as of March 31, 2019, thus contributing to the stability of the Portfolio.

Business Strategy

Opportunity for Growth: We believe our operating structure, knowledge of the key players in the industry and our strategies for establishing joint venture partnerships and synergies provide us with an advantage to implement our growth strategy via highly selective and accretive acquisitions as well as the development and rental of new properties. We believe our successful track-record of developing stable partnerships with local developers, as well as our ability to leverage PGIM Real Estate's scalable operating platform acquisition expertise, differentiate us from our competitors. PGIM Real Estate Latin America currently manages six institutional funds and has significant experience acquiring, developing, financing, divesting and leasing properties across real estate asset types and geographic markets. See " —Our Institutional Sponsorship." Our Advisor has a long track record and experience in acquiring portfolios and in industrial property development and leasing, which positions us for growth through expansions for existing customers, the development of build-to-suit and/or speculative buildings and acquisitions of real estate from new and repeat sellers in the industrial and other sectors, provided that potential acquisitions meet the criteria of adding value to the portfolio and our investors. From the IPO to March 31, 2019, our GLA increased 107.0%, our number of tenants increased 113.0% and our occupancy rate increased 998 basis points. Since the equity follow-on offering in September 2014, we established two new joint venture investments, which will fuel development growth on our owned land reserves and our partners' land reserves.

Organic Growth: We intend to continue renewing existing tenants and leasing currently vacant space in our Properties to allow us to maximize cash flow. We believe that this increases our occupancy rate and in some situations, it also allows us to increase rental rates, which in turn increases our average Annualized Base Rent. As of March 31, 2019, the occupancy rate at our Portfolio was approximately 95.9%, which is in line with our long-term objective for occupancy levels. Furthermore, we believe that the solid fundamentals of the industrial property markets in certain Mexican states, with low vacancy rates ranging from 3% to 5%, according to Jones Lang LaSalle's Mexico Industrial Report for the full year 2018, will also allow us to increase rental rates in certain markets. Our average Annualized Base Rent has grown from US$4.60 per leased square foot to US$5.18 per leased square foot from our IPO to March 31, 2019.

On the other hand, we will continue to support the growth of our existing tenant base, and to meet their strategic needs, by providing expansions of existing buildings for current tenants, as well as build-to-suit properties that allow us to obtain attractive yield rates from the development of properties. For example, during the first quarter of 2019, Terrafina signed an approximately 19,433-square foot expansion of an existing 64,376-square foot facility in Ciudad Juarez. With this expansion, we were able to lock in a long-term lease (eight years).

Growth in occupancy: As of March 31, 2019, our Portfolio was approximately 95.9% occupied, leaving approximately 1.7 million square feet available to lease. We intend to increase our portfolio occupancy through our local presence and knowledge of each industrial submarket and our selective deployment of capital in the form of tenant improvements, while continuing to be competitive in respect of amenities, building quality and rental rates. Since our IPO, occupancy rates have increased approximately 998 basis points, from 85.9% to 95.9%, as a result of disciplined and proactive asset management as well as mergers and acquisitions, the acquisition of the American Industries-Kimco Portfolio, the January 2017 Portfolio, the September 2017 Portfolio, the December 2017 Portfolio, the April 2018 Portfolio, the sale of non-strategic assets in March 2015 and the Portfolio's organic growth through the leasing of vacant industrial space.

Contractual rental rate increases: Our leases generally contain contractual annual rental rate increases linked to an inflation index, typically the U.S. Consumer Price Index for U.S. Dollar-denominated leases (which comprise 99.0% of our total contracts), and the Mexican inflation rate for Mexican Peso-denominated leases.

Expansion opportunities driven by existing tenant relationships: We frequently expand existing facilities to accommodate the growing needs of our tenants on Expansion-Potential Land. We believe our strong tenant relationships and roster provide us with future growth opportunities. Additionally, build-to-suit agreements also allow us to take advantage of attractive opportunities, while adding value through incremental operating cash flow to the Portfolio. For example, during 2019, we completed a build-to-suit industrial building comprising 109,870 square feet for a tenant in Ciudad Juarez with the agreement to increase to 265,030 square feet. This investment secured the tenancy for an eight-year period at a rental rate in line with market average. Currently, we have a pipeline of expansions comprising approximately 760,000 square feet that could serve the needs for additional GLA of 12 different tenants and BTS of approximately 248,000 square feet in Aguascalientes.

Strategic Development of Land Reserve Parcels: Our strategy is to develop buildings to the extent that such development has been requested by customers and secured by a lease. This strategy provides a competitive advantage when seeking to retain and attract both existing and prospective tenants with short- and long-term growth prospects. We currently own parcels of land with an estimated potential of adding 5.7 million square feet of GLA (13.8% of our current GLA), divided among 11 strategically-located land reserve parcels across 6 industrial geographic submarkets. As of March 31, 2019, our Portfolio has land reserves to develop 5.7 million square feet of GLA on Expansion-Potential Land, which could allow us to continue adding value through incremental operating cash flow to the Portfolio.

These reserves provide us with a pipeline of build-to-suit and selective expansion opportunities to primarily support our tenants' growth strategy in the short-, medium- and long-term, while providing us with attractive yields and mitigating the risk from adverse external conditions or potential asset bubbles. We have relied on the combined experience of our Advisor and our management in successfully developing and, most importantly, leasing over 40 million square feet of GLA in the last 17 years.

Historically, since the IPO, we have developed around 2.8 million square feet of GLA in expansions and new development (both in excess land and land reserves, combined) in order not only to satisfy our current tenant needs for incremental space but also to captivate potential clients' requirements. This kind of development achieved an average yield on cost of approximately 10.0%-12.0% while supporting tenant business and increasing our cash flow at the same time.

Portfolio Optimization and Capital Recycling Strategies: We have designed a proactive asset management strategy centering on (i) the sale of non-strategic properties from time to time in order to optimize our Portfolio and improve its operating metrics and (ii) strategic investments in capital expenditures. The implementation of this strategy is consistent with our objectives of specializing in key markets in order to increase revenues, improving profitability of the assets and maintaining constant and achieving sustainable growth for us. We believe that this approach distinguishes us from our competitors and allows us to establish long-term relationships with our tenants. As a result of the March 2015 Sales and other past strategic asset sales, we have improved certain operating indicators, such as our occupancy rates, average leasing rents, operating margins and loan-to-value ratio, while generating incremental liquidity for the Company. These sales also lowered the average portfolio age to 12 years and as a result we currently have the youngest industrial portfolio among FIBRAs. Additionally, these transactions generated savings in operating, maintenance, financial and external advisor commission expenses. We are continuously reviewing different potential sales opportunities to optimize the performance of our portfolio. As part of this process, we analyze and evaluate certain assets, including land reserves and vacant properties located in non-strategic markets. Portfolio sales allow us to divest properties with negative or moderate prospects and improve the average quality and age of our Portfolio.

Inorganic Growth - Acquisitions: The real estate industry in Mexico is fragmented, largely consisting of small and medium-sized participants with limited access to capital or exit opportunities, and many of the larger scale portfolios have recently been sold. Only 30% of the industrial facilities in Mexico are owned by institutional investors and the rest is owned among small investors. However, we believe that a robust pipeline of attractive properties may be available. According to the Jones Lang LaSalle "Mexico Industrial Real Estate Outlook" report, as of the fourth quarter of 2018, the total size of the industrial market in Mexico was approximately 74 million square feet. We believe that, given our size, geographic reach and access to diverse sources of capital as a public entity, we have opportunities to act as a consolidator of industrial properties in Mexico. See "Policies with Respect to Certain Activities ─ Investment Policies."

We plan to utilize our network of industry contacts and brokers, our focus on establishing long-term partnerships and joint ventures, our access to favorable financing conditions, our relationship with previous sellers and our knowledge of the real estate market in Mexico to acquire stabilized properties in core industrial markets.

Our management team and our Advisor are committed to our best practice approach to underwriting and analyzing transactions that fit our investment criteria and generate risk-adjusted returns that we believe are attractive and add value to our net operating income. In each transaction, we intend to continue to utilize our Advisor's best practices, existing relationships, access to financing and expertise and resources to execute a disciplined acquisition strategy.

Our Portfolio

Our Portfolio consists of 287 high quality industrial properties and 11 land reserve parcels. The properties in our Portfolio are located in 33 cities in 16 states, primarily in the central (representing 15.2% of our collective GLA), Bajio (representing 22.5% of our collective GLA) and northern (representing 62.3% of our collective GLA) regions of Mexico.

These geographic zones represent highly industrialized areas with positive demographic trends, including population growth, employment growth, robust infrastructure and extensive communication networks. Within the metropolitan area, the properties are distinguished by their location in well-located industrial parks, on or near airports, railways and highways, including the main trade corridor with North America, and with railway access. The geographic diversification of our Portfolio within Mexico limits our dependency on any given area or regional economy. Given that the northern region of Mexico houses predominantly manufacturing activities and the central region houses mainly distribution activities, geographic diversification also reduces our exposure to any one specific industrial sector. As of March 31, 2019, 26.8% of Properties were used for distribution and logistics activities and 73.2% were used for manufacturing activities. Our Properties must comply with the investment guidelines approved by our board of directors. For more information about the investment guidelines see "Policies with Respect to Certain Activities—Investment Policies."

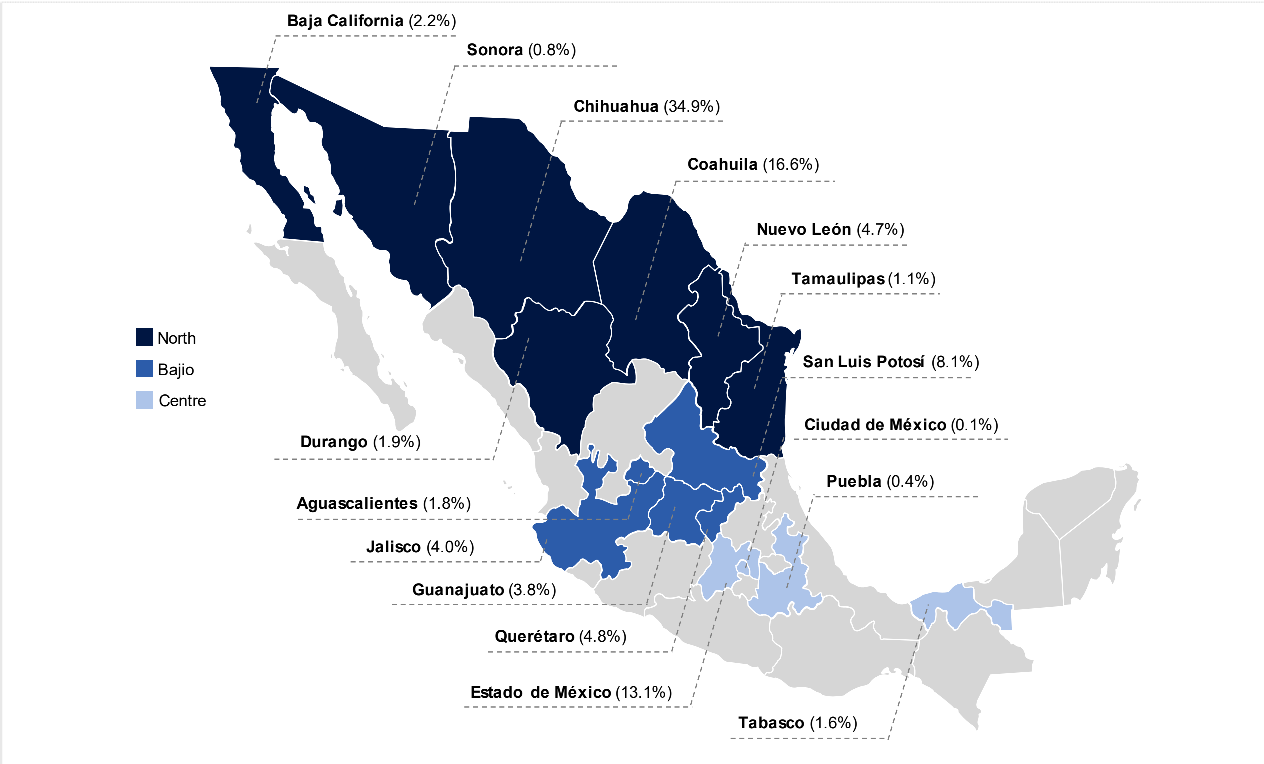
The following table sets forth relevant information relating to the properties that comprised our Portfolio as of March 31, 2019.

Market	Number of Properties	Total GLA (sq. ft.)	Percentage of Portfolio GLA	Occupancy Percentage(1)	Annualized Base Rent (thousands of US$)	Percentage of Annualized Base Rent
Ciudad Juarez......................	63	7,812,666	16.7%	98.9%	36,854,166	18.0%
Chihuahua...........................	52	5,831,156	12.5%	97.9%	31,306,834	15.3%
Ramos Arizpe......................	24	4,541,371	9.7%	95.9%	22,595,296	11.1%
Cuautitlan Izcalli.................	15	4,259,897	9.1%	100.0%	23,958,213	11.7%
San Luis Potosi....................	22	3,321,189	7.1%	89.6%	14,595,665	7.1%
Queretaro.............................	13	1,980,404	4.2%	85.8%	8,517,031	4.2%
Guadalajara..........................	7	1,656,189	3.5%	100.0%	10,936,233	5.4%
Monterrey............................	10	1,444,610	3.1%	94.9%	6,762,604	3.3%
Silao.....................................	6	1,009,584	2.2%	89.5%	4,155,445	2.0%
Tijuana.................................	12	908,461	1.9%	89.8%	3,611,968	1.8%
Toluca..................................	10	904,287	1.9%	89.2%	4,395,009	2.2%
Aguascalientes..................	2	750,084	1.6%	100.0%	3,579,834	1.8%
Durango................................	3	707,023	1.5%	100.0%	3,515,696	1.7%
Villahermosa........................	2	650,761	1.4%	100.0%	2,789,737	1.4%
Saltillo..................................	5	620,465	1.3%	100.0%	3,382,293	1.7%
Delicias................................	3	515,853	1.1%	100.0%	3,112,903	1.5%
Apodaca...............................	6	498,443	1.1%	100.0%	2,810,506	1.4%
Reynosa................................	3	466,627	1.0%	100.0%	2,267,311	1.1%
Irapuato................................	5	440,097	0.9%	93.9%	2,215,504	1.1%
Torreon.................................	2	390,329	0.8%	100.0%	1,678,141	0.8%
Monclova.............................	2	347,532	0.7%	100.0%	1,924,110	0.9%
Hermosillo...........................	3	332,119	0.7%	88.5%	1,343,817	0.7%
Ciudad Acuña....................	1	241,180	0.5%	100.0%	1,502,154	0.7%
Puebla................................	1	184,703	0.4%	100.0%	605,613	0.3%
Other Markets(2)................	15	1,318,965	2.8%	81.4%	5,783,781	2.8%
Subtotal.............................	287	41,133,997	87.9%	95.9%	204,199,866	100.0%
Land reserve parcels.........	11	5,659,376	12.1%	-	-	0.0%
Total..................................	298	46,793,373	100.0%	95.9%	204,199,866	100.0%

(1) Percentage of Total GLA occupied by tenants as of March 31, 2019.
(2) Includes Atitalaquia, San Pedro de las Colonias, Celaya, Casas Grandes, Gomez Farias, Gomez Palacio, Camargo, Azcapotzalco and Huehuetoca.

For a list of our Properties by region, state and city as of March 31, 2019, please see Annex A.

Additionally, the geographical distribution of our GLA as of March 31, 2019 is as follows:



(1) As of March 31, 2019, based on GLA.

Principal Markets

Our Portfolio has a significant presence in the most important industrial hubs in Mexico and is representative of the industrial real estate market in Mexico. The following is a summary of our top markets (ranked by GLA) which are Ciudad Juarez, Chihuahua, Ramos Arizpe, Cuautitlan Izcalli, San Luis Potosi, Queretaro, Guadalajara, Monterrey and Toluca, as of March 31, 2019:

- **Ciudad Juarez (*Northern Region*).** One of the top manufacturing markets in Mexico and the largest industrial real estate market along the United States/Mexico border. Ciudad Juarez shares a border with El Paso, Texas and has become one of the busiest commercial trade and passenger traffic areas in the world since Mexico introduced the maquiladora program in 1964 with further growth after the ratification of the NAFTA in 1994. This market's strengths included an unmatched transportation infrastructure and a highly skilled and productive workforce.

- **Chihuahua (*Northern Region*).** Given its industrial capacity and the maturity of the Mexican aerospace industry, Chihuahua has become one of the most significant industrial centers in Mexico, highlighted by its central role in Mexico's aerospace supply chain. Chihuahua contains more than 30 companies from the aerospace sector, including original equipment manufacturers such as Cessna, Textron, and Honeywell.

- **Ramos Arizpe (*Northern Region*).** A municipality of Saltillo, the capital city of the State of Coahuila, which ranks second in Mexico in terms of amount of international manufacturing exports. The Saltillo/Ramos Arizpe region is a key center for the global automotive industry. This market is located 189 miles south of the United States border with Laredo, Texas and offers a highly trained workforce, existing production infrastructure, access to large demographic markets and an extensive supplier base. Ramos Arizpe has experienced steady growth which we expect will continue for the medium-term.

- **Cuautitlan Izcalli (*Central Region*).** Located approximately 20 miles north of Mexico City and part of the Mexico City Metropolitan Area, one of the largest metropolitan areas in the world, with a population in excess of 20 million people. New industrial development in the region has been driven by the relocation of U.S. manufacturing companies and increased domestic demand for goods and services. The Cuautitlan Izcalli market primarily attracts logistics and distribution companies looking to reduce operating costs.

- **San Luis Potosi (*Bajio Region*).** Strategically located with direct highway access to Mexico City, Monterrey and Guadalajara, San Luis Potosi was able to benefit from the automotive boom that took place during the last 10 years, becoming a key market in the Bajio region. With a General Motors plant and a BMW plant recently opened, San Luis Potosi has experienced a continued arrival of automotive suppliers.

- **Queretaro (*Bajio Region*).** Queretaro is one of Mexico's key transportation hubs, located equidistant from Monterrey, Guadalajara and Mexico City, with convenient access to the international ports of Manzanillo on the Pacific Ocean and Tampico on the Atlantic Ocean. The region's economy currently is experiencing strong growth that we expect to continue due to investment from high-tech corporations, particularly in the aerospace sector.

- **Guadalajara (*Bajio Region*).** The second-largest city in Mexico and one of the ten largest cities in Latin America in terms of GDP. Guadalajara is one of Mexico's most strategic markets, with a highly skilled and capable workforce, strong transportation network and access to suppliers. This market has experienced significant development and investment in shopping malls and thus has become one of the strongest retail hubs in Mexico. Guadalajara continues to be a target for new investment from retail, metal, textile, electronics and software corporations.

- **Monterrey (*Northern Region*).** Located in the northeastern state of Nuevo Leon, Monterrey and its metropolitan area is the third most populous in Mexico and is also one of the wealthiest. Monterrey has been a key investment location for international corporations, such as Sony, Toyota, Dell, Boeing, and IBM, largely due to the ratification of NAFTA in 1994. These investments have allowed Monterrey to have among the highest per capita income in Mexico, a modern infrastructure and well-educated work force. Monterrey's large industrial production is currently driven by its proximity to the U.S. border and increased domestic demand for goods and services.

- **Silao (Bajío Region).** Silao is in the state of Guanajuato, which ranks 6th in terms of national manufacturing exports. The city is in the center of industrial activity in the Bajio region and is located in the west part of the state with access to good quality roads, an important network of railroads, and an international airport. Industrial space demand in this market follows the automotive industry, logistics, and clothing in a lesser level.

Geographic Diversification

The properties in our Portfolio are located in 33 cities in 16 states, primarily in the central, Bajio and northern regions of Mexico. These geographic zones represent highly industrialized areas with positive demographic trends, including population growth, employment growth, robust infrastructure and extensive communication networks. Within the metropolitan area, the properties are distinguished by their location in well-located industrial parks, on or near airport, railways and highways, including the NAFTA corridor, and with railway access. The geographic diversification of our Portfolio within Mexico limited our dependency on any given area or regional economy. Given that the northern region of Mexico houses predominantly manufacturing activities and the central region houses mainly distribution activities, geographic diversification also reduces our exposure to any one specific industrial sector.

Composition by Geographic Diversification

The geographic diversification of the Properties as of March 31, 2019 (based on GLA per square foot) was principally located in the northern region of Mexico, representing 62.3% of our collective GLA, while for the Bajio and central regions, it represented 22.5% and 15.2% of our collective GLA, respectively.

Geographic Diversification by Region and State (GLA)

	2016	2017	2018	1Q2019	% of total GLA as of March 31, 2019
North	**16,471,793.5**	**25,206,988.3**	**25,605,448.0**	**25,608,345.7**	**62.3%**
Baja California	1,129,684.2	897,408	908,461	908,461	2.2%
Sonora	279,526.8	332,119	332,119	332,119	0.8%
Chihuahua	9,607,461.1	14,289,095	14,344,266	14,347,164	34.9%
Coahuila	3,485,776.2	6,505,292	6,835,237	6,835,237	16.6%
Nuevo Leon	1,160,551.5	1,940,761	1,943,053	1,943,053	4.7%
Tamaulipas	344,320.0	466,627	466,627	466,627	1.1%
Durango	464,473.7	775,685	775,685	775,685	1.9%
Bajio	**7,936,502.1**	**9,118,438.5**	**9,273,589.0**	**9,273,547.5**	**22.5%**
San Luis Potosi	2,973,648.8	3,314,347	3,321,189	3,321,189	8.1%
Jalisco	1,293,328.5	1,656,189	1,656,189	1,656,189	4.0%
Aguascalientes	750,084.0	750,084	750,084	750,084	1.8%
Guanajuato	939,131.1	1,417,508	1,565,723	1,565,681	3.8%
Queretaro	1,980,309.7	1,980,310	1,980,404	1,980,404	4.8%
Central	**6,118,924.0**	**6,254,034.3**	**6,254,206.0**	**6,252,104.1**	**15.2%**
Estado de Mexico	5,260,554.9	5,395,665	5,395,837	5,393,735	13.1%
Mexico City	22,905.0	22,905.0	22,905	22,905	0.1%
Puebla	184,703.0	184,703	184,703	184,703	0.5%
Tabasco	650,761.1	650,761	650,761	650,761	1.6%
Total	**30,527,219.6**	**40,579,461.1**	**41,133,243.0**	**41,133,997.3**	**100.0%**

Below is a summary of key indicators relating to occupancy rates and average Annualized Base Rent by leased square foot of our Portfolio as of March 31, 2019. The average Annualized Base Rent per leased square foot at the time of the IPO was US$4.60.

Occupancy and Average Annualized Base Rents by Region

	As of December 31, 2016		*As of December 31, 2017*		*As of December 31, 2018*		*As of March 31, 2019*	
	Occupancy Rate (%)	**Average Annualized Base Rent/Sq. Ft. (US$)**	**Occupancy Rate (%)**	**Average Annualized Base Rent/Sq. Ft. (US$)**	**Occupancy Rate (%)**	**Average Annualized Base Rent/Sq. Ft. (US$)**	**Occupancy Rate (%)**	**Average Annualized Base Rent/Sq. Ft. (US$)**
North	96.0	4.78	97.1	4.96	97.5	5.08	97.6	5.10
Baja California	100.0	4.69	100.0	4.32	89.8	4.42	89.8	4.43
Sonora	86.3	4.19	88.5	4.53	88.5	4.57	88.5	4.57
Chihuahua	96.7	4.94	97.8	5.00	98.8	5.05	98.6	5.09
Coahuila	96.0	4.46	95.4	5.03	96.1	5.28	97.1	5.29
Nuevo Leon	90.0	5.11	96.2	5.02	96.2	5.10	96.2	5.12
Tamaulipas	88.6	4.45	100.0	4.55	100.0	4.67	100	4.86
Durango	100.0	3.90	100.0	4.71	100.0	4.79	100	4.81
Bajio	92.4	4.93	91.6	5.12	91.5	5.21	91.8	5.24
San Luis Potosi	90.3	4.88	91.7	4.84	89.6	4.92	89.6	4.91
Jalisco	100.0	5.52	100.0	6.41	100.0	6.58	100.0	6.60
Aguascalientes	100.0	4.61	100.0	4.76	100.0	4.77	100.0	4.77
Guanajuato	93.7	5.09	85.1	4.89	89.9	4.87	91.5	4.88
Queretaro	87.0	4.63	85.8	4.69	85.8	4.86	85.8	5.01
Central	94.6	5.08	94.4	5.23	91.8	5.34	94.8	5.39
Estado de México	93.7	5.36	93.5	5.45	90.5	5.56	93.9	5.60
Ciudad de México	100.0	8.80	100.0	8.97	100.0	9.22	100.0	9.22
Puebla	100.0	2.89	100.0	3.02	100.0	3.23	100.0	3.28
Tabasco	100.0	3.50	100.0	4.02	100.0	4.23	100.0	4.29
Total	94.8	4.88	95.5	5.04	95.3	5.15	95.9	5.18

Portfolio Key Metrics

Occupancy

Occupancy as of March 31, 2019 was 95.9%, an increase of 68 basis points with respect to the first quarter of 2018.

During the first quarter of 2019, Terrafina's leasing activity reached a total of 2.3 million square feet, of which 19.5% corresponds to new leases (including expansions), 68.2% corresponds to regular renewed contracts and 12.3% to early renewal contracts. The leasing activity occurred mostly in the markets of Ciudad Juarez, Cuautitlan Izcalli, San Luis Potosi, Chihuahua, Queretaro, Guadalajara, Irapuato, Reynosa, Ramos Arizpe, Puebla, Hermosillo, Saltillo and Toluca. Occupancy of our Portfolio was higher than the weighted average market occupancy, which was 94.8% as of December 31, 2018 (according to Jones Lang LaSalle) and varied from region to region with occupancy in northern region at 97.6% (compared to weighted average market occupancy of 93.9%, according to Jones Lang LaSalle), and 91.8% (compared to weighted average market occupancy of 95.0%, according to Jones Lang LaSalle) and 94.8% (compared to weighted average market occupancy of 96.9%), according to Jones Lang LaSalle in the Bajio and central regions, respectively.

('000)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Leased GLA	28,064	27,991	27,976	28,938	34,638	34,646	36,004	38,736	38,635	39,097	39,069	39,192	39,437
Available GLA	1,821	1,732	1,575	1,488	1,790	1,349	1,748	1,779	1,778	1,478	1,925	1,428	1,454
Signed Letters of Intent	209	306	587	101	63	529	96	64	171	349	54	513	243
Total	**30,094**	**30,030**	**30,139**	**30,527**	**36,491**	**36,523**	**37,849**	**40,579**	**40,584**	**40,924**	**41,048**	**41,133**	**41,134**

Composition by Principal Clients as of March 31, 2019

Our tenant leasing base is widely diversified across Mexico's main cities. As of March 31, 2019, our top client represented 3.3%, while our top 10 and top 20 clients represented 17.8% and 28.9% of total revenues, respectively.

The following table sets forth the percentage of total GLA represented by each of our top 10 clients.

Top 10 Tenants (% of GLA), as of March 31, 2019

As of March 31, 2019	Leased Square Feet (in millions)	% Total GLA	% Total Income
Top Tenant..........................	1.24	3.1%	3.3%
Top 10 Tenants....................	7.02	17.8%	17.8%
Top 20 Tenants....................	11.40	28.9%	28.9%

Tenant	GLA
Kuehne & Nagel	**3.10%**
Safran Electrical & Power	**1.80%**
La-Z-Boy Muebles	**1.70%**
Flextronics	**1.70%**
Cessna México	**1.70%**
Tiendas Chedraui	**1.70%**
Yanfeng Mexico Interiors	**1.50%**
Omnilife Manufactura	**1.50%**
Sumitomo	**1.50%**
Continental Automotive	**1.40%**

The above table reflects the Company's top 10 tenants by GLA taking into account each tenant's aggregate leases per property.

Expiration of Leasing Contracts as of March 31, 2019

As of the end of the first quarter of 2019, we had a total of 294 tenants. These contracts are characterized by terms of up to five years for logistics and distribution activities and terms of up to ten years for manufacturing activities.

The following table shows our maturity schedule for the coming years:

	Annualized Base Rent (in millions of dollars)	% of Total	Occupied Square Feet (millions)	% of Total
2019	19.0	13.9%	5.59	14.3%
2020	47.5	22.5%	8.86	22.6%
2021	39.3	19.1%	7.51	19.2%
2022	21.9	9.8%	3.96	10.1%
2023	27.0	12.1%	4.89	12.5%
Thereafter	49.5	22.6%	8.39	21.4%

Composition by Property Use

As of March 31, 2019, 26.8% of Properties were used for distribution and logistics activities and 73.2% were used for manufacturing activities while, as of March 31, 2018, 23.8% of properties were used for distribution and logistics activities and 73.2% for manufacturing activities.

	2016	2017	2018	1Q19
Distribution	29.6%	26.9%	26.4%	26.8%
Manufacturing	70.4%	73.1%	73.6%	73.2%

Composition by Sector

As of March 31, 2019, tenant diversification by industrial sector was as follows:

	2016	2017	2018	1Q19
Aerospace	9.4%	9.9%	9.8%	9.6%
Automotive	31.6%	34.3%	35.0%	34.8%
Consumer Goods	18.7%	14.4%	13.7%	13.7%
Electronic Equipment	6.2%	7.7%	8.1%	8.0%
Industrial Goods	18.9%	19.8%	20.0%	20.1%
Logistics and Trade	9.5%	10.0%	9.7%	10.1%
Non-Durable Consumer Goods	5.6%	4.0%	3.7%	3.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Evolution of Trust Assets

Our growth strategy has resulted in strong operational performance. As a result of the acquisition of the January 2017 Portfolio, the September 2017 Portfolio, the December 2017 Portfolio and the April 2018 Portfolio, our number of developed properties grew from 209 as of December 31, 2016 to 287 as of March 31, 2019, which represents a 37.3% increase. Additionally, the total collective GLA of our Properties grew from approximately 30.5 million to approximately 41.1 million as of March 31, 2019. The collective occupancy rate of our Properties grew from 95.3% to 95.9% as of March 31, 2019, which represents an increase of 60 basis points as compared to December 31, 2018.

Competition

The real estate industrial sector in Mexico is highly fragmented and includes a large number of local and regional participants. Around 70% of the industrial facilities in Mexico are owned by small and mid-size developers, and the rest is owned by institutional players. Current local industry players are characterized as family businesses, which are in a challenging position to meet current and future demand mainly due to the lack of access to capital. Our principal competitors in Mexico include Fibra Prologis ("Prologis"), Fibra Macquarie ("Macquarie") and Fibra UNO. The following table presents some of the main performance indicators of Terrafina's peers.

	GLA[1] (mm sq.ft.)	Occupancy[2] (%)	Buildings	Tenants	Revenue Exposure by Currency(%)
Terrafina	41.1	95.9	287	294	96.7
Macquarie	23.7	94.8	236	284	92.1[1]
Prologis	35.8	97.5	191	227	68.3
Fibra UNO	44.3	97.6	115[3]	116[3]	21.0

Source: Company filings.

(1) Considers only industrial properties as of December 31, 2018.
(2) Calculated as a % of GLA as of December 31, 2018.

We believe Terrafina is the leader in the manufacturing for export sector, leasing its properties mainly to multinational tenants which contracts are denominated in U.S Dollars. As of March 31, 2019, approximately 96.7% of our Annualized Base Rent is denominated in U.S Dollars, which places us in a better position regarding currency risk as compared to our main competitors, which report receiving between 21% and 92% of their Annualized Based Rent in U.S. Dollars.

Terrafina is one of the leading industrial real estate companies in Mexico with strategic operations in the country's top industrialized cities. We are leaders in terms of industrial facilities owned as well as in number of tenants. In terms of industrial GLA (in millions of square feet), we are the second largest Mexican FIBRA. Our occupancy rate has been growing steadily during the last years reaching 95.9% as of the first quarter of 2019.

Our disciplined approach and global best practices have allowed us to manage the most efficient industrial FIBRA in Mexico in terms of NOI Margin, EBITDA Margin, Funds from Operations (FFO) Margin and AFFO Margin.

	NOI Margin (%)	EBITDA Margin (%)	FFO Margin (%)	AFFO Margin (%)
Terrafina	91.3	82.0	58.3	52.1
Macquarie □□□	87.5	81.8	58.1	50.5
Prologis	86.0	75.0	54.7	43.1
Fibra UNO □□□	79.4	70.6	56.7	50.9

Source: Company filings.

Note: Margins calculated with LTM figures and adjusted for comparative purposes. Information as of March 31, 2019.
(1) Considers only industrial properties.

In addition, we differentiate from our peers due to our strong corporate governance, with a fully dedicated internal management team, an investor-friendly advisory agreement with PGIM, an independent technical committee (composed of 75% independent members), no transactions with affiliates, thereby avoiding conflicts of interest in acquisitions.

		TERRAFINA	MACQUARIE	FIBRA PROLOGIS	FUNO
Fully dedicated internal management team	Senior Management team exclusive to FIBRA	✓	✓	X	X
Shareholder friendly advisory agreement	Terminable at any time without cost by simple majority vote of shareholders; No acquisition fees	✓	X	✓	X
No conflicts of interests in acquisitions	No transactions with affiliates	✓	X	X	X
Investor-aligned Technical Committee	Majority independent	✓	✓	✓	X

Regulation

General

Our Properties are subject to various laws, ordinances and regulations. We believe that we have the necessary permits and approvals to operate each of our properties and are in compliance with applicable laws.

Environmental Matters

Our operations are subject to the General Law of Ecological Stability and Environmental Protection (*Ley General del Equilibrio Ecológico y la Protección al Ambiente*), or "LGEEPA," which establishes the general legal framework that regulates the preservation, restoration and protection of the environment in Mexico. Regulations issued pursuant to LGEEPA encompass areas such as ecological planning, environmental risk and impact assessment, air pollution, natural protected areas, flora and fauna protection, conservation and rational use of natural resources, and soil pollution, among others.

In addition, our operations are also subject to the National Waters Law (*Ley de Aguas Nacionales*), the General Waste Prevention and Management Law (*Ley General para la Prevención y Gestión Integral de los Residuos*), the General Sustainable Forest Development Law (*Ley General de Desarrollo Forestal Sustentable*), the General Wildlife Law (*Ley General de Vida Silvestre*) and the Federal Law on Environmental Liability (*Ley Federal de Responsabilidad Ambiental*), among other, and numerous regulations known as Official Mexican Standards (*Normas Oficiales Mexicanas*) which complement the environmental regulations.

The Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*) and the Federal Attorney General's Office for the Protection of the Environment (*Procuraduría Federal de Protección al Ambiente*) are the main federal authorities responsible for overseeing, enforcing, formulating and implementing the environmental policies in Mexico, including environmental impact authorizations to engage in certain activities. The National Water Commission (*Comisión Nacional del Agua*) is responsible for administering water supply and wastewater discharges within the federal jurisdiction. In addition, the Mexican state governments may issue specific environmental laws and regulations on those matters falling under their respective jurisdictions which are not expressly reserved for the federal jurisdiction. Local ordinances may also be imposed and applied at the municipal level. These federal and local authorities have the power to bring civil, administrative and criminal proceedings against companies that breach the applicable environmental laws and may halt a noncomplying development.

Mexico is a party to many international conventions and agreements on environmental protection. These international conventions, upon ratification by the Senate, become a part of Mexican law. Under the NAAEC, a side agreement to NAFTA, or if ratified by the member States, its successor side agreement under the USMCA, the Environmental Cooperation Agreement, each member State, including Mexico, must ensure that its environmental laws and regulations are duly enforced. While the NAAEC does not empower any of the environmental agencies of the three NAFTA partners to enforce the environmental laws of another party, if a NAFTA partner fails to enforce its domestic environmental laws, it may be subject to the dispute mechanism created within the NAAEC, which may lead to monetary penalties, and in some cases, to the suspension of NAFTA benefits.

There are currently no material legal or administrative proceedings pending against us with respect to any environmental matter. We believe that our operations comply in all material respects with all applicable environmental laws and regulations.

Offices

Our principal office is located at Paseo de la Reforma 412, Piso 18, Corporativo Reforma Diana, Col. Juarez, Ciudad de México, México CP 06600. Our telephone number is +(52) (55) 5093 2770 and +(52) (55) 5279 8109.

Employees

Our Management Subsidiary employs the Chief Executive Officer and Chief Financial Officer of our business, as well as their small administrative team supporting them in their functions, who are dedicated to and compensated by us. The Chief Executive Officer and Chief Financial Officer perform various corporate functions, including, but not limited to, formulating our growth and profitability strategies, managing the execution of our goals and business plan, managing investor relations and overseeing the Advisor.

Legal Proceedings

We are not presently involved in any material litigation nor, to our knowledge, is any material litigation threatened against us, our properties. We may from time to time be involved in routine litigation in several jurisdictions arising in the ordinary course of business.

ABOUT FIBRAS

General

A "FIBRA" is an investment vehicle dedicated to (i) the acquisition and development of real estate in Mexico intended for lease (and potential sale), as is our case, (ii) the acquisition of the right to income from the lease of such property or (iii) provide financing for the purposes referred to in subparagraphs (i) and (ii) above. A FIBRA is similar to a real estate investment trust (a "REIT"), in the United States, as described below. In accordance with the Mexican Income Tax Law, a FIBRA must be established as a trust (*fideicomiso*) pursuant to a trust agreement.

The introduction of FIBRAs as an investment vehicle in Mexico in 2004 and the establishment of the tax regime applicable to FIBRAs allowed the establishment of CBFIs, a new type of Mexican security, for institutional and retail investors. The legal structure of a FIBRA resulted from reforms enacted over several years to (i) various provisions of the Mexican tax laws and regulations, (ii) regulations applicable to securities trading in Mexico, (iii) the investment regime of the Mexican pension fund administrators (*Administradoras de Fondos para el Retiro*) ("AFORES") permitting the investment in FIBRAs by Mexican pension funds (*Sociedades de Inversión Especializada en Fondos para el Retiro*) ("SIEFORES") and (iv) annual tax regulations issued by the Ministry of Tax (*misceláneas fiscales*).

In particular, recent regulations under the investment regime for the AFORES have classified FIBRAs as "structured instruments". As a result, SIEFORES may invest in CBFIs issued by FIBRAs, subject to their respective investment limitations (for SIEFORES 2, a maximum of 15% of their net assets and for SIEFORES 3 and 4, a maximum of 20% of their net assets, observing their diversification criteria provided in the General Provisions Applicable to the Investment Regime of the SIEFORES issued by the Retirement Savings System National Commission ("CONSAR")).

Comparison of Certain Aspects of FIBRAs and REITs

The rules and regulations governing FIBRAs under Mexican law have similar, as well as certain analogous, but nonetheless different, characteristics with respect to the rules and regulations governing REITs under U.S. federal income tax law.

	Mexican FIBRAs	U.S. REITs
Tax Result Distributions	• Must annually distribute at least 95% of the tax result of the FIBRA for the immediately-preceding fiscal year to investors and the financial intermediary shall withhold the applicable income tax at the rate of 30% on tax result distributed. • When the tax result of a fiscal year is greater than the amounts effectively distributed by the FIBRA to the holders of the CBFIs, the FIBRA is required to pay income tax for the difference at a rate of 30% on behalf of the holders of the CBFIs, and such income tax paid by the FIBRA may be credited by the holders of CBFIs to the extent such tax result is subject to income tax to the holders of the CBFIs, without triggering a withholding obligation by the FIBRA with respect to such difference paid.	• Generally, must distribute at least 90% of net taxable income, with certain adjustments, to investors annually.

	Mexican FIBRAs	U.S. REITs
Investment requirements	• Must invest at least 70% of total assets in (i) properties intended to be leased, (ii) rights to receive income from the lease of such properties, or (iii) loans for the construction or acquisition of properties intended to be leased and secured by a mortgage. • Properties built or acquired by the FIBRA must be leased or held for lease, and may not be sold by the FIBRA within a period of four years following completion of the construction or acquisition of the respective properties in order to retain tax benefits of the FIBRA.	• Generally, must invest at least 75% of total assets in real estate assets (including equity and debt), government securities and cash. • Generally, must derive at least 75% of gross income from certain real estate-related sources, and must derive at least 95% of gross income from such real estate-related sources and other sources of passive income. • Generally, subject to a 100% penalty tax on sales of property, other than foreclosure property, that is "primarily held for sale to customers in the ordinary course of business."
Other Considerations	• Individual holders of CBFIs who are Mexican tax residents and non-Mexican tax residents who do not have a permanent establishment in Mexico for tax purposes shall be exempt from the payment of income tax on gains derived from the sale of CBFIs issued by the FIBRA if the corresponding sale is made through the Mexican Stock Exchange or other recognized markets. • FIBRAs are treated as pass-through vehicles for Mexican tax purposes and the FIBRA's trustee is responsible for calculating the FIBRA's tax result for any given fiscal year. • Pursuant to recent amendments to the Issuers' Circular, FIBRAs may not have leverage ratios as calculated in accordance with the Issuers' Circular exceeding 50%.	• Not more than 20% of assets may consist of securities of taxable REIT subsidiaries, or TRSs. • A REIT calculates its taxable income for U.S. federal income tax purposes at the level of the REIT in a manner similar to that of a U.S. corporation. Unlike a corporation, however, a REIT is generally entitled to a deduction for distributions paid if it satisfies the 90% distribution requirement discussed above.

MANAGEMENT

Our Board of Directors

Pursuant to the terms of our Trust Agreement, the management of our business is vested in our board of directors. The objective of our board of directors is to safeguard and maximize the value of our CBFIs, while fostering our long-term success. Our board of directors is in charge of holding our Management Subsidiary and Advisor accountable for the performance of their respective responsibilities in accordance with its objective.

Our board of directors currently consists of eight members, six of which are independent members. In the Holders Meeting, any holder or group of holders of CBFIs have the right to nominate a member to our board of directors for every 10% of CBFIs in circulation that are titleholders. Additionally, our Advisor is contractually allowed to directly nominate a member of our board of directors. Our Chief Executive Officer is also a member of our board of directors. We do not expect that alternate members may from time to time will be appointed. There can be no assurance, however, that the size or composition of our board of directors will always be the same.

Our board of directors is comprised of a diverse group of professionals selected because of their reputation and knowledge in their respective disciplines of expertise. In particular, collectively, the independent members of our board of directors have deep knowledge and experience in economics, capital markets, international trade, the automotive industry and management, which complement the investment management and real estate knowledge of our Management Subsidiary and Advisor.

The name, seniority and age of the persons who currently serve as members of our board of directors and are appointed pursuant to our Trust Agreement are set forth below:

Directors	Member	Seniority (years)	Age (years)
Alberto Chretin	Non Independent Member	6	67
Alfonso Munk	Non Independent Member	6	45
Eduardo Solis	Independent Member	6	55
Arturo D'Acosta	Independent Member	6	61
Carmina Abad	Independent Member	4	56
Victor Almeida	Independent Member	6	60
Jose Luis Barraza	Independent Member	6	70
Julio Cardenas Sarre	Independent Member	3	53

The following sets forth biographical information of the members of our board of directors.

Alberto Chretin is the Chief Executive Officer of our business and Chairman of our Board of Directors. Mr. Chretin is responsible for the preparation of our business strategy and the execution of our vision, goals and business plan. Before joining Terrafina, Mr. Chretin served as a Minister of Economy for the state of Chihuahua, Mexico, and as Executive Advisor of PGIM in connection with our initial portfolio. Prior to joining PGIM Real Estate Latin America, Mr. Chretin was Managing Director at Verde Corporate Realty Services, where his duties included marketing, promotion, leasing, development, investment and property management. Previously, Mr. Chretin was CEO at Intermex, Chihuahua, where he doubled the size of the Company's industrial portfolio, and Executive Director of Parques Industriales de Chihuahua, S.A. de C.V. Mr. Chretin has also served as Executive Director of the Mexican Association of Industrial Parks (AMPIP) from 2009 to 2010. Mr. Chretin has a bachelor's degree in Management and Mechanical Engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and attended the AD-2 program at the IPADE Business School in Mexico.

Alfonso Munk is Managing Director of PGIM Real Estate and the chief investment officer of the Americas. Mr. Munk oversees PGIM Real Estate's transactions in the Americas and its real estate debt strategies, he also partners with the head of the Americas division on the management of PGIM Real Estate's business in the United

States and Latin America. Mr. Munk is a member of the Americas Executive Council, the Global Management Council, the Global Investment Committee, the U.S. and Latin America Investment Committees and the Global Product Committee. Previously, Mr. Munk was head of PGIM Real Estate's Latin America business, responsible for the development and implementation of its business strategy, and oversight of the operations in the region. Prior to joining PGIM Real Estate, Mr. Munk was a managing director at Morgan Stanley Real Estate Investing (MSREI), where he held various roles in Europe and South America over the last 10 years. Most recently, he was responsible for real estate investing activities of MSREI in France and southern Europe, as well as pan-European hospitality investments. Earlier, he also served as regional head of MSREI for South America, based in Sao Paulo. Mr. Munk currently serves on the Board of Directors of Terrafina in Mexico (BMV:TERRA13) and has served on the Board of Directors of Paz Corp S.A. (Chile), Grupo Lar (Spain), Icade (France), Eurosic (France), FEL (France), Abyara (Brazil) and Bracor (Brazil). He also served as Chairman of Compagnie La Lucette in France. Mr. Munk has a bachelor's degree in business and hospitality administration from Cornell University and an MBA from the Wharton School of the University of Pennsylvania with a concentration in finance and real estate. He is a member of the Urban Land Institute (ULI) Global Exchange Council. Mr. Munk serves on the Executive Committee of the Zell-Lurie Real Estate Center at the Wharton School, on the Advisory Board at the Center for Real Estate Finance at the Hotel School, and on the Advisory Board at the University of Miami School of Business Administration's Real Estate programs.

Eduardo Solis is President of the Mexican Association of the Automotive Industry (AMIA). Prior to his current position, Mr. Solis worked at the Ministry of the Economy, where he served as a head of the Unit for the Promotion of Investment. Mr. Solis was responsible for attracting key strategic projects to Mexico. Previously, Mr. Solis was responsible for the administration of NAFTA and was Mexico's Chief Trade Negotiator with Latin America. He negotiated free trade agreements with Chile, Nicaragua, Uruguay, Guatemala, Honduras and El Salvador, as well as bilateral agreements with Brazil, Argentina, Panama and Peru. Mr. Solis was also Mexico's Chief Negotiator in the Free Trade Agreement of the Americas, and worked at the Ministry of Commerce and Trade as Head of Negotiations for the agricultural chapter of NAFTA, as well as for the free trade agreements with Costa Rica, Bolivia, Colombia and Venezuela, and the World Trade Organization (WTO) Uruguay Round. Mr. Solis has a bachelor's degree in Economics from the Universidad Autónoma de Nuevo León, and received a master's degree and a Ph.D. from The University of Chicago and the University of Rochester, respectively.

Arturo D'Acosta is currently the Executive Director of Actinver. Previously, Mr. D'Acosta was the Executive Director of Alvarez & Marsal (A&M) in Mexico City. Mr. D'Acosta is responsible for providing consulting services to companies in Mexico as a specialist in financial administration. Mr. D'Acosta also serves as President of the Securities Listing Committee of the Mexican Stock Exchange, where he analyzes and authorizes capital issuances and debt placements. Previously, he was Managing Partner at Serficor Partners, where he ran several projects in the construction, food, and agriculture industries. Prior to his work at Serficor Partners, Mr. D'Acosta was General Manager of Finance and Administration for the Grupo Industrial Saltillo and Corporate Director of Finance and Administration at DESC, where he was responsible for various financial restructurings and bond issuances in Mexico and the United States. Mr. D'Acosta earned a B.B.A. from the Escuela Bancaria y Comercial and holds an MBA from the Instituto Tecnológico Autónomo de México (ITAM).

Jose Luis Barraza is the former Chairman of the Administrative Board of Grupo Aeromexico, of which he continues to be a member. In addition, he is President of the Executive Committee of Aeromexico and participates as Permanent Guest of the Audit and Corporate Practices Committees. Mr. Barraza has worked in international commerce and industrial development for over 30 years. He has served as Chairman of the boards of Proyectos Inmobiliarios Impulso, Optima, Administración de Servicios Optima, Realiza y Asociados, e Inmobiliaria Realiza. From 2003 to 2004, he was President of the Employers' Confederation of the Republic (Coparmex), and between 2004 and 2007 served as President of the Council on Business Coordination (CCE). Mr. Barraza has a degree in Chemical Engineering with a specialty in Business from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and he obtained his postgraduate degree in Advanced Administration from the IPADE Business School. In addition, he has an Honorary Doctorate from the Mexican Academy of International Law.

Victor D. Almeida has served as General Manager of Interceramic since 1982. Since 1979, when the company began operations, he has taken on several roles within Interceramic. In 1982, he was named President and General Director of Grupo Cencor, which manages Mercedes Benz, Honda and Chrysler dealerships in the state of Chihuahua. Mr. Almedia has been President of the Director's Council for Banamex in the state of Chihuahua since

1991 and of NAFINSA/TEXAS since 2005. Mr. Almeida holds a bachelor's degree in Business Administration from the University of Texas in Austin.

Carmina Abad has over 30 years of experience in the insurance and risk management industries, as well as in the financial industries. Ms. Abad currently is Chief Executive Officer at Coface. Previously, she was Chief Executive Officer at Swiss Re Corporate Solutions in Mexico. Additionally, from 2010 to 2015, Ms. Abad served as Chief Executive Officer and Chairman of the Board of MetLife México. Prior to this position, Ms. Abad was Chief Operating Officer (2009-2010) of MetLife Mexico, Vice President of the Governance Business Unit (2002-2009), Institutional Development Director of MetLife Spain (2000-2002) and in AFORE (Pension Plan) (1991-2000). Ms. Abad holds a Bachelor's Degree in Actuarial Sciences from the National Autonomous University of Mexico (UNAM). Additionally, Ms. Abad has several certifications, including the Harvard Management Mentor Program, the Enterprise Leadership Program (Harvard Business School) and the Executive Education for Women Certification (Smith College).

Julio Cardenas Sarre is an independent advisor, as well as an independent member of the Board for Mercado Mexicano de Derivados (MEXDER) and Afore CitiBanamex. Mr. Cardenas also works as senior consultant in Nfoque Advisory Services and Everis Initiatives. Mr. Cardenas was the Managing Director, and Head of global markets and balance sheet management in HSBC as well as CEO of Casa de Bolsa HSBC who overviewed and executed joint-venture initiatives with Commercial Banking and Investment Banking among other activities. He has worked in renowned financial institutions such as Bank of America, JPMorgan, Banpais and Citibank. Mr. Cardenas graduated from the Universidad Panamericana with a degree in Business Administration and Finance, and has participated in different seminars taught by IPADE and Harvard Business School specializing in risk management, credit, derivatives and advanced math on derivatives among others.

Appointment and Composition of Board of Directors

The nominating committee of our board of directors (the "Nominating Committee") will evaluate and recommend to the holders of our CBFIs potential candidates for election or designation to our board of directors. Each holder or group of holders has the right to elect one member of our board of directors for each 10% of our outstanding CBFIs held. Such election can be made at a Holders Meeting and is subject to the following terms: (i) members appointed by holders that qualify as independent under the Mexican Securities Market Law and the related regulations will be appointed as independent members of the board of directors; (ii) the right of the holders to appoint a member of the board of directors can be waived by the relevant holders at a Holders Meeting; and (iii) if, at any time, a holder or group of holders that has appointed a member of the board ceases to hold at least 10% of the outstanding CBFIs, such holders must submit a written notification to the Management Subsidiary and the Common Representative, and such holder or group of holders must remove their designated member at the next Holders Meeting.

In addition, the Chief Executive Officer of our business is a member of the board of directors, and the Advisor has the right to appoint one member of the board of directors.

Our board of directors may have up to 21 members (and their respective alternates) and currently has seven members. Pursuant to Mexican law, at least 25% of the members of our board of directors (and their respective alternates) are required to be independent at all times, as such term is defined in the Mexican Securities Market Law. The Holders Meeting in which an independent member of our board of directors (and its respective alternate) is elected will ratify the independence of such appointed member and his or her alternate.

In order to qualify as independent, the members of the board of directors took into account, among other things, his or her relationship with the CPO Trusts, any of the contributors of the CPO Trusts, our Management Subsidiary or our Advisor. A person may not be deemed to be independent if such person is:

a) a current officer or employee of our Advisor, our Management Subsidiary, our CPO Trusts, the contributors of the CPO Trusts, or of any entity that forms part of their respective business groups, as well as their respective auditors. This limitation also applies to any individuals that held any applicable positions during the 12 months immediately preceding their appointment to the board of directors;

b) an individual who has a significant influence (*influencia significativa*) or command authority (*poder de mando*) over our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts;

c) an equity holder that forms part of any group of persons that maintain control over us, our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts;

d) a client, service provider, supplier, debtor, lender, partner, board member or employee of an person who is an important client, service provider, supplier, debtor or lender of us, our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts. A client, service provider or supplier is deemed important when its respective sales to us, our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts represent more than 10% of its total sales during the preceding 12 months. In addition, (i) a debtor will be deemed important when the amount of indebtedness owed by such debtor to us, our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts is greater than 15% of such debtor's assets, and (ii) a lender will be deemed important when the amount of credit extended by such lender to us, our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts is greater than 15% of such debtor's assets;

e) a director or employee of any tenant that represents 10% or more of our Annualized Base Rent, including persons who have held such position during the preceding 12 months;

f) an external auditor of us or our Advisor, our Management Subsidiary, our CPO Trusts or the contributors of our CPO Trusts or an auditor that has held such position during the preceding 12 months; or

g) any spouse or domestic partner or person who has a civil or consanguinity relationship, to the fourth degree or relationship by affinity up to the fourth degree with any of the persons referred to in the foregoing paragraphs (a) through (f).

Chair and Secretary

The Chief Executive Officer of our business is a member of the board of directors and acts as its chairperson. The secretary of the board of directors (who may be a non-member) is appointed in each session by the members of the board of directors in accordance with our Trust Agreement, an in-house counsel of our Advisor is usually appointed as Secretary of our Board of Directors.

Ratification and Removal of our Directors

At each Ordinary Holders Meeting, which is required to be held within the four months following the end of our fiscal year, the holders of our CBFIs will elect, ratify or remove members of our board of directors. By statute, the appointment of members of the board of directors (and their respective alternates) by any holder of our CBFIs may generally only be revoked by the person or group of persons that originally appointed such member (or alternate), at any time, by means of prior written notice to the Trust Trustee and our Advisor. The appointment of members of the board of directors (and their respective alternates) may be also be revoked by the holders of our CBFIs at any Holders Meeting at which the appointment of all members of our board of directors is revoked. A member of our board of directors who is removed cannot be reappointed within the 12 months following such removal. The death, incapacity or resignation of a member of the board of directors will result in the automatic and immediate revocation of such members' tenure on the board of directors (and of his or her alternate).

Meetings

The board of directors will meet in accordance with the calendar approved at the first meeting of the board of directors of each year, and in extraordinary meetings ("Extraordinary Holders Meetings") when necessary. The Trust Trustee and the Common Representative may attend (but not participate in) meetings of the board of directors.

Any member of the board of directors may request that the secretary of the board of directors call a meeting of the board of directors, with at least five days' prior notice. Such request must briefly indicate the matters to be resolved at such meeting. The notice of any upcoming meeting shall be given in writing to all the members of the board of directors and the Trust Trustee, indicating the agenda for, and the place, date and time of, the meeting. Such notice will not be necessary when all members of the board of directors are gathered. Meetings of the board of directors may be held by telephone or any other means of real-time communication among participants that may be recorded. A quorum for the purpose of convening a meeting of the board of directors requires that a majority of the members or their respective alternates be present. Each member of the board of directors will have one vote unless required to abstain due to conflict of interest. Resolutions of the board of directors may be adopted by a majority vote of the members present, except for instances where our Trust Agreement requires the vote of the majority of the independent members of the board of directors (including transactions between us and our Advisor or its affiliates, and transactions between related parties). The board of directors may act without a meeting by adopting resolutions with the unanimous written consent of all the members or their respective alternates. In addition, the members of the board of directors can enter into agreements regarding their voting rights. In the event that the opinion of a majority of the independent members differs from that of the majority of the members of the board of directors, such difference of opinion must be disclosed via EMISNET (*Sistema Electrónico de Comunicación con Emisoras de Valores*), which is an electronic communication platform established by the Mexican Securities Exchange.

Duration of Terms

The appointment of the board of directors (and respective alternates) will have a term of one year, and will be renewed automatically for consecutive one-year periods, unless the person who appointed such members of the board of directors (and such substitutes) decides otherwise. Nevertheless, the members of the board of directors will be confirmed or removed in each ordinary annual shareholders' meeting, subject to the rights of the holders to do so at various other times.

Authority of Our Board of Directors

Our board of directors is authorized to take any action in connection with our operations not expressly reserved to the holders of our CBFIs. Our board of directors also has certain duties including without limitation:

- Approving the entry into any contribution agreement.

- Approving the investment of our trust estate in permitted investments (Mexican government securities registered in the RNV or equity of investment companies specializing in debt securities).

- Approving any acquisition of assets, properties or rights by the Trust, that represent between 5% and 20% of the value of our Properties that has been entered into in a single transaction or series of related transactions within a 12-month period.

- Approving any sale of our assets, properties or rights by the Trust during the first four years from acquisition thereof, or, thereafter, any sale of assets, properties or rights that represents 5% or more of the value of our Portfolio that has been entered into in a single transaction or a series of related transactions within a 12-month period. In the event that such a disposition requires the approval of the Holders Meeting, approval of the board of directors will not be required.

- Approving any purchase of CBFIs in the secondary market in excess of 10% or more of the outstanding CBFIs.

- Approving any voting agreement among holders (or group of holders) of our CBFIs owning 10% or more of our outstanding CBFIs.

- Approving related party transactions policies, in each case, in respect of our investment vehicles, the Advisor or the Management Subsidiary.

- Discussing and, when appropriate, approving any related party transaction.

- Approving the removal or substitution of the Management Subsidiary.

- Approving the appointment of any independent appraiser appointed to carry out the valuation of our assets (other than certain pre-approved appraisers set forth under our Trust Agreement which do not require an appointment).

- Approving the appointment of an external auditor (other than certain pre-approved auditing firms set forth under our Trust Agreement).

- Approving the appointment of the members of our Audit Committee, Practices Committee and Indebtedness Committee.

- Approving, on the prior written recommendation of our Audit Committee, our accounting policies.

- Approving, on the prior written recommendation of our Audit Committee, our internal control and audit guidelines.

- Approving, on the prior written recommendation of our Audit Committee, our financial statements to be presented to the Holders Meeting for approval.

- Approving distribution policies and any changes thereto.

- Instructing the Trust Trustee to disclose certain statutory events pursuant to the Mexican Securities Market Law, including the execution of any agreement contrary to an opinion of our Audit Committee or Practices Committee.

- Approving the liquidator to carry out our liquidation in accordance with the terms of our Trust Agreement.

- Determining the voting power of our equity interest in the Management Subsidiary.

- Approving the removal and/or substitution of the Chief Executive Officer and Chief Financial Officer of the Management Subsidiary, as well as the discretionary compensation to be paid to each.

- Instructing the Trust Trustee to repurchase the CBFIs exclusively for their subsequent cancelation, upon instructions from the Advisor.

- Approving any other matters related to our business brought before the board of directors by our Management Subsidiary.

- Approving upon the recommendation of our Indebtedness Committee, if we were not to comply with the leverage limits set forth in the applicable regulation and the debt service coverage ratio applicable to FIBRAs and, upon being informed by the Indebtedness Committee, approving the corrective plan and report that will be required to be submitted to the Holders Meeting, informing holders of our CBFIs of the situation.

Duty of Care and Duty of Loyalty of Members of Our Board of Directors

Our Trust Agreement imposes a duty of care and a duty of loyalty on members of our board of directors by reference to Mexican Securities Market Law and its provisions applicable to board members of Mexican publicly-traded companies (*sociedades anónimas bursátiles*).

According to Mexican Securities Market Law, the duty of care consists of acting in good faith and in our best interests. For such purpose, members of our board of directors are required to obtain the necessary information from our Advisor, the external auditors or any other person in order to be prepared to act in our best interests. The duty of care is discharged, principally, by attending our board of directors meetings and disclosing material information known to such member of our board of directors at such meetings.

The duty of loyalty consists primarily of maintaining the confidentiality of information received in connection with the performance of duties and abstaining from discussing or voting on matters in respect of which the relevant member of our board of directors may have a conflict of interest. In addition, the duty of loyalty is breached if a member of our board of directors has knowingly favored a holder or group of holders of our CBFIs or if, without the express approval of our board of directors, a member of our board of directors takes advantage of a corporate opportunity to our detriment. The duty of loyalty is also breached by (i) failing to disclose to the Audit Committee and the external auditors any irregularities that a member of our board of directors may encounter in the performance of his or her duties and (ii) disclosing information that is false or misleading or omitting to register any transaction in our records that could affect our financial statements.

Compensation

Only independent members of our board of directors are entitled to compensation for acting as members of the board of directors in an amount determined at the Holders Meeting, whether it be in cash or in-kind compensation. Additionally, only independent members of our board of directors who do not reside near the location of our board have the right to be reimbursed for expenses incurred to attend such meetings. Such compensation and any reimbursement of out-of-pocket travel expenses are paid as part of our general and administrative expenses.

Liability and Indemnification

The liability of the members of our board of directors is limited to the commission of acts of gross negligence, willful misconduct, bad faith or fraud in the performance of their obligations as members of the board of directors. None of the members of the board of directors is liable for monetary damages or losses related to his obligations as a member of the board of directors unless such monetary damages or losses stem from acts of gross negligence, willful misconduct, bad faith or fraud in the performance of such obligations.

Our Trust Agreement requires us to indemnify and defend the members of our board of directors from any losses arising from the Advisory Agreement, the Trust Agreement, or any other ancillary documentation so long as such losses do not arise from gross negligence, willful misconduct, bad faith or fraud. The indemnification provisions set forth in the Trust Agreement shall remain in effect until the prescription of obligations in accordance with the provisions of applicable law.

Our board of directors may purchase insurance or bonds to cover any losses incurred by its members, Indemnified Parties, the Management Subsidiary, the Common Representative, any holder of CBFIs or any person arising from any act or omission by the members of the board of directors relating to the Advisory Agreement, Trust Agreement or any other related documentation, with the understanding that such insurance or bonds will not cover indemnities for losses incurred through gross negligence, willful misconduct, bad faith or fraud by the members of our board of directors.

Committees of the Board of Directors

Audit Committee

The board of directors has nominated five independent members to form our Audit Committee, with the understanding that the majority of the members of the Audit Committee must be independent members.

Our Audit Committee has the following functions:

- To appoint an external auditor (other than certain pre-approved external auditors set forth in our Trust Agreement which do not require such appointment) and terminate our external auditor and approve all services to be performed by them other than audit services.

- To evaluate the performance of our external auditor, to analyze the opinions, reports and documents prepared by our external auditor, and to hold at least one meeting per fiscal year with our external auditor.

- To discuss our financial statements with the persons that prepared such statements, and based on such review, to recommend the approval or rejection thereof to our board of directors.

- To inform our board of directors of the status of our internal control, audit and compliance procedures, including any irregular situations that are identified.

- To request from our Advisor, our Management Subsidiary, the Trust Trustee and the other persons in charge of our management, any reports related to the preparation of the financial information as appropriate to comply with its duties under our Trust Agreement.

- To investigate any possible violations to our approved guidelines and policies, internal controls and audit practices.

- To receive any comments or complaints by holders of our CBFIs, creditors, members of our board of directors, the Advisor, and other interested third parties in connection with our approved guidelines, policies, internal controls and audit practices, in which case the Audit Committee will adopt the necessary measures to investigate and remedy such violation.

- To meet as appropriate with the relevant officers of our Management Subsidiary, our Advisor, the Common Representative and the Trust Trustee.

Practices Committee

The board of directors has appointed three independent members to form our Practices Committee.

Our Practices Committee has the following functions:

- To express an opinion on related party transactions, including transactions with our Advisor or its affiliates.

- To recommend that the board of directors request from our Advisor, our Management Subsidiary and/or the Trust Trustee any information that may be necessary to the board of directors to comply with its duties.

Nominating Committee

The board of directors has appointed three independent members to form our Nominating Committee.

Our Nominating Committee has the following functions:

- To identify and evaluate candidates for election or designation as members of our board of directors;

- To make recommendations to the Holders Meeting regarding individuals to be appointed members of the board of directors;

- To propose to the Holders Meeting the compensation to be paid to the independent members of the board of directors as well as the members of the board of directors appointed by the holders of our CBFIs; and

- To propose to the Holders Meeting the removal of members of the board of directors.

Indebtedness Committee

The board of directors appoints four of the independent members to form our Indebtedness Committee.

Our Indebtedness Committee has the following functions:

- Overseeing that the mechanisms and controls for verifying that the Trust is in line with the leverage guidelines," the indebtedness caps and the debt coverage ratio, in accordance with what is outlined in the Issuers Circular and in the norms that apply.

- Inform accordingly the exercise of its authority to the board of directors, such as any infringement to what has been established in the previous clause or the applicable norms.

Our Management Subsidiary

Our wholly-owned Management Subsidiary TF Administradora, S. de R.L. de C.V., a Mexican *sociedad de responsabilidad limitada*, is controlled by our same board of directors and is exclusively dedicated to our affairs. In line with the investment guidelines established by our board of directors and the strategic and investment recommendations provided by our Advisor, our Management Subsidiary implements such advice at its discretion, with the support of the Advisor. Our Management Subsidiary is responsible for driving our growth, establishing our strategic objectives, managing our investor relations and creating value for holders of our CBFIs.

Our Executive Officers

The Chief Executive Officer and Chief Financial Officer of our business are responsible for, among other duties, establishing our strategic objectives and proposing such objectives to our board of directors for approval, managing our investor relations and ensuring compliance with our reporting obligations. These officers are full time employees of, and compensated by, our Management Subsidiary.

The following table sets forth the names, ages and positions of our executive officers:

Name	Position	Age
Alberto Chretin*	Chief Executive Officer	67
Carlos Gomez	Chief Financial Officer	49
Francisco Martinez	Investor Relations Officer	40

* For the biography of Alberto Chretin, please see "— Our Board of Directors."

Carlos Gomez is currently the Chief Financial Officer of our business. He is responsible for all the financial, accounting, treasury, tax, reporting, strategic planning and analysis functions in the Company. Mr. Gomez has more than 26 years of professional experience in private equity funds, real estate developers, global companies and investment banking. Prior to joining Terrafina in May 2017, Mr. Gomez was the Chief Financial Officer of Fibra Plus, where he was responsible for all the financial, accounting and tax functions during the IPO process of that company and continued to manage the finance department until May 2017. Mr. Gomez also previously worked for Grupo Proyecta, a real estate developer located in the City of Puebla, where he was responsible for the Finance and Administration Departments. Mr. Gomez was also the Controller for Vertex Real Estate (CKD) and the Controller for Walton Street Capital Mexico (private equity fund). Before working for private equity funds, Mr. Gomez worked for EMC Mexico and GE Capital as Finance, Planning and Analysis Manager and as a Senior Associate for Protego Financial Advisors in the Project Finance Department, where he participated in energy and infrastructure projects. Mr. Gomez started his professional career as a Financial Advisor in the Corporate Sales Department of GBM Brokerage House. Mr. Gomez has solid experience in the creation and leadership of finance, accounting taxes, strategic planning, collections, reporting and treasury departments. Mr. Gomez also has broad experience in the structuring and negotiation of structured debt with diverse financial institutions. He is a Certified Public Accountant form the Instituto Tecnologico Autonomo de Mexico (ITAM) and has an MBA with concentration in Finance and Corporate Accounting from the Simon School of Business in the University of Rochester, New York.

Francisco Martinez has over 16 years of experience in finance and public relations and is responsible of managing all aspects of our investor relations. As an Investor Relations Officer, his focus has been on crafting the corporate message and investment thesis, which is communicated to a diverse audience of equity and fixed income investors. In 2014, Mr. Martinez participated in our successful follow-on equity offering for US$460 million as well as our international debt issuance for US$425 million in 2015. Prior to his current work with us, Mr. Martinez led investor relations' activities and managed different aspects of financial reporting and analysis for Mexican listed companies such as GEO and Coca-Cola Femsa. Additionally, he developed his corporate finance background during his work as a Global Relationship Banking Credit Associate in Banamex CITI and as a Financial Analyst in Pfizer Mexico. Mr. Martinez has a bachelor's degree in Finance and a postgraduate degree in Marketing from the Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM).

Roles of the Executive Officers of our Business

The main role of the Chief Executive Officer of our business is to establish our strategic objectives for approval by our board of directors and to implement our business plan and manage our relationship with our Advisor. Our board of directors appoints the Chief Executive Officer, who in turn is a member of and reports to our board of directors. The removal and substitution of the Chief Executive Officer requires the prior approval of our board of directors. The Chief Executive Officer is also the sole manager of our Management Subsidiary, and is employed on a full-time basis and compensated by our Management Subsidiary.

The main role of the Chief Financial Officer of our business is to establish our financial management strategy, to ensure that we maintain an appropriate capital structure debt and equity capital sources, and to oversee the performance of our Advisor with respect to our financial management strategy, including accounting, treasury, tax compliance, raising capital and financing. The Chief Financial Officer reports to the Chief Executive Officer of our business. The Chief Financial Officer is approved by our board of directors, and is employed on a full-time basis and compensated by our Management Subsidiary. The removal and substitution of the Chief Financial Officer requires the prior approval of our board of directors.

The main role of the Investor Relations Officer of our business is to establish and develop our communication strategy with the financial community and to ensure information regarding key developments and events are communicated to investors and the market in a reliable, consistent and transparent manner. The Investor Relations Officer reports to the Chief Executive Officer of our business. The Investor Relations Officer is appointed by our board of directors, and is employed on a full-time basis and compensated by our Management Subsidiary. The removal and substitution of the Investor Relations Officer requires the prior approval of our board of directors.

Employees of our Business

We have a small team, comprised of one additional professional and one administrative assistant, supporting the Chief Executive Officer, Chief Financial Officer and Investor Relations Officer of our business in their respective functions.

The Management Agreement

On March 15, 2013 we entered into a management agreement with our Management Subsidiary (the "Management Agreement"). Pursuant to the Management Agreement, our Management Subsidiary provides us with various management services, including:

(i) Performing all activities related to our relationship, including all communications, with the holders of our CBFIs and other investors;

(ii) Reviewing and approving all filings with or notices to the CNBV, the BMV or any other government agency or stock exchange;

(iii) Carrying out all reporting obligations under applicable law;

(iv) Carrying out all our strategic planning activities including, without limitation, our strategies relating to the growth and acquisition of properties, asset and portfolio management, distributions and marketing (other than as expressly reserved for the Holders Meeting, board of directors or the Advisor);

(v) Exercising all rights and fulfilling all obligations of the Management Subsidiary established in the Trust Agreement and the other transactional documents;

(vi) Supervising the Advisor's activities with respect to the Advisory Agreement; and

(vii) Reviewing the Advisor's annual report, and carrying out any action required to publish such annual report in accordance with the provisions of the Trust Agreement and all applicable laws.

The Management Agreement is governed by Mexican law and contains standard indemnification provisions for its acts or omissions except if as a result bad faith, malice or gross negligence.

Delegated Authority

We were established under the Trust Agreement as a management trust company. As a result, our Trust Trustee delegated to our Management Subsidiary the authority to act on our behalf to comply with our obligations without the need of instruction or prior notice to or for the Trust Trustee or any third party.

Subsidiary Fee

We pay the Management Subsidiary a monthly fee which is equal to the operating costs of the Management Subsidiary plus any applicable value added tax. Please see note 23 to the Audited Financial Statements for a further discussion regarding fees paid to the Management Subsidiary.

Removal and Substitution of the Management Subsidiary

The Management Subsidiary may be removed at any time by the Holders Meeting. Upon removal, the Management Subsidiary is entitled to all of the Subsidiary Fees incurred through the date of effective removal. Upon removal of the Management Subsidiary, the board of directors is required to designate a replacement entity that will execute a management agreement with the Trust Trustee on substantially similar terms to those contained in the Management Agreement. Any replacement management entity must satisfy the following requirements:

(i) Possess significant experience managing similar assets;

(ii) Benefit from a good reputation within Mexico and internationally; and

(iii) Possess the necessary financial means and personnel to provide services substantially similar to those provided by the Management Subsidiary.

Responsibility of the Management Subsidiary

The duties and responsibilities of the Management Subsidiary, its directors, officers, shareholders, employees, representatives or counsel of any of the above are limited to the obligations expressly agreed to in the

Management Agreement, the Trust Agreement and any Transaction Documents to which the Management Subsidiary is party. The Management Subsidiary, its directors, officers, shareholders, employees, representatives or legal advisers of any of the foregoing shall not be liable to the Trust for any liability arising from any act or omission, including any errors of fact or judgment, made or incurred by the subsidiary, its directors, officers, shareholders, employees, representatives or counsel of any of the above, in good faith and is referred to within the powers of the Management Subsidiary pursuant to the Administration Agreement, the Trust Agreement or any of the Transaction Documents, except where such liability results in bad faith, malice or gross negligence.

Jurisdiction and Applicable law

For all matters concerning the interpretation and enforcement of the Trust Agreement, the parties have submitted to the applicable laws of Mexico and the jurisdiction of the competent courts of Mexico City, Mexico.

Our Advisor

We receive advisory and investment management services from PLA Administradora Industrial, S. de R.L. de C.V. and an affiliate of PGIM Real Estate Latin America. Our Advisor was formed on January 7, 2013 for the purpose of providing advisory services and real estate investment management services to us including our properties and investment vehicles as well as ancillary services. Our Advisor's senior management team is comprised of highly qualified industry specialists with over 90 years of combined experience. We believe that our Advisor's affiliation with PGIM Real Estate positions us competitively in Mexico's industrial and other real estate markets.

The following table sets forth the names, ages and years of experience in the real estate industry of the senior executives of our Advisor that will be responsible for the services to be provided by the Advisor to our business:

Name	Position in PGIM Real Estate	Years of Real Estate Experience	Age (years)
Alfonso Munk*	Chief Investment Officer of the Americas	23	45
Len Kaplan	Managing Director and Global Chief Investment Risk Officer	24	51
Enrique Lavin	Country Head and Managing Director	14	46
Fernando Herrera	Executive Director and Head of Transactions Latin America	21	45

* For the biography of Alfonso Munk, please see "— Our Board of Directors."

Enrique Lavin is Country Head and managing director of PGIM Real Estate. Mr. Lavin is also Head of Portfolio Management and is responsible for providing our strategic direction and overseeing all our portfolio management activities and financial performance. Mr. Lavin is also responsible for heading the business development efforts and thereby responsible for structuring private and public equity raising initiatives for the region, as well as for managing PGIM's relationships with investment banks and investors. Prior to his current position, Mr. Lavin was the head of capital markets, where he coordinated the implementation and execution of the financing strategy of PGIM Real Estate's investment platforms in Latin America. During his tenure at PGIM Real Estate Latin America, Mr. Lavin has executed an aggregate of US$5 billion of transactions, both in public and private markets, and including debt, equity and M&A. His experience in the real estate industry includes 14 years in the real estate industry in Mexico and almost US$6 billion of transactions in positions such as Vice President at Credit Suisse for the Real Estate Finance and Securitizations group and Director of Debt Origination at GE Real Estate. From 2011 to 2012, Mr. Lavin was a member of the board of directors of Paz Corp., a public homebuilder based in Chile and is currently a member of the Latin America Investment Committee and of the Americas Executive Council at PGIM. Mr. Lavin holds a degree in Industrial Engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and an MA from the University of Texas at Austin, where he was recipient of the Global Star Award.

Fernando Herrera is an executive director at PGIM Real Estate and Head of Latin America Transactions. Based in Miami, Fernando is also responsible for the global accounts portfolio and for defining, coordinating and executing investment strategies for PGIM Real Estate Latin America. Previously, Mr. Herrera was the senior portfolio manager for one of PGIM Real Estate's residential funds in Latin America and his responsibilities included managing the relationship with PGIM Real Estate's residential joint venture partners regarding strategies on income producing properties, overseeing the acquisition and development of mixed use properties, implementing strategies and processes focused on maximizing the value of the assets, and performing the day-to-day management activities of the portfolio. Prior to joining PGIM Real Estate, Mr. Herrera served as manager at Banamex on the real estate finance team. In this capacity, he was responsible for the underwriting of commercial real estate loans. During his 10 years at Banamex, Mr. Herrera worked in risk management, where he was responsible for feasibility studies for construction bridge loans for homebuilders, mortgages, and for developing a system to appraise the house collaterals of the bank, as well as supervising the individual appraisals executed to grant the loans. He has also served on the Board of Directors of Paz Corp S.A. (Chile). Mr. Herrera has a bachelor's degree in civil engineering from the Universidad Iberoamericana and an MBA from the Instituto de Empresa in Madrid.

Leonard Kaplan is a managing director at PGIM Real Estate and the global chief investment risk officer. Based in Madison, New Jersey, Mr. Kaplan is responsible for coordinating and leading the assessment of transactions and investment strategies, and the management of the investment committees, across PGIM Real Estate globally. He also has oversight of PGIM Real Estate's strategic capital held within all real estate funds. Mr. Kaplan is a member of the Global, U.S., Latin America, Europe, Asia Pacific and PGIM Real Estate Debt Strategies Investment Committees. Prior to his current role, Mr. Kaplan was head of Customized Investment Strategies (CIS), a group where he managed separate accounts, direct investments, closed-end funds, and opportunity funds on a global basis. In this role, Mr. Kaplan was responsible for all aspects of fund administration, portfolio strategy and investment decisions, as well as management of the CIS team. Mr. Kaplan joined the CIS group in 2011 when he was named portfolio manager of the Prudential Retirement Real Estate Funds (PRREF and PRREF II), two real estate products for defined contribution plans, and a US$1.5 billion global real estate portfolio on behalf of Prudential Financial, Inc (PFI). In 2014, he was named the senior portfolio manager for the United States Property Fund (USPF) series, a series of dedicated closed-end U.S. real estate funds. Previously, in 2009, Mr. Kaplan served as a portfolio manager for PGIM Real Estate's series of opportunity funds. Earlier, Mr. Kaplan participated in the completion of corporate real estate transactions totaling approximately US$1 billion of equity capital in the U.S., Europe, Asia and Latin America. Prior to joining PGIM Real Estate, Mr. Kaplan was a small-cap equity analyst for PFI's mutual fund business in London and the United States, as well as its Advanced Management Development Program. Mr. Kaplan has a bachelor's degree in economics (Phi Beta Kappa, Highest Honors) from Rutgers College and a master's degree in business administration from The Wharton School. In 1994, he received the Chartered Financial Analyst (CFA) designation. Mr. Kaplan is a member of the CFA Institute and NYSSA.

Investment Committee of our Advisor

As part of the Advisor's role, PGIM Real Estate Latin America's investment committee will be required to approve any acquisition or disposition of Real Estate Assets to be carried out by us. This investment committee is comprised of seven PGIM Real Estate executive officers, from Latin America and other regions, with vast experience in the acquisition, operation and management of real estate properties and funds. The investment committee ordinarily meets every three weeks and can be called as well to an extraordinary meeting to approve transactions that require special or immediate attention.

The following table sets forth the names and years of experience in the real estate industry of the members of the Investment Committee of our Advisor:

Name	Position in PGIM Real Estate	Years of Real Estate Experience
Alfonso Munk*	Chief Investment Officer of the Americas	23
Cathy Marcus	Global Chief Operating Officer and Head of the United States	31
Christy Hill	Managing Director and Head of Americas Asset Management	20
Enrique Lavin†	Country Head and Managing Director	14
Fernando Herrera†	Executive Director and Head of Transactions Latin America	21
Lee Menifee	Managing Director and Head of Americas Investment Research	21
Len Kaplan†	Managing Director and Global Chief Investment Risk Officer	24

* For the biography of Alfonso Munk, please see "— Our Board of Directors."

† For the biographies of Enrique Lavin, Fernando Herrera and Len Kaplan, please see "— Our Board of Directors."

Cathy Marcus is a managing director, global chief operating officer and head of the U.S. business at PGIM Real Estate. Based in Madison, New Jersey, she is responsible for overseeing PGIM Real Estate's business and investment operations globally, and for the development and implementation of PGIM Real Estate's strategy and operations in the United States, including oversight of U.S. portfolio and asset management. Ms. Marcus is a member of the Global Management Council, the Global and U.S. Investment Committees, the Global Operating Council, the Global Product Committee and the Valuation Committee. Previously, Ms. Marcus was senior portfolio manager for PGIM Real Estate's flagship core equity real estate fund, with responsibility for all aspects of managing the fund, including portfolio strategy, investment decisions and management of the team. Ms. Marcus served for more than eight years as a portfolio manager of the fund before becoming senior portfolio manager in 2012. Prior to her involvement with PGIM Real Estate's flagship core equity real estate fund, Ms. Marcus served as head of investment underwriting and operations for PGIM Real Estate's Transactions group, and earlier was a vice president for Prudential Corporate Real Estate Advisors, where she directed the strategic planning, development activities and transactional activities for over $800 million of corporate real estate on behalf of clients. Before joining Prudential, Ms. Marcus was a second vice president with MBL Life Assurance Corporation where she was involved in real estate portfolio management, commercial loan securitization, commercial mortgage loan restructuring, portfolio dispositions and special projects, including the sale of the Agricultural Lending Division and a luxury resort development. Ms. Marcus has a bachelor's degree in real estate finance and entrepreneurial management from the Wharton School at the University of Pennsylvania and a master of science in real estate investment and development from New York University. She also serves on the board of directors of Skanska AB and is a board member of the NCREIF/PREA Reporting Standards.

Christy Hill is a managing director at PGIM Real Estate and the head of Americas Asset Management. Based in New York, she is responsible for representing the Asset Management function as part of the Americas leadership team and partners with the U.S. and Latin America portfolio teams to lead and implement PGIM Real Estate's asset management strategy for all our investments in the region. She is a member of the U.S. Management Council, Americas Executive Council, a member of the Debt Investment Committee, and the U.S. and Latin America Investment Committees. Most recently, Ms. Hill was with Clarion Partners as a managing director and assistant portfolio manager for the firm's flagship core real estate fund. In that role, she was responsible for acquisitions and dispositions, asset management and investor communications. Prior to that, Ms. Hill was a senior member of Clarion's asset management group, overseeing investment results of core and value-add investments in multiple West Coast markets. Previously, Ms. Hill worked at American Realty Advisors for more than a decade in senior roles across asset management and portfolio management. Ms. Hill has a bachelor of science in sociology from the University of Colorado and a master's degree in real estate development from the University of Southern California.

Lee Menifee is a managing director at PGIM Real Estate and head of Americas Investment Research. Based in Madison, New Jersey, Mr. Menifee is responsible for leading PGIM Real Estate's research efforts and overseeing the research teams that support PGIM Real Estate's investment management activities in the United States and Latin America. He is a member of the U.S. and Latin America Investment Committees. Before joining PGIM Real Estate, Mr. Menifee was at the real estate investment management firm American Realty Advisors, where he led the firm's research capability, supporting portfolio, asset management, acquisitions, and marketing functions. Prior to that, Mr. Menifee was managing editor of Global Real Estate Strategy for BCA Research, a leading provider of global macro research, where he was responsible for product development. Previously, Mr. Menifee worked at CBRE Investors for 14 years where he held various roles within research and was most recently a senior director of Global Strategy. Mr. Menifee has a bachelor's degree in environmental studies and planning from the University of California Santa Barbara and a master's degree in urban planning from the University of Southern California.

The Advisory Agreement

We entered into an advisory and investment management services agreement with our Advisor (the "Advisory Agreement"). Pursuant to the Advisory Agreement, our Advisor provides us with various advisory and investment management services. The Advisory Agreement allows us to benefit from PGIM Real Estate' institutional investment knowledge and processes, including asset, risk and investment management and compliance policies and capabilities. Under the Advisory Agreement, our Advisor is responsible for, among other duties, (a) providing investment management services relating to the identification, underwriting, acquisition, development, operation and disposition of our properties; (b) managing and operating our trust and our trust estate, including our subsidiary trusts; and (c) providing services incidental to those described in (a) and (b) above including, without limitation, the following:

(i) portfolio and asset management services relating to the identification, underwriting, acquisition, development, operation, leasing and disposition of our properties;

(ii) strategic planning activities (together with our executive officers);

(iii) capital markets activities, including financing transactions through debt and equity, both public and private;

(iv) due diligence, valuation and risk management in respect of our Properties;

(v) accounting and financial reporting support and treasury and cash management;

(vi) legal and compliance related activities;

(vii) facilities management;

(viii) systems and technological support;

(ix) human resources activities in respect of the employees of the Management Subsidiary; and

(x) engagement and supervision of third-party service providers, in respect of property development or management.

Fees

Pursuant to the terms of the Advisory Agreement, our Advisor is entitled to the Advisory Fee and Performance Fee, which is prorated based on the number of days in the year in which the Advisor has acted as Advisor.

The Advisory Fee is an annual fee payable on a quarterly basis equal to the sum of (a) 0.5% of our Investment Property Value, as adjusted for inflation, plus (b) the applicable value added tax. The calculation of the Advisory Fee will be made in U.S. Dollars and the payment may be in U.S. Dollars or Pesos at the exchange rate prevailing in Mexico and fixed by Banco de México on the date when payment is made. The Advisory Fee will be prorated based on the number of days in which the Advisor provided services or in which any property comprised part of the Trust Estate.

Our Advisor is also entitled to a performance fee (the "Performance Fee") payable in CBFIs and calculated based upon cumulative returns to holders through distributions and growth in market capitalization over a 9% growth per year hurdle rate.

The Performance Fee is calculated as of the close of trading on each anniversary of our initial trading date on the BMV according to the following formula:

$$[10\% \times (A + B - C)] - D$$

A = our market capitalization

B = the aggregate amount of all distributions made to holders of our CBFIs increased by 9% per annum from each distribution's respective payment date

C = the aggregate issue price of all issuances of our CBFIs, *minus* the aggregate value of all repurchases of our CBFIs, in each case increased by 9% per annum from their respective issuance or repurchase date, as applicable

D = all previously paid Performance Fees.

For the purpose of the calculation of the Performance Fee, market capitalization, in respect of any performance period, is the product of (i) the number of outstanding CBFIs at the close of trading on each anniversary of our initial trading date on the BMV and (ii) the average closing price per CBFI during the sixty days prior to and including the calculation date.

Subject to the prior written authorization of the Ordinary Holders Meeting, the Performance Fee will be paid directly to the Advisor (or to any of its subsidiaries or affiliates) in the form of CBFIs valued at the average closing price for our CBFIs during the period in respect of which the Performance Fee is paid. All CBFIs issued as payment of the Performance Fee will be subject to a six month lock-up period. In the event the Ordinary Holders Meeting does not approve payment of the Performance Fee in CBFIs, we must pay the Performance Fee to the Advisor (or to any of its subsidiaries or affiliates) in cash. See note 23 to the Audited Financial Statements for a further discussion regarding fees paid to the Advisor.

Term

The Advisory Agreement is for an undetermined period of time, unless terminated as described under "—Removal of Advisor; Termination."

Removal of Advisor; Termination

Our Advisor may terminate the Advisory Agreement (i) at any time with six-month prior notice after the third anniversary thereof or (ii) immediately upon the occurrence of an Early Termination Event. In addition, our Advisor may be removed by us by a resolution of a majority of the holders of our outstanding CBFIs, (i) at any time, if an Advisor Removal Event has occurred and is continuing, or (ii) without cause, upon 90-day prior written notice to our Advisor. In the event of the removal of the Advisor as set forth herein, the Trust Trustee shall pay the Advisor all of the Advisory Fees and Performance Fees accrued until the effective date of its removal. An "Early Termination Event" will occur if we, through our board of directors, Management Subsidiary or a Holders Meeting, approve any decision or perform any act in violation of applicable law and the related policies implemented by PGIM Real Estate Latin America, including in respect of anti-corruption, anti-money laundering or terrorism.

An "Advisor Removal Event" will occur if (i) our Advisor engages in acts of gross negligence, willful misconduct, bad faith or fraud in the performance of its services under the Advisory Agreement and our Trust Agreement, as confirmed in a final, non-appealable resolution issued by a court of competent jurisdiction, (ii) a court of competent jurisdiction issues a final, non-appealable resolution adjudicating the insolvency (*concurso mercantil*) or bankruptcy (*quiebra*) of our Advisor or (iii) the Advisor ceases to be PLA Administradora Industrial, S. de R.L. de C.V. or any other affiliate or subsidiary of PGIM Real Estate Latin America, without a Holders Meeting approval.

If the holders decide to remove the Advisor, the Holders Meeting that approved such removal must resolve all issues regarding the removal of the Advisor, including the appointment of a substitute advisor, or the sale or other disposal or liquidation of our assets. If the Holders Meeting resolves to name a substitute advisor, the board of directors will be called upon within ten business days of notice to it to submit to the Holders Meeting at least three options for recognized managers of real estate funds in Mexico that could act as substitute advisors. The Holders Meeting will have to designate a substitute advisor from those proposed by the board of directors or liquidate our assets in accordance with the Trust Agreement.

Liability and Indemnification

The liability of our Advisor under our Advisory Agreement is limited to the commission of acts of gross negligence, willful misconduct, bad faith or fraud in the performance of their obligations under the Advisory Agreement and, in the case of our Advisor and its affiliates, the Advisory Agreement. "Indemnified Parties" refers to our Advisor, its affiliates and their respective members, our administrators, partners, shareholders, beneficiaries, officers, employees, directors, agents and auditors.

None of the Indemnified Parties is liable for monetary damages or losses related to its obligations under the Advisory Agreement unless such monetary damages or losses stem from acts of gross negligence, willful misconduct, bad faith or fraud in the performance of their obligations under the Advisory Agreement and, in the case of our Advisor and its affiliates, the Advisory Agreement. None of the Indemnified Parties is liable for any losses due to or related to any error, omission, non-compliance, negligence, fraud, dishonesty, bad faith or other conduct of any agent, representative, auditor, agent, professional administrator or other service provider contracted by us or our Management Subsidiary, except when the Advisor has committed gross negligence, willful misconduct, bad faith or fraud in contracting or supervising such service provider.

Our Advisory Agreement requires us to indemnify and defend our Advisor, its affiliates and related parties from any losses arising from the Advisory Agreement, the Trust Agreement, or any other ancillary documentation so long as such losses do not arise from gross negligence, willful misconduct, bad faith or fraud. The indemnification provisions set forth in the Trust Agreement shall remain in effect until the prescription of obligations in accordance with the provisions of applicable law.

Our Advisor may purchase insurance or bonds to cover any losses incurred by Indemnified Parties, the Management Subsidiary, the Common Representative, any holder of CBFIs or any person arising from any act or omission by the Indemnified Parties relating to the Advisory Agreement, Trust Agreement or any other related documentation, with the understanding that such insurance or bonds will not cover indemnities for losses incurred through gross negligence, willful misconduct, bad faith or fraud by our Advisor, its affiliates and related parties.

Governing Law; Submission to Jurisdiction

The Advisory Agreement is in the Spanish language and is governed by Mexican law. For any dispute arising out of or in connection with the Advisory Agreement, the parties thereto have expressly submitted to the jurisdiction of the courts of Mexico City, Mexico, and have waived their right to any other jurisdiction that may apply by virtue of their present or future domiciles or for any other reason.

Summary of Our Main Corporate Governance Entities and Functions

Management Subsidiary

- Carrying out any and all activities related to relations with the holders of our CBFIs and other investors.
- Reviewing and approving any and all reports, information, documents, requests, filings and notices that are required to be made before the CNBV, the BMV, any other securities exchange inside or outside of Mexico, the holders of our CBFIs or other investors, or any governmental authority.
- In general, carrying out any actions in our name and on our behalf in order to comply with our reporting obligations.
- Carrying out, in our name and on our behalf, our strategic planning activities (with the exception of the strategic planning activities reserved for the Holders Meeting and board of directors in accordance with the Trust Agreement), including, without limitation, the strategies related to the growth and acquisition of properties, of the administration of assets and portfolio, shareholder distributions (within the distribution policy approved by the board of directors) and marketing, it is understood that the strategies approved by the Management Subsidiary are present in the mandate conferred to the Advisor in accordance with the Advisory Contract must be executed by the Advisor.
- Supervising the activities of the Advisor under the Advisory Agreement.
- Reviewing the annual report prepared by the Advisor, and carrying out any actions on our behalf as may be necessary or convenient to make such annual report publicly available in accordance with the provisions of the Mexican securities market law and any other applicable laws and regulations in Mexico or outside Mexico.
- Proposing the leverage guidelines.

Holders Meeting

- Approving our annual audited financial statements.
- Approving additional issuances of our CBFIs, whether they be public or private, within or outside of Mexico.
- Approving our annual report
- Appoint, ratifying or removing members of the board of directors.

Board of Directors

- Approving the initial issuance of our CBFIs and the registration thereof in the Mexican National Securities Registry (*Registro Nacional de Valores*).
- Approving our investment guidelines.
- Approving the investment of our trust estate in permitted investments.
- Approving any disposition of properties during the first 4 years from acquisition thereof, regardless of the value of the property.
- Approving the designation and substitution of the Chief Executive Officer and Chief Financial Officer, as well as the compensation that they will be paid.
- Approving any acquisition or disposition or sale of our assets, properties or rights that represent 5% or more of the value of our estate (but less than 20%, in the case of acquisitions) that are entered into simultaneously or successively within a 12-month period commencing on the date of the first transaction and that may be considered as a single transaction.
- Approving any acquisition of our CBFIs in the secondary market in excess of 10% or more of the outstanding CBFIs.
- Establishing the terms and conditions that will regulate the Advisor and Management Subsidiary in the exercise of their powers of ownership and, where appropriate, administration.
- Prior written consent of our Practices Committee (except in the case of a defense of the trust estate, in which case prior written consent is not necessary), approving transactions between us and our Advisor or its affiliates, or transactions between related parties.
- Approving any financing with recourse to our estate which is not in compliance with the leverage guidelines.
- Approving the appointment, of an independent appraiser other than certain pre-approved appraisers set forth under our Trust Agreement.
- Approving the appointment of an external auditor other than certain pre-approved auditing firms set forth under our Trust Agreement.
- Approving the appointment of the members of our Audit Committee and of the Practices Committee.
- Approving, with the prior written consent of our Audit Committee, our accounting policies.
- Approving, with the prior written consent of our Audit Committee, our internal control and audit guidelines.
- Approving, with the prior written consent of our Audit Committee, our financial statements to be presented to the Holders Meeting for approval.

Board of Directors

- Instructing the Trust Trustee to carry out the repurchase of the CBFIs, pursuant to the instruction of the Advisor, exclusively for their subsequent cancellation
- Approving any other matters related to our business brought before the board of directors by our Management Subsidiary.

With the written approval of our Audit Committee, discussing and, when appropriate, approving the entry into any agreement, transaction or material relationship with, terminating any agreement, transaction or material relationship with, or beginning any litigation against a related party, including in a non-limiting declarative manner, with the Advisor, the Management Subsidiary, the members of the board of directors and any other person besides those that may hold a conflict of interest, in which case, the members of the board of directors that hold a conflict of interest may abstain from voting over such matters.

Advisor

- Providing investment management services relating to the identification, underwriting, acquisition, development, operation and disposition of our properties.
- Managing and operating our trust and our trust estate, including our subsidiary trusts.
- Providing services incidental to those described above.
- Portfolio and asset management, including cooperation with our senior management and that of our Management Subsidiary in the preparation of our strategic plan and other strategic planning activities.
- Capital markets activities, including financing transactions through debt and equity, both public and private.
- Due diligence, valuation, loss control (insurance and surety), environmental and sustainability, research, accounting and financial reporting, treasury and cash management, hedging, tax, legal and compliance related activities.
- Facilities management, systems and technology

Audit Committee

- Approve the appointment of our external auditors other than those pre-approved pursuant to Annex F our Trust Agreement and terminate our external auditor and approve all services to be performed by them.
- Evaluating the performance of our external auditor, analyzing the opinions, reports and documents prepared by our external auditor, and holding at least one meeting per fiscal year with our external auditor.
- Discussing our financial statements with the persons that prepared such statements, and based on such review, recommending the approval or rejection thereof to our board of directors.
- Informing our board of directors of the status of our internal control, audit and compliance procedures, including any irregular situations that are identified.
- Requesting from our Advisor, our Management Subsidiary, the Trust Trustee and the other persons in charge of our management, any reports related to the preparation of the financial information as appropriate to comply with its duties under our Trust Agreement.
- Investigating any possible violations to our approved guidelines and policies, internal controls and audit practices.
- Receiving any comments or complaints by the holders of our CBFIs, creditors, members of our board of directors, the Advisor, and other interested third parties in connection with our approved guidelines, policies, internal controls and audit practices.
- Meeting as appropriate with the relevant officers of our Management Subsidiary, our Advisor, the Common Representative and the Trust Trustee.

Practices Committee

- Expressing an opinion on transactions with affiliates of our Advisor and other transactions with related parties
- Recommending that the board of directors request from our Advisor, our Management Subsidiary and/or the Trust Trustee any information that may be necessary or convenient so that the board of directors may comply with its duties.

- Approving any investment or acquisition made directly or indirectly by us that represent 20% or more of the value of the trust estate as of the end of the immediately preceding quarter, including those made through several, simultaneous or successive related transactions within a 12-month period commencing on the date of the first transaction.
- Approving any investment or related party acquisition representing 10% or more of the trust estate, with the understanding that holders who are related to the Advisor, the Manager or any investment trust; will not be able to vote on such issues without such relation affecting the quorum needed to approve the transaction.
- Approving any modifications to leverage guidelines proposed by the Management Subsidiary or any assumption of debt that does not comply with the leverage restrictions; with the understanding that in any such case, our Trust shall comply with the maximum level of indebtedness and the minimum debt service coverage limit established in the Issuers Circular.
- Removing or substituting the Trust Trustee, the common representative, or the Advisor. If an Advisor Removal Event occurs, or without cause in conformity with the Advisory Agreement.
- Approving a substitute Advisor in conformity with the Advisory Agreement.
- Approving the removal and/or substitution of the Subsidiary, if Subsidiary Removal Event occurs, or without cause, in conformity with the Management Agreement.
- Approving the entity that will substitute the removed Subsidiary in conformity with Clause 6.2 of the Management Agreement.
- Approving any amendments to our Trust Agreement or the other issuance documents to the extent such amendments would have a material adverse effect on the holders of our CBFIs.
- Approving our liquidation.
- Approving the delisting of the CBFIs from the Mexican securities exchange and the deregistration thereof from the Mexican securities registry (*Registro Nacional de Valores*).
- The holders that individually or collectively hold 20% or more of the CBFIs in circulation will have the right to oppose judicially to the resolutions adopted by a Holders Meeting, in accordance with the Trust Agreement and the applicable legislation.
- The holders that individually or collectively hold 15% of the CBFIs in circulation will be able to exercise responsible action against the Management Subsidiary for failing to meet the obligations established in the Trust Agreement with the understanding that said action will be
- Approving and amending our distributions policy with the understanding that such policies of distribution will have to always adhere to Article 187 of the Mexican Income Tax Law.
- Instructing the Trust Trustee to disclose certain statutory events referenced in the Mexican Securities Market Law, including all agreements whose purpose is contrary to an opinion of our Audit Committee or Practices Committee.
- Approving the liquidator to carry out our liquidation in accordance with the terms of our Trust Agreement.

support, as well as human resources advice with respect to the employees of the Management Subsidiary.

- Engage, and supervise the activities of, third parties for services related to us and our subsidiary trusts.
- Enter into joint ventures, property management agreements, development agreements, lease agreements and analogous types of arrangements with third parties as the Advisor deems convenient for the fulfillment of the purposes of our trust.
- Manage our trust accounts in accordance with the terms in the Trust Agreement.

Nomination Committee

- Search for, analyze and evaluate candidates for election or designation to the Board of Director, including, without limitations, independent members.
- Make recommendations to the Holders Meetings, regarding the persons nominated to the board of directors, including, without limitations, independent members.
- Propose to the Holders Meetings the compensation to be paid to the independent members of the board of directors as well as the members of the board of directors named by the holders.
- Propose to the Holders Meetings the removal of members of the board of directors.

prescribed in 5 years after the date that the event or act that caused corresponding patrimonial damage.

- Holders of our CBFIs who individually or jointly hold 10% or more of the outstanding CBFIs have the right to request that the Common Representative convene a Holders Meeting specifying in their request the matters to be addressed at the Holders Meeting. The Common Representative must issue the call for Holders Meeting within 30 calendar days from the date the request is received. If the Common Representative fails to comply with this obligation, the trial judge of the domicile of the Trust shall, at the request of the applicable holders, issue the call for the Holders Meeting.
- Holders who individually or collectively hold 10% or more of the outstanding CBFIs may request that the Common Representative issue a one-time adjournment, for three calendar days and without needing to call a new meeting, of the vote on any matter for which they are not sufficiently informed.
- Naming a member of the board of directors for every 10% CBFIs in circulation that a holder or group of holders holds.

Indebtedness Committee

- Monitoring the mechanisms and controls in place to ensure that the Trust complies with the leverage guidelines, limits to the level of indebtedness and debt service coverage ratios, as well as the provisions of the applicable regulations.
- Informing the board of directors in a timely manner of the exercise of its power, as well as any breach of the provisions referred to in the preceding paragraph.

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, disposition, financing and other policies. These policies have been determined by our board of directors and, in general, may be amended or revised from time to time by our board of directors without a vote of holders of our CBFIs.

Investment Policies

Investment in Real Estate or Interests in Real Estate

While we plan to capitalize on the existing and future growth opportunities within the industrial real estate sector in Mexico and believe that opportunities exist within a long-term strategy, we may, in the future, look to expand into other geographic markets and other complementary real estate subsectors. Affiliates of our Advisor currently manage 10 institutional funds and have significant experience across real estate asset types and geographic markets. We believe asset-class diversification and exposure to other geographic markets is a natural complement to our existing diversification strategy. As such we continue to target asset types and markets that exhibit favorable long-term economic fundamentals and supply-demand characteristics. For a discussion of our properties and our strategic objectives, see "Business and Properties."

While our immediate strategy for the next several years is to develop existing land reserves, our long-term growth strategy does include the disciplined acquisition of stabilized properties as opportunities arise.

All our potential acquisitions need to be approved by our Advisor's investment committee, subject to its internal delegation policy. If, in addition, such investments also require the approval of the board of directors or the meeting of the holders of our CBFIs, such investments may be presented to them for approval only after they have been approved by our Advisor's Investment Committee. All decisions adopted by the Investment Committee need to be adopted by a majority vote.

Subject to our conflicts of interest policies described below, we may acquire properties from, or sell properties to, related parties, including members of our board of directors and officers of our Advisor. Subject to the contractual restrictions mentioned above, we believe that our relationship with our Advisor and our Advisor's relationships with local third-party providers will provide us with access to an extensive pipeline of potential acquisitions. See "Certain Relationships and Related Transactions."

Furthermore, pursuant to our Trust Agreement, any property that we may acquire must comply with our investment guidelines. Our investment guidelines are approved by our board of directors, and any material changes to our investment guidelines will need to be authorized by our board of directors. Our initial investment guidelines allow us to invest in properties in the industrial real estate sector in Mexico, as well as to opportunistically expand into other real estate subsectors within Mexico, including office properties. As we grow our business, our investment guidelines allow us to diversify in terms of property locations, size and market, and we do not have any limit on the amount or percentage of our assets that must be invested in any one property or any one geographic area within Mexico. We intend to acquire and hold properties for long-term investment. We may also develop, redevelop, expand and improve properties. We intend to operate our business, including engaging in future investment, development and redevelopment activities, in a manner that is consistent with the maintenance of our status as a FIBRA for Mexican federal income tax purposes.

Any acquisitions of real estate that represent 5% or more, but less than 20%, of our total assets made in a single transaction, or in a series of related transactions carried out within a period of twelve months that by their terms may be considered as a single transaction, will require the prior approval of our board of directors. In addition, any investments or acquisitions made by us that represent 20% or more of our total assets made in a single transaction, or in a series of related transactions carried out within a period of twelve months that by their terms may be considered as a single transaction, will require the prior approval a majority of the holders of our CBFIs. In either case, such determination will be made based on our financial statements for the immediately preceding fiscal quarter. Moreover, any transaction with related parties, our Advisor or the Management Subsidiary, including investments and dispositions (regardless of the threshold quantities), the contracting of third parties or any other related party transactions are subject to the approval of our Audit Committee and Practices Committee, the approval of our board of directors only through the vote of the independent members, and, if the operation exceeds 10% or more of the trust estate, the approval of the Holders Meeting.

Disposition Policies

In accordance with our Trust Agreement, our board of directors is responsible for establishing disposition policies with respect to our assets in order to ensure that our properties continue to be most suitable to our long-term earnings growth objectives and contribute to increasing portfolio value. We do not currently intend to dispose of any of the properties in our Portfolio, although we reserve the right to do so if our board of directors determines that such action would be in the best interests of the holders of our CBFIs. For example, properties that no longer meet our total return objectives or current investment criteria will be targeted for sale to create investment capital. We may also dispose of properties acquired in portfolio acquisitions that are not in our target markets.

Leverage Restrictions

We are subject to legal limits on leverage and debt service coverage ratios in accordance to the Issuers Circular. According to our Trust Agreement, we and our investment vehicles can assume any debt or assume any indebtedness at any time and for any reason, provided we are in compliance with the legal requirements.

If at any time we exceed the leverage limit or are unable to comply with the debt service coverage ratio requirements, we may not incur additional debt until we comply with these requirements, except with respect to refinancing activities undertaken in order to extend the maturity date of existing debt, and only to the extent that our board of directors documents the situation. In any case, such refinancing may not result in an increase in our indebtedness recorded before such refinancing or a decrease in our debt service coverage ratio.

In addition, our Management Subsidiary shall submit a detailed report to the Holders Meeting of any breach of the leverage or debt service coverage ratio as well as a corrective plan that establishes measures to be taken to meet those requirements. Such report and corrective plan requires the approval of a majority of independent members of the board of directors, which must be granted no later than 20 business days following our disclosure of our breach to the investing public.

Conflicts of Interest Policies

Under our Trust Agreement, our board of directors is responsible for approving our policies with respect to related parties. In accordance with our Trust Agreement, the affirmative vote of a majority of the independent members of our board of directors is required prior to us entering into any material contract, transaction or relationship with, terminating any agreement with, or commencing litigation against, a related party, including our Advisor, the members of our board of directors or any other person or party who may have a conflict of interest. Incumbent Directors are not permitting to vote in any such circumstance. We are subject to conflicts of interest arising out of our relationship with our Advisor and its affiliates. See "Certain Relationships and Related Transactions." We cannot assure you that our policies will succeed in eliminating the influence of such conflicts. If they are not successful, decisions could be made that might fail to reflect fully the interests of all holders of our Notes. See "Risk Factors—Risks Related to Our Properties and Operations—Members of our Advisor's team have outside business interests and investments, which could potentially result in conflicts of interests or take their time and attention away from us."

Our Advisor may conduct an investment or divestment of our real estate assets with our Advisor, the Management Subsidiary or a similarly related party, only if (1) the investment or divestment is approved by the board of directors through an affirmative vote of a majority of independent members with the understanding that the members of the board who were appointed by the Advisor and/or who have a conflict of interest shall abstain from voting without this affecting the required quorum for the board of directors, (2) such transaction between related parties be conducted at arm's length and (3) if such transaction between related parties exceeds 10% of our estate, it shall also require prior approval of the Holders Meeting, which will be granted at the Holders Meeting where holders of our CBFIs that are related parties to our Advisor or any investment vehicle, will have to abstain from voting without affecting the necessary quorum to approve the transaction.

Policies and Restrictions of Investment Flows

We maintain certain policies with respect to minimum cash levels, requirements for investment of excess amounts and debt coverage requirements in respect of indebtedness that we have incurred as summarized below. For more information on our indebtedness please see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Minimum cash levels

This policy only applies to reserve accounts that have to be maintained for certain credit facilities to guarantee ongoing maintenance and/or debt service (typically on a monthly basis). The minimum amount of these reserves is subject to fluctuations.

Requirements for the Investment of Excess Cash

Under our existing credit agreements (i) in certain cases of non-compliance with certain specified financial ratios, a sweep of surplus cash can arise and (ii) in respect of cash amounts deposited in reserve accounts, such amounts cannot be invested speculatively and can only be invested in permitted investments).

Debt Coverage Requirements

We are obligated to hedge only for interest rate risks pursuant to the Unsecured Revolving Facility and the Syndicated Term Loan.

Policies with Respect to Other Activities

Environmental Risk and Sustainability Management Strategy (SEMS)

We maintain environmental risk and sustainability policies that seek to reduce environmental risks while at the same time ensuring the sustainable development of our business through a multidisciplinary approach that integrates economic, environmental and social care. We intend to capitalize on our Advisor's global infrastructure designed to construct, operate and maintain assets in a sustainable manner. We intend to follow procedures for Environmental Site Assessment (ESA Phase I and Phase II), based in part on ASTM 1527, as well as conduct environmental analyses of our lease agreements. Whenever possible, our lease agreements will include sustainability clauses, as well as green lease and environmental clauses. In addition, we will conduct annual risk management visits of all tenants and land reserves and provide our employees with environmental training.

Issuance of Additional CBFIs

Subject to certain formalities required under Mexican law, including obtaining any necessary governmental authorizations, we have authority to offer new CBFIs in exchange for property and to repurchase or otherwise acquire our CBFIs in the open market or otherwise, and we may engage in such activities in the future. Our board of directors has no present intention of causing us to repurchase any CBFIs. Our Trust Agreement does not contemplate the issuance of preferred CBFIs by us.

Continued Qualification as a FIBRA

We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a FIBRA for Mexican federal income tax purposes, unless, due to circumstances or changes in Mexican tax rules and regulations, our board of directors determines that it is no longer in our best interest to qualify as a FIBRA. On May 11, 2016, we made a loan to Controladora Idea, S.A. de C.V. and Parques American Industries, S.A. de C.V., for Ps.

37 million (US$2 million) with a 5 year maturity and fixed rate of 5.50%. The loan was made in compliance with Mexican law and within the scope of our business purpose.

Clearly Defined Responsibilities and Requirements for Internal Approvals

We have control policies in place in order to perform deposits, transfers or distributions of funds. As such, any deposit, transfer or distribution of funds must be approved by at least two authorized persons. With respect to taxes, the approval of only one authorized person is required. Additional restrictions apply to substantial deposits, transfers or distributions. In addition, payments are subject to additional controls, such as (i) policies for verification and backup support documents including invoices and applicable documentation; (ii) compliance with anti-corruption policies and anti-money laundering for us and our Advisor; and (iii) prohibiting cash payments and check payments in exceptional cases. Compliance with these rules is verified by internal audits by our Advisor, external accountants and annual financial audits.

PRINCIPAL HOLDERS OF CBFIs

All of our CBFIs are publicly held. As of the date of this Offering Memorandum, to our knowledge, only Afore Banamex holds more than 10% of our CBFIs.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Advisory Agreement

We have entered into the Advisory Agreement with our Advisor. For more information, see "Management—Our Advisor—The Advisory Agreement."

Our FIBRA was established by PGIM Real Estate. In structuring the FIBRA, PGIM Real Estate prepared and negotiated our Trust Agreement and our Advisory Agreement and as a result these agreements were not negotiated on an arm's-length basis with respect to our Advisor, which is an affiliate of PGIM Real Estate Latin America. Under our Trust Agreement and Advisory Agreement, our Advisor has significant authority to determine our day-to-day operations, including, subject to certain approval requirements, our investments, dispositions and financings. Under our Trust Agreement, our Advisor is entitled to directly appoint one member to our board of directors. See "—Conflicts of Interest."

Conflicts of Interest

Certain non-independent members of our board of directors and certain officers and employees of our Advisor and our business may have outside business interests, including ownership and, in some cases, management responsibilities related to certain properties and entities that are not part of our Portfolio. The presence of outside business interests may present a conflict in that they could interfere with the ability of such persons to devote time and attention to our business and affairs and, as a result, our business could be harmed.

Our Trust Agreement establishes certain policies and procedures to address potential conflicts of interest. For example, transactions with related parties or that otherwise may represent a conflict of interest require the prior approval of our board of directors granted in a meeting in which members of the board of directors who are not independent may not vote with respect to such matter. Additionally, as a result of recent financial reforms, the Holders Meeting must approve any investment or related party acquisition representing 10% or more of the trust estate, with the understanding that holders who are related parties of PLA Administradora Industrial, S. de R.L. de C.V., the Advisor or any investment trust, cannot vote on the matter, without affecting the quorum needed to approve the transaction. See "Policies with Respect to Certain Activities—Conflicts of Interest Policies." In the event that an investment opportunity is appropriate for two or more PGIM Real Estate Latin America affiliates, the opportunity must be presented to the PGIM Real Estate Latin America allocation committee (the "Allocation Committee") for its review. The Allocation Committee is comprised of four voting members and its decisions are determined by simple majority. The Allocation Committee considers (i) the suitability of the investment opportunity based on the affiliates' investment criteria and objectives, (ii) the purchasing power of the affiliate, (iii) the discretionary or non-discretionary nature of the investment, (iv) the composition of debt and equity necessary to complete the transaction, (v) the investment timeline for each affiliate and (vi) any other relevant information. Members of the Allocation Committee that have a conflict of interest with respect to a given transaction are required to recuse themselves from the vote with respect to the allocation of such opportunity.

In addition, our Advisory Agreement was negotiated between related parties and its terms, including fees payable, may not be as favorable to us as if it had been negotiated with unaffiliated third parties. We do not benefit from an exclusivity commitment from PGIM Real Estate Latin America or its affiliates. Furthermore, PGIM Real Estate Latin America and its affiliates may grant exclusivity commitments, which are common to opportunistic funds like Prumex IV (see "Glossary of Terms and Definitions" for a detailed description of Prumex IV and its activities), to other investment vehicles in the future. In the event PGIM Real Estate Latin America or its affiliates grants another industrial vehicle exclusivity or other preferential arrangements to our detriment, the holders of the CBFIs can always exercise their right to terminate the Advisor by simple majority vote without penalty.

DESCRIPTION OF CERTAIN PROVISIONS OF OUR TRUST AGREEMENT AND MEXICAN LAW

Set forth below is certain information concerning our CBFIs and a brief summary of certain provisions of our Trust Agreement and Mexican law. The description does not purport to be complete and is qualified in its entirety by reference to our Trust Agreement and Mexican law.

General

We were formed as a trust on January 29, 2013, under the laws of Mexico. Our principal office is located at Paseo de la Reforma 412, Piso 18, Corporativo Reforma Diana, Col. Juarez, Mexico City, Mexico CP 06600. A copy of our Trust Agreement and any amendments thereof have been filed with the CNBV and with the Mexican Stock Exchange and is available for review at the Mexican Stock Exchange on its electronic website www.bmv.com.mx.

Our Trust Agreement provides that our main business purposes the acquisition or construction of real estate properties in Mexico destined for lease or the acquisition of the right to obtain income from the lease of such real estate properties. Our Trust Agreement appointed The Bank of New York Mellon, S.A., Institución de Banca Múltiple (predecessor to *CIBANCO, S.A., Institución de Banca Múltiple*), as our Trust Trustee. As Trust Trustee, *CIBANCO, S.A., Institución de Banca Múltiple* takes certain actions on our behalf pursuant to the instruction of our Advisor in accordance with the Advisory Agreement.

The Common Representative

Our Trust Agreement appoints *Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero* (or any entity appointed as a successor thereto) as the Common Representative, of the holders of our CBFIs collectively (and not individually).

The Common Representative shall have the duties, rights and authorities provided for in the Mexican Securities Market Law and the LGTOC, in the global certificate representing our CBFIs and in the Trust Agreement. With respect to all other matters, the Common Representative must act pursuant to the instructions of the Holders Meeting. The Common Representative's rights and obligations include, without limitation, the following:

(i) executing the global certificate representing our CBFIs after verifying that it complies with all applicable legal requirements;

(ii) verifying the execution of our Trust Agreement;

(iii) verifying the existence of our trust estate;

(iv) verifying our compliance with the use of proceeds from issuance of CBFIs;

(v) verifying the compliance of the Trust Trustee, our Advisor and our Management Subsidiary with their obligations under our Trust Agreement and of any other person in accordance with agreements executed to accomplish the purposes of our Trust Agreement;

(vi) notifying the CNBV, the BMV and Indeval with respect to any delay by the Trust Trustee in complying with its obligations in accordance with the Trust Agreement;

(vii) calling and presiding over a Holders Meeting as required under applicable law, the global certificate representing our CBFIs and/or our Trust Agreement, and when it considers it necessary or advisable to obtain confirmation of the holders of our CBFIs regarding any decision making, or the performance of any matters resolved by a Holders Meeting;

(viii) performing all necessary or advisable acts with the purpose of complying with any resolution adopted in a Holder's Meeting;

(ix) executing documents and agreements with the Trust Trustee from time to time, on behalf of the Holders of our CBFIs, in connection with the Trust Agreement and/or the CBFIs;

(x) taking all actions needed to preserve the rights of holders of our CBFIs collectively;

(xi) preparing and publishing payment notices for the holders of our CBFIs and give notice of any distributions to Indeval and the BMV with at least six business days in advance;

(xii) acting as intermediary between the Trust Trustee and holders of our CBFIs for purposes of delivering to such holders any amounts due to them under our Trust Agreement and for any other required matter;

(xi) exercising its rights and complying with its obligations established in the global certificate representing our CBFIs, our Trust Agreement and other documents to which it is a party;

(xii) requesting from the Trust Trustee, our Advisor and our Management Subsidiary all information and documentation (including information relating to our financial condition) it needs to carry out its duties as Common Representative set forth in our Trust Agreement (in the understanding that the Trust Trustee and our Advisor provide all reasonably requested information and documentation);

(xiii) furnishing to the holders of our CBFIs, when required, copies of reports delivered to the Common Representative by the Trust Trustee and/or our Advisor; and

(xiv) in general, carrying out all actions and complying with all of its duties, as well as exercising all of its powers, as provided for in the LGTOC, the Mexican Securities Market Law, the applicable regulations issued by the CNBV and the applicable stock market practices.

Any and all acts carried out by the Common Representative on behalf of the holders of our CBFIs, pursuant to the terms of the Trust Agreement, the global certificate representing our CBFIs, other documents to which it is a party to, or applicable law, are binding on the holders of our CBFIs and are deemed accepted by such holders.

The Common Representative may be removed at any time, by resolution of an Extraordinary Holders Meeting; provided that, such removal will be effective only when a substitute common representative has been appointed by a Holders Meeting and the substitute representative has begun serving as Common Representative and has taken office.

Any institution serving as the Common Representative under the Trust Agreement may resign in accordance with the LGTOC. The Common Representative is required to deliver a written notice of its intention to resign to the Advisor and the Trust Trustee at least 60 days prior to such resignation, and such resignation will not become effective until a substitute Common Representative has been appointed by the Extraordinary Holders Meeting and such substitute Common Representative has accepted its appointment and taken office.

The Common Representative's obligations will cease upon the complete redemption of the CBFIs.

Our Assets

Our Trust Agreement provides that our assets will be comprised of, among other things:

(i) the Real Estate Assets;

(ii) any issuance proceeds obtained from any issuance of CBFIs pursuant to the terms of our Trust Agreement;

(iii) any and all assets, properties, payments or rights received by the Trust Trustee, as well as the obligations that it may assume, derived from any and all of the acquired Real Estate Assets whether directly or through trusts by the Trust Trustee in the terms set forth in our Trust Agreement;

(iv) any and all amounts deposited, from time to time, in any of our trust accounts;

(v) all rights and payments arising from or in connection with the derivatives transactions that may form part of the trust estate from time to time;

(vi) any and all of the returns on investments obtained from the existing liquid assets in our trust accounts by the investment of such in certain permitted investments;

(vii) any and all other assets, obligations and rights assigned to and/or acquired by the Trust Trustee for our business purposes pursuant to or as contemplated in our Trust Agreement;

(viii) any and all cash and all products and/or proceeds derived from or in connection with the assets described in numerals (i) to (vii) above; and

(ix) the equity interest of the Management Subsidiary.

The Trust Trustee

The Trust Trustee's obligations include, among other things

(i) complying with its obligations and exercising the rights of the Trust Agreement in order to comply with our business purposes; and

(ii) acting in conformity with the other documents that it must sign in accordance with the Trust Agreement and in conformity with the written instructions it receives from the Advisor, the Management Subsidiary, the board of directors or the Common Representative.

Our board of directors may call a Holders Meeting to reach a decision with respect to any matters not provided for in our Trust Agreement. For those matters requiring prompt attention and with respect to which a meeting of holders of our CBFIs is therefore not called, our board of directors is required to resolve such matters promptly, in consultation with our Practices Committee and our Audit Committee, if necessary.

Our Trust Agreement provides that the Trust Trustee will only be liable under our Trust Agreement in instances of negligence, fraud or bad faith (as construed under Mexican legal standards).

The Holders Meeting may remove at any time CIBANCO, S.A., Institución de Banca Múltiple., as Trust Trustee; provided that the Trust Trustee is notified in writing of such removal with at least 15 calendar days prior to the date on which its removal shall take effect and; provided, further, that within such 15 calendar day term, a substitute trustee shall (i) be appointed by the meeting of holders of our CBFIs, and (ii) accept the appointment as Trust Trustee hereunder.

The Trust Trustee may only resign its appointment for a serious cause (*causa grave*) as determined by a court of first instance with jurisdiction in its domicile pursuant to article 391 of the LGTOC; provided that the Trust Trustee shall give written notice to our Management Subsidiary and the Common Representative of its intention to resign at least 60 calendar days prior to such resignation; and provided, further, that the Trust Trustee shall not be released as trustee hereunder until a substitute trustee shall have been appointed by meeting of holders of our CBFIs (which substitute trustee shall be approved in writing by our Management Subsidiary), and such substitute trustee shall have accepted such appointment in writing.

Accounts of the Trust

We have the following accounts: (i) an offering account, which has received the proceeds from our Initial Public Offering and 2014 and 2017 follow-on offerings, and through which the Trust Trustee, pursuant to instructions from the Advisor, uses those proceeds to make certain payments in accordance with subsection (b) of clause 3.1 of the Trust Agreement, including, without limitation, the applicable offering expenses, which must be attached to the invoices of such payments; (ii) a distributions account, in which the amounts to be distributed to the holders of our CBFIs in respect of distributions will be maintained; and (iii) other checking accounts and/or investment accounts necessary in order to comply with our corporate purposes.

Distributions

The timing, form, frequency and amount of distributions will be determined by our board of directors based upon a variety of factors, including:

- actual results of operations (including our annual tax result);
- our level of retained cash flows;
- the terms, requirements and provisions of any financing agreements;
- capital expenditure requirements for our properties;
- our operating expenses;
- our future prospects and our expected financial performance and working capital needs;
- any changes in law, general economic and business conditions; and
- other factors that our board of directors may deem relevant, including the amount of distributions paid by similar businesses.

The Management Subsidiary, based on distribution policies approved by the board of directors, instructs the Advisor on the timing and amount of distributions payable to the holders of our CBFIs. The Advisor, in turn, instructs the Trust Trustee to pay such distributions.

The FIBRA must distribute to the holders of its CBFIs at least once a year, a minimum of 95% of the net taxable income of the previous fiscal year.

Appraisals

An independent appraiser prepares a valuation of our real estate assets at least once a year in accordance with the guidelines that have been approved by the Advisor. Such valuations are made public through the officers of the Common Representative, and are submitted to us, the Management Subsidiary, the Advisor, the Common Representative, the External Auditor and the members of our board of directors. We pay the cost of such valuation as part of our maintenance costs.

The initial fees of such independent appraiser and any expenses or costs derived from the valuation of our Real Estate Assets will be considered as an expense of Trust Trustee maintenance costs.

Term and Termination

Our Trust Agreement shall remain in full force and effect until the purposes of the Trust have been complied with; provided, that our Trust Agreement shall terminate (i) when all of the Real Estate Assets that comprise the trust estate have been disposed of in accordance with our Trust Agreement and all of the amounts deposited in any trust accounts have been distributed to the holders pursuant to our Trust Agreement; (ii) upon request by the Trustor in the event the Trust Trustee does not carry out the Initial Issuance of CBFIs within the 90 days following our Trust Agreement taking effect; or (iii) by resolution of the holders in an Extraordinary Holders Meeting. Notwithstanding the foregoing, our Trust Agreement shall only terminate when all of the obligations payable with funds from the trust estate have been paid in full; provided, that in any event, the term of our Trust Agreement may not exceed the term set forth in article 394 of the LGTOC, which is 50 years.

Liquidation

Upon our dissolution, one or more liquidators must be appointed by our board of directors to wind up our affairs. All fully paid and outstanding CBFIs will be entitled to participate equally in any distribution upon liquidation.

Upon termination of our Trust Agreement (and us, as a trust), the liquidation process with respect to our assets will proceed as follows: (i) our board of directors will appoint a liquidator within 15 business days of the occurrence of one of the events that would cause such termination (as described under "—Term and Termination"), and will grant such liquidator certain powers and obligations, including all powers and obligations of our Management Subsidiary (and our Management Subsidiary will cease to have such powers and obligations), (ii) the liquidator is required to perform all necessary and/or appropriate acts to protect the rights of holders of our CBFIs and maintain our assets, as well as cancelling the registration of our CBFIs in the National Securities Registry of the Mexican Stock Exchange and any other registry within or outside of Mexico, and (iii) pay our outstanding obligations and distribute any remaining amounts of our assets to the holders of our CBFIs *pro rata*.

In connection with the liquidation of our assets, the liquidator is required to observe certain procedures described in, and perform such liquidation in accordance with, our Trust Agreement.

Leverage

The Trust Trustee may borrow or incur debt of any kind, directly or indirectly, including without limitation: secured or unsecured facilities, financings with or without recourse against the trust estate and/or real estate assets and loans secured by the trust estate and/or real estate assets, it being understood that (a) any indebtedness incurred or assumed by the trust representing 5% or more but less than 20% of the value of the trust estate shall be approved by the board of directors and (b) any indebtedness incurred or assumed by the Trust Trustee representing 20% or more in value of the trust estate shall be approved by the Ordinary Holders Meeting (in which case the approval of the board of directors will not be required). Additionally, the Trust Trustee may also guarantee the obligations of any subsidiary or affiliate of the Trust, incurred in connection with any financing related to real estate assets.

Liabilities acquired by the Trust, either directly or indirectly, shall at all times comply with the leverage guidelines.

The Trust, at no time may have a level of debt higher than 50% of the book value of the trust estate, as determined at the close of the previous quarter based on the calculation provided under the Issuers Circular and disclosed as provided by Article 35 Bis 1 of the Issuers Circular (the "Maximum Level of Indebtedness"). Additionally, if the Maximum Level of Indebtedness is exceeded, (i) the Trust shall not incur additional liabilities under the trust estate until the liabilities assumed by the Trust conform to the Maximum Level of Indebtedness, unless such additional liability was undertaken in order to carry out refinancing activities to extend the maturity date of liabilities, and the board of directors has documented such refinancing operations, it being understood that the result of such refinancing may not cause an increase in the liabilities of the Trust recorded before that refinancing transaction; and (ii) the Management Subsidiary must submit a report to the Holders Meeting, which explains that Maximum Level of Indebtedness was exceeded and provide a corrective plan establishing the form, terms and, if applicable, deadline to comply with the Maximum Level of Indebtedness, it being also understood that the report and corrective plan shall have been previously approved by a majority of the independent members of the board of directors, no later than 20 business days following the date on which it becomes known that we exceeded the Maximum Level of Indebtedness.

The Trust, at all times, must meet a debt service coverage ratio, which shall be calculated in accordance with the provisions of the Issuers Circular and disclosed as provided by Article 35 Bis 1 of the Issuers Circular (the "Debt Service Coverage Ratio"), it being understood that in no case may the Debt Service Coverage Ratio be less than 1. Additionally, assuming that that the Trust does not meet the Debt Service Coverage Ratio, (i) the Trust shall not incur additional liabilities under the trust estate until the liabilities assumed by the Trust conform to the Maximum Level of Indebtedness, unless such additional liability was undertaken in order to carry out refinancing activities to extend the maturity date of liabilities, and the board of directors has documented such refinancing transactions, it being understood that the result of such refinancing may not cause an increase in the liabilities of the

Trust recorded before that refinancing operation; and (ii) the Management Subsidiary must submit a report to the Holders Meeting, which explains that Debt Service Coverage Ratio was breached and provide a corrective plan establishing the form, terms and, if applicable, deadline to comply with the Debt Service Coverage Ratio, it being also understood that the report and corrective plan shall have been previously approved by a majority of the independent members of the board of directors, no later than 20 business days following the date on which it becomes known that we breached the Debt Service Coverage Ratio.

Other Provisions

Governing Law; Submission to Jurisdiction

For all matters relating to the interpretation and fulfillment of our Trust Agreement, the parties thereto have expressly and irrevocably submitted to the applicable laws of Mexico, and to the jurisdiction of the competent courts sitting in Mexico City, Mexico, and have expressly and irrevocably waived any other jurisdiction which may correspond by reason of their present or any future domiciles, or by any other reason.

Amendments to Our Trust Agreement

Except as otherwise expressly stated in our Trust Agreement, our Trust Agreement may only be amended by a written agreement by and among the Advisor, the Trust Trustee and the Common Representative with the approval of an Extraordinary Holders Meeting; provided that, consent of the holders of our CBFIs shall not be required if the purpose of such amendment is (i) to reflect a change that does not adversely affect the rights of any holder under the CBFIs or the Trust Agreement, or (ii) to cure any ambiguity in, correct or supplement any provision, or make other changes with respect to matters arising under, the Trust Agreement, that will not be inconsistent with law or with the provisions of the Trust Agreement that does not adversely affect any holder of our CBFIs, or (iii) to satisfy any legal requirements, conditions or guidelines, or (iv) to modify leverage guidelines or policies for the payment of Distributions, which is within the purview of the board of directors.

Except as otherwise expressly stated in the Trust Agreement, the Trust Trustee may only modify any other of our formation documents to which it is a party, with the approval of the Extraordinary Holders Meeting; provided that, the Advisor may instruct the Trust Trustee to enter into such amendment without the consent of the holders of our CBFIs if the purpose of such amendment is to: (i) reflect a modification that does not have consequences for or would not materially affect any such holder's rights pursuant to the CBFIs or such formation documents, or (ii) cure any ambiguity, correct or complement any provision, or carry out other modifications to the formation documents that are inconsistent with the law or with any obligation set forth in this Agreement or in such formation documents that does not adversely affect any holder of our CBFIs, or (iii) satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal, state or local agency or contained in federal, state or local law, whether from Mexico, the United States or any other country.

External Auditor

Our Management Subsidiary may instruct the Trust Trustee to substitute such External Auditor with the prior approval of the board of directors.

No later than April 30 of each year during the term of our Trust Agreement, the External Auditor shall audit the financial statements of the Trust for the previous year and deliver such audited financial statements to our Advisor, our Management Subsidiary, the Trust Trustee, the Common Representative and the members of the board of directors; provided, that such audited financial statements shall be accompanied by an independence letter issued by the respective External Auditor in accordance with article 84 of the CNBV Regulations. The audited financial statements audited by the External Auditor shall be prepared in accordance with IFRS as issued by IASB.

DESCRIPTION OF THE NOTES

We will issue the notes under an indenture to be entered into by and among the Issuer and The Bank of New York Mellon, as trustee (which term includes any successor as trustee under the indenture), paying agent and transfer agent. A copy of the indenture, including the form of notes, is available for inspection during normal business hours at the office of the Trustee. The Trustee or any other paying agent, as applicable, will also act as transfer agent and registrar if we issue certificates for the notes in definitive registered form.

This Description of the Notes is a summary of the material provisions of the notes and the indenture. You should refer to the indenture for a complete description of the terms and conditions of the notes and the indenture, including our obligations and your rights and the rights of the Trustee.

You will find the definitions of capitalized terms used in this section under "—Certain Definitions." For purposes of this section of this offering memorandum, when we refer to:

- "we," "us," "our" or "the Issuer," we mean CIBANCO, S.A. I.B.M., a *sociedad anónima* organized under the laws of Mexico, not in its individual capacity, but solely acting as trustee of TRUST F/00939, also known as Terrafina, a trust organized under the laws of the United Mexican States that qualifies as a *fideicomiso de inversión en bienes raíces*, or FIBRA, and not its Subsidiaries; and
- the "notes," we mean the notes offered pursuant to this offering memorandum and, unless the context otherwise requires, any additional notes, as described below in "—General."

General

The notes will:

- be our direct, senior unsecured obligations (junior to certain obligations that are preferred by statute);
- be initially limited to an aggregate principal amount of US$500,000,000;
- mature at 100% of their principal amount outstanding on July 18, 2029;
- rank equally with each other and all of our other unsecured and unsubordinated indebtedness from time to time outstanding;
- be effectively subordinated to any secured indebtedness of ours to the extent of such security and structurally subordinated to indebtedness and other liabilities of any of our subsidiaries now existing or that we may form in the future;
- not be guaranteed by any of our Subsidiaries;
- not be subject to any sinking fund provision and not be convertible or exchangeable for any equity interest in the Issuer or any Subsidiary;
- be issued in denominations of US$200,000 and integral multiples of US$1,000; and
- be represented by one or more registered notes in global form and may be exchanged for notes in definitive form only in limited circumstances.

As of March 31, 2019, we had total consolidated indebtedness of Ps.19,650.4 million (US$1,014.0 million), Ps.3,202.7 million (US$165.2 million) of which was secured indebtedness. As of March 31, 2019, as adjusted to give effect to the issuance of the Notes and the application of the proceeds therefrom as described in "Use of Proceeds," we would have had total consolidated indebtedness of Ps. 19,866.7 million (US$ 1,025.2 million), of which Ps. 3,202.7 million (US$ 165.2 million) would have been secured. We will also have capacity under our committed Unsecured Revolving Facility up to US$222.9 million (subject to our compliance with financial covenants and ratios).

Principal and Interest

The notes will bear interest at 4.962% per annum from July 18, 2019 or from the immediately preceding interest payment date to which interest has been paid, payable semi-annually in arrears on January 18 and July 18 of each year, commencing on January 18, 2020, each such date being referred to as an "interest payment date," to the persons in whose name the applicable notes are registered in the security register at the close of business 15 calendar days prior to such interest payment date, each such date being referred to as a "regular record date." Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.

Any interest not punctually paid or duly provided for on any interest payment date with respect to a note will forthwith cease to be payable to the holder on the applicable regular record date and may either be paid to the person in whose name such note is registered at the close of business on a special record date for the payment of such interest to be fixed by the Trustee, notice of which shall be given to the holder of such note not less than ten days prior to such special record date, or may be paid at any time in any other lawful manner, as more particularly described in the indenture.

If any interest payment date or maturity falls on a day that is not a business day, the required payment shall be on the next business day as if it were made on the date such payment was due and no interest shall accrue on the amount so payable for the period from and after such interest payment date or maturity, as the case may be. A "business day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in The City of New York or in Mexico City are required or authorized by law, regulation or executive order to close.

Payments of principal and interest in respect of each global note will be paid by wire transfer of immediately available funds to DTC. Payments of principal and interest in respect of any certificated notes will be made by U.S. Dollar check drawn on a bank in the United States and mailed to the holder of such note at its registered address. Upon application by the holder of at least US$1.0 million in aggregate principal amount of the notes to the specified office of the Trustee or any paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. Dollar account maintained by the payee with a bank in the City of New York.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." No commissions or expenses will be charged to the holders in respect of such payments.

Subject to any applicable abandoned property law, the Trustee and the paying agents will pay to us upon our request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to us for payment as our and their general creditors. After the return of such monies by the Trustee or the paying agents to us, neither the Trustee nor the paying agents shall be liable to the holders in respect of such monies.

Further Issuances

We will initially issue an aggregate of US$500,000,000 of notes, but may, subject to the limitations set forth under "—Covenants," issue an unlimited principal amount of notes under the indenture. We may, without your consent, issue additional notes (the "additional notes") in one or more transactions, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as the notes issued on the issue date. Such additional notes may be issued in one or more series and with the same or different CUSIP number; *provided*, *however*, that if the additional notes are not fungible with the notes of a particular series for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number. Any additional notes will be consolidated and form a single class with the notes issued on the issue date, so that, among other things, holders of any additional notes will have the right to vote together with holders of notes issued on the issue date as one class.

Form, Denomination and Title

The notes will be in registered form without coupons attached in amounts of US$200,000 and integral multiples of US$1,000 in excess thereof.

Notes sold in offshore transactions in reliance on Regulation S will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg. Except in certain limited circumstances, definitive registered notes will not be issued in exchange for beneficial interests in the global notes.

Title to the notes will pass by registration in the register. The registered holder of any note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it) and no person will be liable for so treating the holder.

Transfer of Notes

The certificated, non-global notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of any transfer agent. Each new note to be issued upon exchange of notes or transfer of notes will, within three business days of the receipt of a request for exchange or form of transfer, be mailed or otherwise provided to, at the risk of, the holder entitled to the note to such address as may be specified in such request or form of transfer.

The notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global notes will be effected only through records maintained by DTC and its participants, including Euroclear and Clearstream Luxembourg.

Transfers will be effected without charge by, or on our behalf of, the registrar or the transfer agents, but upon payment, or the giving of such indemnity or security as the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to it. We are not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

The Issuer will make payments of, or in respect of, principal, premium (if any) and interest on the notes free and clear of, and without withholding or deduction for or on account of any present or future tax, levy, impost, duty, assessment or other governmental charge whatsoever and wherever imposed, assessed, levied or collected ("Taxes"), unless such withholding or deduction is required by law.

If the Issuer or paying agent is required to deduct or withhold any amount in respect of Taxes for the account of Mexico (or any political subdivision thereof or any authority therein or thereof having the power to tax) or, if and only if the Issuer has consolidated, merged, amalgamated or combined with, or transferred or leased its assets substantially as an entirety to, any person and as a consequence thereof such person becomes the successor obligor to the Issuer (and references herein to the Issuer shall include any such successor obligor) in respect of payments on the notes, for the account of the jurisdiction under the laws of which the successor person in relation to the relevant payment is organized or resident for tax purposes (or any political subdivision thereof or any authority therein or thereof having the power to tax) or for the account of any other jurisdiction (or any political subdivision thereof or any authority therein or thereof having power to tax) from or through which a payment is made (each, a "Relevant Taxing Jurisdiction"), the Issuer will pay to a holder of a note such additional amounts ("Additional

Amounts") as may be necessary so that the net amount received by such holder will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted, it being understood that for tax purposes the payment of such Additional Amounts will be deemed and construed as additional interest. The foregoing obligation to pay Additional Amounts to any holder of notes, however, will not apply to or in respect of:

(a) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that the holder or beneficial owner of the note (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) is or has been a domiciliary, national or resident of, or engaging or having been engaged in a trade or business or maintaining or having maintained a permanent establishment or being or having been physically present in, a Relevant Taxing Jurisdiction or otherwise having or having had some present or former connection with a Relevant Taxing Jurisdiction other than the mere holding or ownership of, or the collection of principal of, and premium (if any) or interest on, a note;

(b) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required in order to receive payment, the note was presented more than 30 days after the date on which such payment became due and payable or was provided for, whichever is later;

(c) any estate, inheritance, gift, sales, stamp, transfer, excise, or personal property or similar Taxes;

(d) any Taxes that are payable otherwise than by deduction or withholdings from payments on the notes;

(e) any Taxes that would not have been so imposed, assessed, levied or collected but for the failure by the holder or the beneficial owner of the note or nominee, agent or other intermediary (i) to provide any certification, identification, information, documentation or other evidence concerning the nationality, residence or identity of such holder, the beneficial owner or nominee, agent or other intermediary or its connection with the Relevant Taxing Jurisdiction or (ii) to make any valid, applicable or timely declaration or claim or satisfy any other reporting, information or procedural requirements relating to such matters if compliance is required by statute, rule, regulation or administrative practice of the Relevant Taxing Jurisdiction as a condition to relief, reduction or exemption from such Taxes;

(f) any Taxes that would not have been so imposed, assessed, levied or collected but for the failure by the holder or beneficial owner of the note (or any financial institution or other person through which the holder or beneficial owner holds any notes through which payment on such notes are made) having failed to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the Internal Revenue Service) imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code as in effect on the date of the issuance of the Notes or any successor or amended version of these provisions;

(g) any withholding or deduction that is imposed on the note that is presented for payment, where presentation is required, by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting such note to another paying agent;

(h) any payment on the note to a holder that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a partner of such partnership, a member of such limited liability company, or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, partner, member or beneficial owner been the holder of the note; or

(i) any combination of the Taxes and/or withholdings or deductions described in (a) through (h) above.

The exceptions to the obligations to pay Additional Amounts stated in (e) above will not apply if the provision of information, documentation or other evidence described in (e) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note (taking into account any relevant differences between U.S. and the Relevant Taxing Jurisdiction's law, regulations or administrative practice) than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8 and W-9).

The exceptions to the obligations to pay Additional Amounts stated in (e) above will not apply if, with respect to taxes imposed by Mexico or any political subdivision or taxing authority thereof, Article 166, Section II, of the Mexican income tax law (*Ley del Impuesto Sobre la Renta*) (or a substantially similar successor of such Article, whether included in any law or regulation) is in effect, unless (a) the provision of the information, documentation or other evidence described in (e) above is expressly required by statute, regulation, or official administrative practice in order to apply Article 166, Section II, of the Mexican income tax law (or a substantially similar successor of such Article, whether included in any law or regulation), (b) the Issuer cannot obtain the information, documentation or other evidence necessary to comply with the applicable laws and regulations on its own through reasonable diligence and without requiring it from holders, and (c) the Issuer otherwise would meet the requirements for application of Article 166, Section II, of the Mexican income tax law (or a substantially similar successor of such Article, whether included in any law or regulation).

In addition, (e) above does not and shall not be construed to require that any person, including any non-Mexican pension fund, retirement fund, financial institution or any other holder or beneficial owner of a note, register with the Mexican Ministry of Finance and Public Credit to obtain eligibility for an exemption from, or a reduction of, Mexican withholding tax or to require that a Holder or beneficial owner certify or provide information concerning whether it is or is not a tax-exempt pension or retirement fund.

Unless otherwise stated, references in any context to the payment of principal of, and premium, if any, or interest on, any note, will be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Optional Redemption

Make-whole Redemption

At any time prior to April 18, 2029 (three (3) months prior to the Maturity Date of the Notes) (the "Par Call Date"), we may redeem the notes, in whole or in part, at any time and from time to time, at our option, at a redemption price equal to the greater of (i) 100% of the then outstanding principal amount of the notes, and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed if they were redeemed on the Par Call Date discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30 day months) at the applicable Treasury Rate plus 45 basis points, in each case, plus accrued and unpaid interest, if any, to the date of redemption. In no event shall the Trustee calculate the redemption price.

Notes called for redemption become due on the date fixed for redemption (the "Redemption Date"). Notices of redemption will be transmitted electronically or mailed by first-class mail at least 30 but not more than 60 days before the Redemption Date to each noteholder of notes to be redeemed at its registered address. The notice of redemption for the notes will state the amount to be redeemed. On and after the Redemption Date, interest ceases to accrue on any notes that are redeemed. If less than all the notes are redeemed at any time, notes will be selected by lot or on a pro rata basis or by any other method that the Trustee deems fair and appropriate and in accordance with applicable depositary procedures.

For purposes of determining the optional redemption price, the following definitions are applicable:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the Par Call Date of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Par Call Date.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker is unable to obtain at least five such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Independent Investment Banker.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer from time to time to act as the "Independent Investment Banker."

"Reference Treasury Dealer" means Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, or any of their affiliates which are primary United States government securities dealers, and not less than two other nationally recognized investment banking firms that are primary United States government securities dealers in New York City reasonably selected from time to time by the Issuer; *provided*, *however*, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Par Call Redemption

At any time on or after the Par Call Date, we may redeem the Notes, in whole or in part, at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest, if any, to but not including the date of redemption.

Redemption for Tax Reasons

The notes are redeemable by the Issuer, in whole but not in part, upon not less than 30 nor more than 60 days' notice as provided for herein, at 100% of the principal amount of such notes plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable redemption date at the Issuer's option at any time prior to their maturity if due to a Change in Tax Law (as defined below):

(a) the Issuer, in accordance with the terms of the notes, has, or would, become obligated to pay any Additional Amounts to the holders or beneficial owners of the notes in excess of a 4.9% withholding tax rate (determined without reference to any interest, fees, penalties or other additions to tax), or, in the case of a successor obligor, the rate as of the date such person became a successor obligor; and

(b) the Issuer cannot avoid such obligation by taking reasonable measures available to it;

provided, *however*, that the notice of redemption will not be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay any such Additional Amounts if a payment in respect of the notes were then due and at the time such notice is given, such obligation to pay Additional Amounts remains in effect.

Prior to the giving of any such notice of redemption, the Issuer must deliver to the Trustee (A) an officers' certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred and (B) an opinion of independent counsel of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction to the effect that the Issuer has, or would, become obligated to pay such Additional Amounts as a result of such Change in Tax Law.

For the purposes hereof, "Change in Tax Law" shall mean (a) any changes in, or amendment to, any law of a Relevant Taxing Jurisdiction (including any rules, regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective or, in the case of an official interpretation, is announced, on or after the date of issuance of the notes or (b) if the Issuer consolidates, merges, amalgamates or combines with, or transfers or leases its assets substantially as an entirety to, any person that is incorporated or tax resident under the laws of any jurisdiction other than a Relevant Taxing Jurisdiction as of the date of such transaction and as a consequence thereof such person becomes the successor obligor to the Issuer in respect of Additional Amounts that may become payable (in which case, for purposes of this redemption provision, all references to the Issuer shall be deemed to be and include references to such person), any change in, or amendment to, any law of the jurisdiction of incorporation or tax residence of such person or any successor entity, or any political subdivision or taxing authority thereof or therein for purposes of taxation (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective or, in the case of an official interpretation, is announced, on or after the date of such consolidation, merger, amalgamation, combination or other transaction.

Repurchase at the Option of Holders Upon a Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each holder of notes will have the right to require the Issuer to repurchase all or any part of such holder's notes pursuant to the offer described below (the "Change of Control Offer") at a purchase price (the "Change of Control Purchase Price") equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control Triggering Event, the Issuer shall send, electronically or by first-class mail, with a copy to the Trustee, to each holder of notes, at such holder's address appearing in the register, a notice stating:

(1) that a Change of Control Triggering Event has occurred and a Change of Control Offer is being made pursuant to the covenant entitled "Repurchase at the Option of Holders Upon a Change of Control Triggering Event" and that all notes validly tendered will be accepted for payment;

(2) the Change of Control Purchase Price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed;

(3) the circumstances and relevant facts regarding the Change of Control Triggering Event; and

(4) the procedures that holders of notes must follow in order to validly tender their notes (or portions thereof) for payment and the procedures that holders of notes must follow in order to withdraw an election to tender notes (or portions thereof) for payment.

The Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of such compliance.

The Issuer's obligation to make an offer to repurchase the notes as a result of a Change of Control Triggering Event may be waived or modified at any time prior to the occurrence of such Change of Control Triggering Event with the written consent of the holders of a majority in principal amount of the notes. See "—Amendments, Supplements and Waivers."

For the purposes of the foregoing:

"Change of Control" means the occurrence of any one of the following events:

(i) the adoption of any plan or proposal for the liquidation or dissolution of the Issuer, whether or not otherwise in compliance with the indenture;

(ii) at any time, any Person, directly or indirectly, acquires or possesses the power to (a) vote more than 50% of the outstanding *certificados bursátiles fiduciarios inmobiliarios* ("CBFIs") issued by the Issuer; (b) appoint the majority of the members of the technical committee (*comité técnico*) of the Issuer; or (c) direct or cause the direction of the management and policies of the Issuer, whether through the ownership of CBFIs, by contract or otherwise; or

(iii) the sale, conveyance, assignment, transfer, lease or other disposition of all or substantially all of the assets of the Issuer, determined on a consolidated basis, to any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) other than to the Issuer or any of its Subsidiaries, whether or not otherwise in compliance with the indenture.

"Change of Control Triggering Event" means the occurrence of a Change of Control that results in a Rating Decline.

"Fitch" means Fitch Inc., or any successor thereto.

"Investment Grade" means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's or the equivalent rating from any replacement rating agency appointed by the Issuer in accordance with the definition of "Rating Agency".

"Moody's" means Moody's Investors Service, Inc., or any successor thereto.

"Rating Agency" means each of Fitch and Moody's, provided that if either of Fitch or Moody's ceases to rate the notes or fails to make a rating on the notes publicly available, the Issuer will appoint a replacement for such Rating Agency that is a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"Rating Date" means the date which is 90 days prior to the earlier of (i) a Change of Control and (ii) public notice of the occurrence of a Change of Control.

"Rating Decline" means, in connection with a Change of Control Triggering Event, the occurrence on or within six months after the date of public notice of the occurrence of a Change of Control (which period will be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies) of any of the events listed below:

(a) in the event the notes are rated by both Fitch and Moody's on the Rating Date as Investment Grade, the rating of the notes by either Rating Agency shall be below Investment Grade; or

(b) in the event the notes are rated below Investment Grade by either or both of the Rating Agencies on the Rating Date (i) the rating of the notes by a Rating Agency assigning an Investment Grade rating shall be decreased below Investment Grade or (ii) the rating of the notes by a Rating Agency assigning a non-Investment Grade rating shall be decreased by one or more gradations (in each case, including gradations within rating categories as well as between Rating Categories).

Certain Covenants

The indenture will contain the following covenants in addition to customary covenants regarding maintenance of office or agency and payment of taxes and claims.

Limitations on Incurrence of Debt

Limitation on Outstanding Debt. We will not, and will not permit any of our Subsidiaries to, Incur any Debt (other than Refinancing Debt) if, immediately after giving effect to the Incurrence of the additional Debt and any other Debt Incurred since the end of the Latest Completed Quarter prior to the Incurrence of the additional Debt and the application of the net proceeds of the additional Debt and such other Debt, Total Outstanding Debt would exceed 60% of the sum of (without duplication) (i) Total Assets as of the end of such Latest Completed Quarter and (ii) the total price of any real estate assets acquired, and the total amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or used to reduce Debt) by us or any Subsidiary since the end of such Latest Completed Quarter.

Limitation on Secured Debt. We will not, and will not permit any of our Subsidiaries to, Incur any Secured Debt (other than Refinancing Debt, provided that such Refinancing Debt shall be limited to all or part of the property (or interest therein) subject to the Lien securing the Secured Debt that is the subject of the Refinancing (plus improvements and construction on such property)) if, immediately after giving effect to the Incurrence of the additional Secured Debt and any other Secured Debt Incurred since the end of the Latest Completed Quarter prior to the Incurrence of the additional Secured Debt and the application of the net proceeds of the additional Secured Debt and such other Secured Debt, the aggregate principal amount of all outstanding Secured Debt is greater than 40% of the sum of (without duplication) (i) Total Assets as of the end of such Latest Completed Quarter and (ii) the total price of any real estate assets acquired, and the total amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or used to reduce Debt) by us or any Subsidiary since the end of such Latest Completed Quarter.

Debt Service Test. We will not, and will not permit any of our Subsidiaries to, Incur any Debt (other than Refinancing Debt) if, immediately after giving effect to the Incurrence of the additional Debt, the ratio of Consolidated Income Available for Debt Service to Annual Debt Service for the period consisting of the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.50 to 1.00 on a pro forma basis after giving effect to the Incurrence of the additional Debt and to the application of the net proceeds therefrom, and calculated on the assumption, without duplication, that:

- such additional Debt to be Incurred after such four-quarter period and any other Debt Incurred by us or any of our Subsidiaries from the first day of that four-quarter period to the date of determination, which was outstanding at the date of determination, had been Incurred at the beginning of that period and continued to be outstanding throughout that period, and the application of the net proceeds of that Debt had occurred at the beginning of that period;

- the repayment or retirement of any other Debt repaid or retired by us or any of our Subsidiaries from the first day of such four-quarter period to the date of determination occurred at the beginning of that period; *provided* that, except as set forth in the preceding or following paragraphs, in determining the amount of Debt so repaid or retired, the amount of Debt under any revolving credit facility will be computed based upon the average daily balance of such Debt during that period; and

- in the case of any acquisition or disposition of any asset or group of assets or the placement of any assets in service or removal of any assets from service by us or any of our Subsidiaries from the first day of such four-quarter period to the date of determination, including, without limitation, by merger, or stock or asset purchase or sale, (1) the acquisition, disposition, placement in service or removal from service had occurred as of the first day of that period, with the appropriate adjustments to Consolidated Income Available for Debt Service and Annual Debt Service with respect to the acquisition, disposition, placement in service or removal from service being included in that pro forma calculation and (2) the application of the net proceeds from a disposition to repay or refinance Debt, including, without limitation, Debt under any revolving credit facility, had occurred on the first day of that period.

If the Debt giving rise to the need to make the calculation described above or any other Debt incurred after the first day of the relevant four-quarter period bears interest at a floating rate then, for purposes of calculating the Annual Debt Service, the interest rate on such Debt will be computed on a pro forma basis by applying the average daily rate which would have been in effect during the entire four-quarter period to the greater of the amount of such Debt outstanding at the end of such period or the average amount of such Debt outstanding during such period. For purposes of the foregoing, Debt will be deemed to be incurred by us or any of our Subsidiaries whenever we or any of our Subsidiaries shall create, assume, guarantee or otherwise become liable in respect thereof.

Maintenance of Unencumbered Assets

We and our Subsidiaries will maintain at all times Unencumbered Assets of not less than 150% of the aggregate principal amount of all outstanding Unsecured Debt of us and our Subsidiaries.

Limitation on Consolidation, Merger or Transfer of Assets

We will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our assets to, any person, unless:

(a) (i) the resulting, surviving or transferee person (if not the Issuer) will be a person organized and existing under the laws of Mexico and such person expressly assumes, by supplemental indenture to the indenture, executed and delivered to the Trustee, all of our obligations under the notes and the indenture, or (ii) the resulting, surviving or transferee person (if not the Issuer), if not organized and existing under the laws of Mexico, undertakes, in such supplemental indenture, to pay such additional amounts in respect of principal, premium (if any) and interest as may be necessary in order that every payment made in respect of the notes after deduction or withholding for or on account of Taxes imposed by such other country (or of the jurisdiction in which such person is organized or resident for tax purposes) or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the notes, subject to the same exceptions set forth under "—Additional Amounts" but replacing existing references in such clause to Mexico with references to such other country;

(b) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(c) we will have delivered to the Trustee an officers' certificate and an opinion of legal counsel under New York law (which may be in-house counsel to the Issuer or to a direct or indirect parent of the Issuer), each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

In case of any such consolidation, merger or transfer of assets, such successor person will succeed to and be substituted for us as obligor of the notes with the same effect as if it had been named in the indenture as the issuer of the notes.

These restrictions will not apply to transactions between us and any of our Subsidiaries or between any of our Subsidiaries.

The Trustee will accept such certificates and opinions as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Maintenance of Existence

We will do or cause to be done all things necessary to preserve and keep in full force and effect our existence and rights (charter and statutory) and to maintain our classification as a *fideicomiso de inversión en bienes raíces* in accordance with the Mexican income tax law (*Ley del Impuesto sobre la Renta*) applicable to such trusts or to maintain such other legal status applicable to a legal entity in the real estate business as may be permitted under Mexican law at such time that a majority of our technical committee (including all of the independent members of our technical committee) determines is in our best interest.

Maintenance of Properties

We will cause all of our material properties used or useful in the conduct of our business or the business of any of our Subsidiaries to be maintained and kept in good condition, repair and working order, and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements to those properties, as in our judgment may be necessary so that the business carried on in connection with those properties may be properly and advantageously conducted at all times; *provided*, *however*, that we and our Subsidiaries will not be prevented from (a) permanently removing any property that has been condemned or suffered a casualty loss, if it is in our best interests, or (b) selling or otherwise disposing of any of our properties for value in the ordinary course of business.

Insurance

We will, and will cause each of our Subsidiaries to, maintain and keep in force adequate insurance for our insurable properties and operations with insurance companies of recognized responsibility and with the same terms and conditions (including, without limitation, risk coverage and insurable amounts) as are currently in force or are customarily maintained by companies of good repute engaged in similar businesses and owning and/or operating properties similar to those owned and/or operated by us or such Subsidiary, as the case may be, in the jurisdictions in which we or such Subsidiary owns and/or operates its properties, except no such insurance shall be required where such insurance policies are not generally available to such similarly situated companies.

Reporting Requirements

We will provide the Trustee and, upon request, the holders of the notes, with the following reports:

(a) an English language version in electronic format of our annual audited consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 120 days after the close of each fiscal year;

(b) an English language version in electronic format of our unaudited quarterly financial statements prepared in accordance with IAS 34, promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of each fiscal year);

(c) without duplication, upon request by the trustee, English language versions or summaries in electronic format of such other reports or notices as may be filed or submitted by (and within 10 days after filing or submission by) us with (i) the CNBV; (ii) the Bolsa Mexicana de Valores; and (iii) the Global Exchange Market of Euronext Dublin, or any other stock exchange on which the notes may be listed, in each case, to the extent that any such report or notice is generally available to our securityholders or the public in Mexico or elsewhere; *provided*, *however*, that we shall not be required to furnish such information to the extent such information is available on our website or to the extent that the information contained therein is not materially different than the information provided pursuant to clause (a) and (b) above; and

(d) so long as we are not subject to Section 13 or Section 15(d) of the Exchange Act and exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, upon request, to any holder and any prospective purchaser of the notes, the information required pursuant to Rule 144A(d)(4) under the Securities Act.

We will maintain a public website or, at our option, a non-public website or other electronic distribution system to which the beneficial owners of the notes, the Trustee, prospective investors and security analysts will be given access and on which the reports and information referred to in clauses (a), (b), (c) and (d) above are posted; ; *provided*, *however*, that we may, in our sole discretion, exclude direct competitors, customers and suppliers from access to such website or electronic distribution system.

Simultaneously with the delivery of each set of financial statements referred to in clause (a) above, we will provide the Trustee with an officers' certificate stating whether a Default or Event of Default exists on the date of such certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which we are taking or propose to take with respect thereto. As soon as possible and in any event within 30 days after any of our directors or executive officers become aware of the existence of a Default or Event of Default or any event by reason of which payments of either principal or interest on the notes are prohibited, we will provide the Trustee with an officers' certificate setting forth the details thereof and the action we are taking or propose to take with respect thereto.

Delivery of the above reports to the Trustee is for informational purposes only and the Trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including our compliance with any covenant in the indenture (as to which the Trustee is entitled to rely exclusively on officers' certificates).

Certain Definitions

The following terms have the following definitions in the indenture:

"Annual Debt Service" means, for any given period, the sum of all principal and interest payments required during such period, on a consolidated basis in accordance with IFRS.

"Consolidated Financial Statements" means, with respect to any Person, collectively, the consolidated financial statements and notes to those financial statements, of that Person and its subsidiaries prepared in accordance with IFRS. For purposes of this definition, if as of any date or for any period actual consolidated financial statements of any Person have not been prepared, then this term will include the books and records of that Person ordinarily used in the preparation of such financial statements.

"Consolidated Income Available for Debt Service" means for any Person for any period, Consolidated Net Income for such Person for such period, plus the following, without duplication, to the extent deducted or added in calculating such Consolidated Net Income:

(i) interest on Debt;

(ii) provision for taxes based on income;

(iii) amortization of debt discount;

(iv) property depreciation and amortization;

(v) net after-tax extraordinary or non-recurring gains or losses;

(vi) any gain or loss resulting from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; and

(vii) the effect of any noncash charge resulting from a change in accounting principles in determining Consolidated Net Income for that period.

"Consolidated Net Income" means, with respect to any Person for any period, the amount of consolidated net income (or loss) and for that period determined on a consolidated basis in accordance with IFRS.

"Currency Agreement" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"Debt" means, with respect to any Person, without duplication, (i) all obligations in respect of borrowed money; (ii) all obligations evidenced by bonds, debentures, promissory notes or similar instruments; (iii) all obligations of such Person in its capacity as lessee pursuant to financial leasing agreements; (iv) indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by such Person; (v) letters of credit and the corresponding payment obligation, other than letters of credit issued to secure payments to suppliers in the ordinary course of business or amounts representing the balance deferred and unpaid of the purchase price of any property except any balance that constitutes an accrued expense or trade payable; (vi) all derivative obligations; and (vii) any other liabilities that are reflected in the balance of the such Person.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Hedging Obligations" means the obligations of any Person pursuant to any Interest Rate Agreement or Currency Agreement.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board as in effect from time to time, or any financial reporting standards required for public companies by the Mexican *Comisión Nacional Bancaria de Valores*.

"Incur" means, with respect to any Debt or other obligation of any Person, to create, assume, guarantee or otherwise become liable in respect of the Debt or other obligation, and "Incurrence" and "Incurred" have the meanings correlative to the foregoing.

"Interest Rate Agreement" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"Latest Completed Quarter" means the most recently ended fiscal quarter of the Issuer for which Consolidated Financial Statements of the Issuer have been completed.

"Lien" means, without duplication, any lien, mortgage, trust deed, deed of trust, deed to secure debt, pledge, security interest, assignment for collateral purposes, deposit arrangement, or other security agreement, excluding any right of set-off but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any other like agreement granting or conveying a security interest; provided, that for purposes hereof, "Lien" shall not include any mortgage that has been defeased by us in accordance with the provisions thereof through the deposit of cash, cash equivalents or marketable securities (it being understood that cash collateral shall be deemed to include cash deposited with a trustee with respect to third party indebtedness).

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, or any other entity or organization.

"Refinancing Debt" means, with respect to any security or Debt of the Issuer or any of its Subsidiaries, any refinancing, extension, renewal, refund, repayment, redemption, prepayment, defeasance or retirement of, or issuance of a security or Debt in exchange or replacement for (a "Refinancing"), such security or Debt in whole or in part, to the extent such Refinancing does not:

(1) result in an increase in the aggregate principal amount of the Debt of such person as of the date of such proposed Refinancing (plus the amount of any accrued interest and premiums (including tender premiums)) and plus the amount of reasonable expenses incurred by such person in connection with such Refinancing); or

(2) create Debt with (a) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Debt subject to Refinancing or (b) a final maturity earlier than the final maturity of the Debt subject to Refinancing; provided, that (i) if such Debt subject to Refinancing is Indebtedness of the Issuer, then such Refinancing Debt will be Debt of the Issuer, (ii) if such Debt subject to Refinancing is Debt of any Subsidiary, then such Refinancing Debt will be Debt of such Subsidiary and (iii) if such Debt subject to Refinancing is subordinated Debt, then such Refinancing Debt will be subordinate to the notes at least to the same extent and in the same manner as the Debt being Refinanced.

"Secured Debt" means, as of any date, that portion of Total Outstanding Debt as of that date that is secured by a Lien on properties or other assets of the Issuer or any of its Subsidiaries.

"Significant Subsidiary" means a Subsidiary of the Issuer which would be a "significant subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the U.S. Securities and Exchange Commission as in effect on the date of the indenture, assuming the Issuer is the registrant referred to in such definition.

"Subsidiary" means, with respect to any Person, a corporation, partnership, association, joint venture, trust, limited liability company or other business entity, which is required to be consolidated with the Issuer in accordance with IFRS.

"Total Assets" means the sum of (i) the book value of all our real estate assets and the book value of all the real estate assets of our Subsidiaries before depreciation and amortization determined on a consolidated basis in accordance with IFRS; and (ii) the value of all our other assets and of our Subsidiaries (excluding accounts receivable and intangibles).

"Total Outstanding Debt" means, as of any date, the sum, without duplication, of (1) the aggregate principal amount of all outstanding Debt of the Issuer and (2) the aggregate principal amount of all outstanding Debt of the Issuer's Subsidiaries.

"Unencumbered Assets" means the Total Assets of the Issuer and its Subsidiaries that are not subject to any Liens.

"Unsecured Debt" means, as of any date, that portion of Total Outstanding Debt as of that date that is not Secured Debt of the Issuer or any of its Subsidiaries.

"Weighted Average Life to Maturity" means, when applied to Debt at any date, the number of years obtained by dividing:

(1) the then-outstanding aggregate principal amount or liquidation preference, as the case may be, of such Debt, by

(2) the sum of the total of the product obtained by multiplying (a) the amount of each then-remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

Events of Default

An "Event of Default" under the notes will occur if:

(a) we fail to pay interest or Additional Amounts on the notes within 30 days from the due date;

(b) we default in the payment of principal on the notes on the due date;

(c) we fail to comply with any of the covenants described under "—Certain Covenants— Limitation on Incurrence of Debt," "—Maintenance of Unencumbered Assets" or "—Limitation on Consolidation, Merger or Transfer of Assets," and such failure continues for 45 days after the notice specified below;

(d) we fail to comply with any of our covenants or agreements in the notes or the indenture (other than those referred to in clauses (a), (b) and (c) above), and such failure continues for 60 days after the notice specified below;

(e) we or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by us or any such Significant Subsidiary (or the payment of which is guaranteed by us or any such Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (i) is caused by failure to pay principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (ii) results in the acceleration of such Debt prior to its express maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals US$30.0 million (or the equivalent thereof at the time of determination) or more in the aggregate;

(f) one or more final judgments or decrees for the payment of money of US$30.0 million (or the equivalent thereof at the time of determination) or more in the aggregate are rendered against us or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (i) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (ii) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed; or

(g) certain events of bankruptcy, insolvency or liquidation relating to us or any Significant Subsidiary.

A Default under clause (c) or (d) above will not constitute an Event of Default under the notes until the Trustee or the holders of at least 25% in principal amount of the notes then outstanding, as the case may be, notify us of the Default and we do not cure such Default within the time specified after receipt of such notice.

The trustee is not to be charged with knowledge of any Default or Event of Default (other than a payment default) or knowledge of any cure of any Default or Event of Default (other than a payment default) with respect to the notes unless written notice of such Default or Event of Default has been given to the Trustee by us or any holder in the manner specified in the indenture.

If an Event of Default (other than an Event of Default specified in clause (g) above) with respect to the notes occurs and is continuing, the Trustee or the holders of not less than 25% in principal amount of the notes then outstanding, as the case may be, may declare all unpaid principal of and accrued interest on the of notes to be due and payable immediately, by a notice in writing to us, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (g) above with respect to any note occurs and is continuing, then the principal of and accrued interest on all notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences:

- if the rescission would not conflict with any judgment or decree;
- if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;
- to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and
- if the Issuer has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

Holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any notes.

Subject to the provisions of the indenture relating to the duties of the Trustee in case an Event of Default under the notes will occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless such holders will have offered to the Trustee indemnity and/or security reasonably satisfactory to the Trustee. Subject to such provision for the indemnification of and security to the Trustee, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

Defeasance

We may at any time terminate all of our obligations with respect to the notes ("defeasance"), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain agencies in respect of notes. We may at any time terminate our obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the notes issued under the indenture ("covenant defeasance"). In order to exercise either defeasance or covenant defeasance, we must irrevocably deposit in trust, for the benefit of the holders of the notes, with the Trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the Trustee, without consideration of any reinvestment, to pay the principal of and interest on the notes to redemption or maturity and comply with certain other conditions, including the delivery of an opinion of legal counsel of recognized standing to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would otherwise have been the case (and in the case of a defeasance that is not a covenant defeasance, such opinion shall be based on a change in law or a ruling of the U.S. Internal Revenue Service).

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the indenture) as to all outstanding notes when:

(a) either:

  (i) all the notes theretofor authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by us and thereafter repaid to us or discharged from such trust) have been delivered to the Trustee for cancellation; or

  (ii) all notes not theretofor delivered to the Trustee for cancellation (i) have become due and payable or will become due and payable within one year or (ii) are to be called for redemption within one year under irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at our expense, and, in each case, we have irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire indebtedness on the notes not theretofor delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit (in the case of notes that have become due and payable) or to the maturity or redemption date, as the case may be, together with irrevocable instructions from us directing the Trustee to apply such funds to the payment;

(b) we have paid all other sums payable under the indenture and the notes by us; and

(c) we have delivered to the Trustee an officers' certificate and an opinion of legal counsel stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Amendment, Supplements and Waiver

Subject to certain exceptions, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of notes then outstanding, and any past Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment may:

(a) reduce the rate of or extend the time for payment of interest on any note;

(b) reduce the principal, or extend the Stated Maturity, of any note;

(c) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;

(d) change the currency for, or place of payment of, principal or interest on any note;

(e) impair the right to institute suit for the enforcement of any payment on or with respect to any note;

(f) waive certain payment defaults with respect to the notes;

(g) reduce the premium payable upon a Change of Control Triggering Event or, at any time after a Change of Control Triggering Event has occurred, change the time at which the Change of Control Offer relating thereto must be made or at which the notes must be repurchased pursuant to such Change of Control Offer;

(h) reduce the principal amount of notes whose holders must consent to any amendment or waiver; or

(i) make any change in the amendment or waiver provisions which require each holder's consent.

The holders of notes will receive prior notice as described under "—Notices" of any proposed amendment to the notes or the indenture described in this paragraph. After an amendment described in the preceding paragraph becomes effective, we are required to deliver to the holders a notice briefly describing such amendment. However, the failure to give such notice to all holders of notes, or any defect therein, will not impair or affect the validity of the amendment.

The consent of the holders of notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

We and the Trustee may, without the consent or vote of any holder of notes, amend or supplement the indenture or the notes for the following purposes:

(a) to cure any ambiguity, defect or inconsistency; *provided* that such amendment or supplement does not adversely affect the rights of any holder;

(b) to comply with the covenant described under "—Certain Covenants—Limitation on Consolidation, Merger or Transfer of Assets";

(c) to add guarantees or collateral with respect to the notes;

(d) to add to the covenants of the Issuer for the benefit of holders of the notes;

(e) to surrender any right conferred upon us;

(f) to evidence and provide for the acceptance of an appointment by a successor trustee;

(g) to provide for the issuance of additional notes;

(h) to conform the terms of the indenture or the notes to this section titled "Description of the Notes"; or

(i) to make any other change that does not materially and adversely affect the rights of any holder of the notes.

In executing any amendment, waiver or supplemental indenture to the indenture or the notes, the Trustee will be entitled to receive an officers' certificate and an opinion of legal counsel of recognized standing, each stating that such amendment, waiver or supplemental indenture is authorized or permitted by the indenture, that it is not inconsistent with the terms of the indenture, and that it shall be valid and binding upon the Issuer in accordance with its terms.

Notices

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If notes are issued in individual definitive form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the notes at their registered addresses as they appear in the registrar's records. For so long as the notes are listed on the Official List of Euronext Dublin and trading on the Global Exchange Market and the rules of such exchange so require, publication of such notice to the holders of the notes will be in English in a leading newspaper having general circulation in Ireland (which is expected to be the The Irish Times). Notices may also be published on the website of Euronext Dublin (www.ise.ie). Neither the failure to give any notice to a particular holder of the notes, nor any defect in a notice given to a particular holder of the notes, will affect the sufficiency of any notice given to another holder of the notes.

Trustee

The Bank of New York Mellon is the trustee under the indenture. Its address is 240 Greenwich Street, New York, New York 10286 (Attention: Corporate Trust Administration).

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such rights and powers vested in it by the indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The trustee may resign at any time by so notifying the Issuer. In addition, the holders of a majority in aggregate principal amount of the notes then outstanding may remove the Trustee by so notifying the Trustee and may appoint a successor trustee. The Issuer will remove the Trustee if (1) the Trustee is no longer eligible; (2) the Trustee is adjudged bankrupt or insolvent; (3) a receiver or other public officer takes charge of the Trustee or its property; or (4) the Trustee otherwise becomes incapable of acting under the indenture.

If the Trustee resigns, is removed by the Issuer or by the holders of a majority in aggregate principal amount of the notes then outstanding and such holders do not reasonably promptly appoint a successor trustee, or if a vacancy exists in the office of trustee for any reason, the Issuer will promptly appoint a successor trustee. The successor trustee will give notice of its succession to the holders of the notes and, as long as the notes are listed on Euronext Dublin for trading on the Global Exchange Market and the rules of the exchange so require, the successor trustee will also publish notice as described under "— Notices."

We and our affiliates may from time to time enter into normal banking and trustee relationships with the Trustee and its affiliates.

Governing Law and Submission to Jurisdiction

The notes and the indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Each of the parties to the indenture will submit to the jurisdiction of any state or U.S. federal court in the City and County of New York, and will waive its right to any other jurisdiction to which it may be entitled by virtue of their present or future domicile or for any other reason, in respect of actions brought against it as a defendant for purposes of all legal actions and proceedings instituted in connection with the notes and the indenture. We have appointed CT Corporation System at 28 Liberty Street, New York, New York 10005, USA, as our authorized agent upon which process may be served in any such action.

Currency Indemnity

U.S. Dollars are the sole currency of account and payment for all sums payable by us under or in connection with the notes and the indenture, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any holder of a note or the Trustee in respect of any sum expressed to be due to it from us will only constitute a discharge to us to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient under any note or the indenture, we will indemnify such holder or the Trustee against any loss sustained by it as a result; and if the amount of U.S. Dollars so purchased is greater than the sum originally due to such holder or the Trustee, such holder or the Trustee will, by accepting a note, be deemed to have agreed to repay such excess. In any event, we will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holder of a note or the Trustee to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note or the Trustee and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

TAXATION

POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR MEXICAN, UNITED STATES OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING, IN PARTICULAR, THE APPLICATION TO THEIR PARTICULAR SITUATIONS OF THE TAX CONSIDERATIONS DISCUSSED BELOW.

Certain Mexican Federal Income Tax Considerations

General

The following is a general summary of the main Mexican federal income tax consequences for the purchase, ownership and disposition of the Notes, by holders that are not residents of Mexico for tax purposes and that do not hold the Notes through a permanent establishment in Mexico to which the income under the Notes is attributable for tax purposes. For purposes of this summary each holder is a "Foreign Tax Holder." This summary is based on the Mexican Income Tax Law and the Mexican federal tax code (*Código Fiscal de la Federación*) in effect on the date of this offering memorandum, all of which are subject to change, which are subject to change or to new or different interpretations, which could affect the continued validity of this summary. This summary does not constitute tax advice and does not address all of the Mexican tax consequences that may be applicable to specific holders of the Notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. This summary does not describe any tax consequences arising under the laws of any state, municipality or taxing jurisdiction other than under Mexican federal tax law.

For purposes of Mexican taxation, an individual is a resident of Mexico for tax purposes if such individual has established his or her domicile in Mexico unless he or she has another domicile in a foreign country, in which case the individual will be considered a resident of Mexico for tax purposes if his/her center of vital interests is located in Mexico, which is deemed to occur, among other cases, if (i) more than 50% of such individual's total income, in any calendar year, is from a Mexican source, or (ii) such individual's main place of business is located in Mexico. Unless proven otherwise, a Mexican national is deemed a resident of Mexico for tax purposes.

A legal entity is a resident of Mexico for tax purposes if its place of effective management is located in Mexico. A permanent establishment of a foreign person in Mexico will be required to pay taxes in Mexico in accordance with applicable tax laws, for income attributable to such permanent establishment.

Taxation of Payments of Interest

Under the Mexican Income Tax Law, payments of interest (including original issue discount and premiums, which are deemed interest under the Mexican Income Tax Law) made by us in respect of the Notes to a Foreign Tax Holder will generally be subject to a Mexican withholding tax assessed at a rate of 4.9%, if, as expected, the following requirements are met:

- (i) the Notes are placed outside Mexico through banks or broker-dealers, in a country with which Mexico has a treaty for the avoidance of double taxation in effect;
- (ii) a notice is filed before the CNBV describing the main characteristics of the Notes offering pursuant to Article 7 of the Mexican Securities Market Law and
- (iii) the relevant disclosure requirements set forth from time to time by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) through general administrative regulations are compiled with including to timely file with SAT, fifteen (15) days after the placement of the Notes, information regarding such placement, and on a quarterly basis, information setting forth, among other items, that no party related to us, jointly or individually, directly or indirectly, is the beneficial owner of more than 5.0% of the aggregate amount of each interest payment, and that we maintain records that evidence compliance with this requirement.

If any of such requirements is not met, the withholding tax applicable to interest payments under the Notes made by us to a Foreign Tax Holder will be imposed at a rate of 10% or higher. In addition, if the effective beneficiaries, whether acting directly or indirectly, severally or jointly with related parties, receiving more than 5% of the aggregate amount of each interest payment under the Notes are (i) persons holding more than 10% of our CBFIs, directly or indirectly, severally or jointly with related parties, or (ii) corporations or other entities having more than 20% of their stock owned, directly or indirectly, jointly or severally, by persons related to us, the Mexican withholding tax will be applied at substantially higher rates (currently 35%). For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;
- both persons have common interests; or
- a third party has an interest in the business or assets of both persons.

Payments of interest in respect of the Notes made by us to a non-Mexican pension or retirement fund will be exempt from Mexican withholding tax, *provided* that:

- the applicable fund is organized pursuant to the laws of its country of residence and is the beneficial owner of the interest payment; and
- such income is exempt from income taxes in such fund's country of residence.

The withholding tax rates set forth in the preceding paragraphs may be reduced pursuant to the treaties for the avoidance of double taxation entered into by Mexico.

Holders or beneficial owners of the Notes may be requested, subject to specified exceptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments that we make to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a Foreign Tax Holder to be entitled to the benefits under the treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the Foreign Tax Holder to meet the procedural requirements established in such law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely or completely provided, we may withhold Mexican tax from that interest payment on the Notes to that holder or beneficial owner at the maximum applicable rate, and our obligation to pay additional amounts relating to those withholding taxes would be limited as described under "Description of the Notes—Additional Amounts".

Taxation of Principal Payments

Under the Mexican Income Tax Law, payments of principal made by us in respect of the Notes to a Foreign Tax Holder will not be subject to Mexican withholding taxes, except to the extent such payments of principals are in excess of the issue price.

Taxation of Dispositions and Acquisitions of the Notes

The application of the Mexican Income Tax Law and regulations thereof to gain resulting from the disposition or acquisition of the Notes by Foreign Tax Holders is subject to several factors. However, in essence under such provisions, gains resulting from the sale or disposition of the Notes by a Foreign Tax Holder to another Foreign Tax Holder are not subject to income or other tax in Mexico. Gains resulting from the sale of the Notes by a Foreign Tax Holder to a purchaser who is a Mexican resident for tax purposes or to a Foreign Tax Holder deemed to have a permanent establishment in Mexico for tax purposes will be deemed interest income and will be subject to withholding tax in Mexico, unless an applicable income tax treaty provides otherwise. The acquisition of the Notes at a discount by a Foreign Tax Holder will be deemed interest income, and subject to income tax in Mexico, if the seller is a Mexican resident or a foreign resident deemed to have a permanent establishment for tax purposes in Mexico. Foreign Tax Holders should consult their own tax advisors as to the Mexican tax consequences derived from the disposition and acquisition of the Notes, as well as to the tax treaty benefits available, if any.

Taxation of Make-Whole Amounts

Under the Mexican Income Tax Law, the payment of redemption amounts as a result of the optional redemption of the Notes, as provided in "Description of the Notes—Optional Redemption—Optional Redemption" will be subject to the Mexican income withholding tax pursuant to the rules described above with respect to interest payments.

Other Mexican Taxes

Under current Mexican tax laws, there are no estate, inheritance, succession or gift taxes generally applicable to the purchase, ownership or disposition of the Notes by a Foreign Tax Holder. Gratuitous transfers of the Notes in certain circumstances may result in the imposition of Mexican income taxes upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by Foreign Tax Holders of the Notes with respect to the Notes.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a beneficial owner of the Notes that is a citizen or resident of the United States, a domestic corporation or is otherwise subject to U.S. federal income tax on a net income basis in respect of the Notes (a "U.S. holder"), as well as certain considerations (described in "*—Information Reporting and Backup Withholding*" and "*—Foreign Account Tax Compliance Act*" below) relevant to both a U.S. holder as well as a holder of a Note that is not a U.S. holder. This summary deals only with holders that purchase the Notes at their issue price as part of the initial offering and hold the Notes as capital assets for U.S. federal income tax purposes. It does not address tax considerations applicable to investors that may be subject to special tax rules, including banks or other financial institutions, tax-exempt entities, insurance companies, regulated investment companies, common trust funds, entities that are treated for U.S. federal income tax purposes as partnerships or other pass-through entities, dealers in securities or currencies, traders in securities that elect to mark to market, persons that will hold the Notes as part of an integrated investment, including a straddle, a synthetic security or hedge or a conversion transaction, comprised of a debt security and one or more other positions, persons subject to the alternative minimum tax, U.S. expatriates, or U.S. holders that have a functional currency other than the U.S. Dollar or use the cash method of accounting for U.S. income tax purposes. Further, this summary does not address the Medicare tax on net investment income or consequences arising under state, local, non-U.S. tax laws. Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes under such tax laws, as well as the application to their particular situation of the U.S. federal income tax considerations discussed below.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, in each case as of the date hereof, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein, possibly with retroactive effect.

Book/Tax Conformity

U.S. holders that use an accrual method of accounting for tax purposes ("accrual method holders") generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements (the "book/tax conformity rule"). The application of the book/tax conformity rule thus may require the accrual of income earlier than would be the case under the general tax rules described below. It is not clear to what types of income the book/tax conformity rule applies, or, in some cases, how the rule is to be applied if it is applicable. Accrual method holders should consult with their tax advisors regarding the potential applicability of the book/tax conformity rule to their particular situation.

Payments of Interest and Additional Amounts

Payments of stated interest and Additional Amounts (as defined under "*Description of the Notes—Additional Amounts*") (including amounts withheld in respect of Mexican withholding taxes) with respect to a Note will be taxable to a U.S. holder as ordinary income at the time they are accrued or actually or constructively received in accordance with such U.S. holder's regular method of accounting for U.S. federal income tax purposes. In the event the Notes are issued with more than *de minimis* original issue discount ("OID") for U.S. federal income tax purposes, U.S. holders will be required to include OID in gross income, as ordinary income, under a "constant-yield method" before the receipt of cash attributable to such income, regardless of the U.S. holder's regular method of accounting for U.S. federal income tax purposes. It is expected, and the rest of this discussion assumes, that the Notes will not be issued with more than a *de minimis* amount of OID.

Interest and Additional Amounts will constitute income from sources without the United States for U.S. foreign tax credit purposes. Mexican withholding taxes paid at the appropriate rate applicable to a U.S. holder will be treated as foreign income taxes eligible for credit against the U.S. holder's U.S. federal income tax liability, subject to generally applicable limitations and conditions, or, at the election of the U.S. holder, for deduction in computing the U.S. holder's taxable income (provided that the U.S. holder elects to deduct, rather than credit, all foreign income taxes paid or accrued for the relevant taxable year). The calculation of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions involves the application of complex rules that depend on a U.S. holder's particular circumstances. U.S. holders should consult their own tax advisors regarding the availability of foreign tax credits or deductions and the treatment of Additional Amounts in their particular situations.

Sale, Exchange or Other Taxable Disposition of the Notes

Upon the sale, exchange or other taxable disposition of the Notes, a U.S. holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition (less any accrued interest, which will be taxable as such) and the U.S. holder's adjusted tax basis in the Notes. A U.S. holder's tax basis in a Note generally will equal the cost of the Note to the holder, increased by amounts includable in income by the holder as OID (if any). Any gain or loss recognized generally will be long-term capital gain or loss if, on the date of the sale, exchange, or other taxable disposition, the U.S. holder has held the Note for more than one year. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a U.S. holder on the sale or other disposition of a Note generally will be treated as U.S.-source income or loss for U.S. foreign tax credit purposes. Accordingly, if Mexican tax is imposed on the sale or other disposition of the Notes, a U.S. holder may not be able to fully utilize its United States foreign tax credits in respect of such withholding tax unless such credit can be applied (subject to applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. U.S. holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the Notes.

Specified Foreign Financial Assets

Individual U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Notes, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments on the Notes made to, and the proceeds of dispositions of Notes effected by, certain U.S. holders. In addition, certain U.S. holders may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification numbers to the person from whom they receive payments. Persons holding Notes who are not U.S. holders may be required to comply with applicable certification procedures to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding tax. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

We are considered a foreign financial institution under the U.S. Foreign Account Tax Compliance Act ("FATCA"), and, as such, we are required to comply with the terms of an intergovernmental agreement entered into between the U.S. and Mexico. Pursuant to FATCA, holders and beneficial owners of the Notes may be required to provide to a financial institution in the chain of payments on the Notes information and tax documentation regarding their identities, and in the case of a holder that is an entity, the identities of their direct and indirect owners. Any such information may be shared with the government of Mexico, which may, in turn, share such information with the U.S. government. Moreover, we, the Paying Agents, and other financial institutions through which payments are made, may be required to withhold U.S. tax at a 30% rate on "foreign passthru payments" (a term not yet defined) paid to an investor who does not provide information sufficient for the institution to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the institution, or to an investor that is, or holds the Notes directly or indirectly through, a non-U.S. financial institution that is not in compliance with FATCA. Under a grandfathering rule, this withholding tax will not apply unless the Notes are issued or materially modified after the date that is six months after the date on which final United States Treasury Regulations defining the term "foreign passthru payment" are filed with the United States Federal Register. If U.S. withholding tax were to be deducted or withheld from payments on any series of Notes as a result of a failure by an investor (or by an institution through which an investor holds the Notes) to comply with FATCA, neither we nor any Paying Agent nor any other person would, pursuant to the terms of the Notes, be required to pay Additional Amounts as a result of the deduction or withholding of such tax. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Notes.

The Proposed Financial Transactions Tax

The European Commission has published a proposal (the "Commission's Proposal") for a Directive for a common financial transactions tax ("FTT") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain(the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT remains subject to negotiation between the participating Member States and the legality of the proposal is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CERTAIN ERISA CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan (as defined in Section 3(3) of ERISA) (a "Plan"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans, as well as any plan or arrangement subject to Section 4975 of the Code, including, without limitation, individual retirement accounts and Keogh plans (also "Plans") and any entity whose underlying assets are deemed to be the assets of a Plan pursuant to 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise, from engaging in certain transactions involving "plan assets" with any persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("Parties in Interest") with respect to such Plan. The Parties in Interest include, without limitation, the Bank, the initial purchasers, the Trust Trustee, the registrar and each of their respective affiliates and agents. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those Parties in Interest, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other arrangements ("Non-ERISA Arrangements") are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to substantially similar provisions under applicable federal, state, local, non-U.S. or other regulations, rules or laws ("Similar Law").

The acquisition, holding and/or disposition of the Notes by a Plan or any entity whose underlying assets are deemed to be the assets of a Plan with respect to which we or certain of our affiliates is or becomes a Party in Interest may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless those Notes are acquired, held or disposed of pursuant to and in accordance with an applicable exemption. The U.S. Department of Labor has issued five prohibited transaction class exemptions, or "PTCEs," that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the Notes. These exemptions are:

- PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified professional asset managers;
- PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts;
- PTCE 91-38, an exemption for certain transactions involving bank collective investment funds;
- PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and
- PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers.

In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more than "adequate consideration" in connection with the transaction (the "service provider exemption").

Any purchaser or holder of a Note or any interest therein, including any transferee of such Note or interest, will be deemed to have represented and warranted by its purchase and holding of the Notes that it either (i) is not, and for so long as it holds the Notes or any interest therein, will not be a Plan, a Non-ERISA Arrangement and is not purchasing those Notes on behalf of or with the assets of any Plan or Non-ERISA Arrangement or any entity whose underlying assets are deemed to be the assets of a Plan pursuant to 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise or (ii) the purchase, holding and disposition of the Notes is exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code (or, in the case of a Non-ERISA Arrangement, from any Similar Laws) pursuant to the PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, the service provider exemption or another applicable statutory or administrative exemption (or, in the case of a Non-ERISA Arrangement, a substantially similar exemption under Similar Law).

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing Notes on behalf of or with the assets of any Plan or Non-ERISA Arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the service provider exemption or any other applicable exemption, or the potential consequences of any purchase, holding or disposition of the Notes under Similar Law, as applicable.

PLAN OF DISTRIBUTION

J.P. Morgan Securities LLC, BBVA Securities Inc., Citigroup Global Markets Inc. and Barclays Capital Inc. are acting as joint book-running managers of the offering and as representatives of the initial purchasers named below. Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchasers dated the date of this offering memorandum, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name below.

Initial Purchaser	**Principal Amount of Notes**
J.P. Morgan Securities LLC	US$162,500,000
BBVA Securities Inc.	US$162,500,000
Citigroup Global Markets Inc.	US$87,500,000
Barclays Capital Inc.	US$87,500,000
Total	**US$500,000,000**

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased, the commitments of the defaulting initial purchaser may be assumed by the non-defaulting initial purchasers or the purchase agreement may be terminated.

The initial purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officers' certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. The initial purchasers may offer and sell the Notes through any of their affiliates.

We have agreed to indemnify the initial purchasers and their affiliates against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The initial purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the Notes are offered may be changed at any time without notice.

Notes Are Not Being Registered in the United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions." In connection with sales outside of the United States, each of the initial purchasers has agreed that it will not offer, sell or deliver the Notes to, or for the account of, U.S. persons (unless in reliance on Rule 144A) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and that it will send to each dealer to whom it sells such Notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgements, representations and agreements as described under “Transfer Restrictions.”

New Issue of Notes

The Notes will constitute a new class of securities with no established trading market. We do not intend to apply for listing of the Notes on any U.S. national securities exchange. Application has been made to admit the Notes to listing on the Official List of Euronext Dublin for trading on the Global Exchange Market. However, we cannot assure you that the listing application will be approved. We cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made against payment of the Notes on or about July 18, 2019, which will be the third business day following the date of this offering memorandum (such settlement being referred to as “T+3”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+3, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that, for a period of 90 days from the date of this offering memorandum, we will not, without the prior written consent of the representatives, offer, sell, contract to sell, pledge, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us (other than the Notes).

Short Positions

In connection with the offering, the initial purchasers may purchase and sell Notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the initial purchasers of a greater number of Notes than they are required to purchase in the offering.
- Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase Notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Affiliates of the initial purchasers are lenders to us under the Syndicated Term Loan currently totaling US$350.0 million. See "Use of Proceeds." Affiliates of certain of the initial purchasers are lenders to us under the Unsecured Revolving Facility which currently has US$51.5 million outstanding. The initial purchasers are acting as dealer managers in the Tender Offer concurrent with this offering. Certain of the dealer managers may hold some of the Existing Notes that will be purchased in the Tender Offer with the proceeds of this offering.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside of the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in effect in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in effect in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Notice to Prospective Investors in Mexico

The Notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, may not be offered publicly in Mexico. The Notes may only be offered in Mexico pursuant to the exemptions to registration provided in Article 8 of the Mexican Securities Market Law. We will notify the CNBV of the terms and conditions of this offering of the Notes outside of Mexico, for informational and statistical purposes only. The delivery to, and the receipt by, the CNBV of such notice does not constitute or imply a certification as to the investment quality of the Notes, our solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this offering memorandum. This offering memorandum and the information contained herein is solely our responsibility and have not been reviewed or authorized by the CNBV. The acquisition of the Notes by investors, including Mexican investors, will be made under their own responsibility.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers in the provinces of Alberta, British Columbia, Ontario and Quebec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area (“EEA”) and Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA, has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to Prospective Investors in Peru

The Notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to us or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the SMV nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein. The Notes may not be offered or sold in Peru except in compliance with the securities law thereof.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile

(*Superintendencia de Valores y Seguros de Chile* or the SVS), the Notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule 336 (which in turn are further described in rule No. 216, dated June 12, 2008, of the SVS).

Rule 336 requires the following information to be provided to prospective investors in Chile:

(1) Date of commencement of the offer: July 8, 2019. The offer of the Notes is subject to Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS;

(2) The Notes and this offering memorandum are not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS and as such as not subject to the oversight of the SVS;

(3) Since the Notes are not registered in Chile, there is no obligation by the issuer to make publicly available information about the Notes in Chile; and

(4) The Notes shall not be subject to a public offering in Chile unless registered with the relevant Securities Registry of the SVS.

La oferta de los valores comienza el 8 de julio de 2019 y está acogida a la NCG N° 336, de fecha 27 de junio de 2012 de la Superintendencia de Valores y Seguros de Chile (SVS). La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de dicho organismo. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no pueden ser objeto de oferta pública, mientras no sean inscritos en el Registro de Valores correspondiente.

Notice to Prospective Investors in France

Neither this offering memorandum nor any other offering material relating to the Notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the Notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the Notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The Notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monétaire et Financier*.

Notice to Prospective Investors in Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The Notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, or (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor, as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except: (1) to an institutional investor or to a relevant person, or any person pursuant to Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with section 309B(1)(c) of the SFA, the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notice to Prospective Investors in Switzerland

The Notes may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the "SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither the offering memorandum nor any other offering or marketing material relating to the offering, the Issuer, or the Notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this offering memorandum will not be filed with, and the offer of Notes will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Notes has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Notes.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

TRANSFER RESTRICTIONS

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes you will be deemed to have made the following acknowledgements, representations to and agreements with the initial purchasers and us:

1. You acknowledge that:

- The offering is being made in accordance with Rule 144A and Regulation S under the Securities Act;
- the Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

2. You represent that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the Notes to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from us. You agree that you have sufficient knowledge and experience in financial and business matters so as to be capable of independently evaluating the merits and risks of an investment in the Notes, and that you are able to bear the economic risk of the investment. You agree that you made your own investment decision regarding the Notes based on your own knowledge.

4. You represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that the Notes may be offered, sold or otherwise transferred only:

(a) under a registration statement that has been declared effective under the Securities Act;

(b) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(c) through offers and sales that occur outside the United States to non-U.S. purchasers within the meaning of Regulation S under the Securities Act; or

(d) under any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control; provided that

- with respect to the Regulation S Notes, the above restrictions on resale will only apply from the closing date until the date that is 40 days after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends; and provided further that

- we and the trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee.

Each Note will contain a legend substantially to the following effect:

THIS IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREINAFTER.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, ("DTC"), A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN EXCEPT (A) (I) TO THE ISSUER OR ANY

SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Each Regulation S Note will contain a legend substantially to the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

THIS LEGEND SHALL ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

5. You represent that either (i) you are not, and for so long as you hold the Notes or any interest therein will not be, and you are not purchasing the Notes with the assets of, or for or on behalf of, (1) an employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (2) any other plan or arrangement that is subject to Section 4975 of the Code (each of (1) and (2), a "Plan"), or (3) any governmental, church or non-U.S. plan or other arrangement (a "Non-ERISA Arrangement"), that is subject to any applicable federal, state, local, non U-S or other regulation, rule or law that is substantially similar to ERISA or Section 4975 of the Code ("Similar Laws"), or any entity whose underlying assets are deemed to be the assets of a Plan pursuant to 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise or (ii) your purchase, holding and disposition of the Notes is exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code (or, in the case of a Non-ERISA Arrangement from any Similar Laws) pursuant to the exemption provided by U.S. Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14, Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code, or another applicable statutory or administrative exemption or, in the case of a Non-ERISA Arrangement, a substantially similar exemption under Similar Law.

6. You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

Each purchaser that is acquiring Notes pursuant to Regulation S under the Securities Act represents that it is not acquiring the Notes with a view to the resale, distribution or other disposition thereof to a U.S. person or in the United States.

LEGAL MATTERS

The validity of the Notes will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, our special U.S. counsel, and by Creel, García-Cuéllar, Aiza y Enríquez, S.C., our special Mexican counsel, and for the initial purchasers by Davis Polk & Wardwell LLP, special U.S. counsel to the initial purchasers, and by Galicia Abogados, S.C., special Mexican counsel to the initial purchasers.

LISTING INFORMATION

1. This offering memorandum forms, in all material respects, the listing particulars for admission to Euronext Dublin.

2. Euronext Dublin has approved this document as Listing Particulars for purposes of the Notes being listed on the Official List of Euronext Dublin.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in our prospects since December 31, 2018, the date of our last published audited financial statements. Except as disclosed in this offering memorandum, there has been no significant change in our financial or trading position or prospects since March 31, 2019, the last financial period for which interim financial information has been published.

4. The business address of our board of directors is the same as our address: PLA Administradora Industrial, S. de R.L. de C.V. Paseo de la Reforma 412, Piso 18, Corporativo Reforma Diana, Col. Juarez, Ciudad de Mexico C.P. 06600. As at the date of this offering memorandum, other than as disclosed herein, the Issuer is not aware of any potential conflicts of interest between the duties of the members of the board of directors of the Issuer, and their private interests and/or other duties.

5. Except as disclosed in this offering memorandum, there are no governmental, legal or arbitration proceedings against or affecting the Issuer, nor is the Issuer aware of any pending or threatened proceedings of such kind, which may have, or have had, during the 12 months preceding the date of this offering memorandum, a significant effect on the Issuer's financial position or profitability.

6. For so long as the notes are admitted to the Official List of Euronext Dublin and trading on its Global Exchange Market, copies of the following items will be available in physical form at Paseo de la Reforma 412, Piso 18, Corporativo Reforma Diana, Col. Juarez, Ciudad de México, México CP 06600:

    i. this offering memorandum;

    ii. a copy of our Trust Agreement;

    iii. copies of our audited financial statements as of December 31, 2016, 2017 and 2018, for the years ended December 31, 2016, 2017 and 2018;

    iv. copies of the Indenture governing the Notes; and

    v. any other documents related to the offering of the Notes referred to herein.

7. Our Mexican Tax ID (RFC) is BMS130129QJ4.

8. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of Euronext Dublin and trading on its Global Exchange Market.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements as of and for each of the years ended December 31, 2018, 2017 and 2016 included in this offering memorandum, have been audited by PricewaterhouseCoopers, S.C., independent auditors, as stated in their reports appearing herein.

GENERAL INFORMATION

Clearing Systems

We will apply to have the Notes accepted for clearance through Euroclear and Clearstream. In addition, application will be made to have the Notes accepted for trading in book-entry form by DTC. For the Rule 144A Global Note, the ISIN number is US17162LAB71 and the CUSIP number is 17162L AB7 and for the Regulation S Global Note, the ISIN number is USP26054AB59 and the CUSIP number is P26054 AB5.

Listing

We have applied to list the Notes on Euronext Dublin for trading on the Global Exchange Market of that Exchange. Copies of our Trust Agreement, the Indenture, as may be amended or supplemented from time to time, our published annual audited consolidated financial statements and any published quarterly unaudited consolidated financial statements will be available for inspection at our principal executive offices, as well as at the corporate trust office of the Trust Trustee, paying agent, transfer agent and registrar, and at the offices of the Irish paying agent, as such addresses are listed on the inside back cover page of this offering memorandum. We believe the auditor's reports included herein have been accurately reproduced. We will maintain a paying agent in Ireland for so long as any of the Notes are listed on Euronext Dublin.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

ANNEX A
LIST OF PROPERTIES

Region	State	City	Number of Properties	Total GLA[1]	Total % GLA	Leased GLA	% Occupied	Annual Rent[2]	Average Annualized Base Rent per sq.ft.	Land Reserves (potential GLA)
Bajio	Aguascalientes	Aguascalientes	2	0.75	1.8%	0.75	100.0%	3.58	4.77	
	Guanajuato	Celaya	1	0.12	0.3%	0.12	100.0%	0.63	5.39	
		Silao	6	1.01	2.5%	0.90	89.5%	4.16	4.60	
		Irapuato	5	0.44	1.1%	0.41	93.9%	2.22	5.36	
	Jalisco	Guadalajara	7	1.66	4.0%	1.66	100.0%	10.94	6.60	
	Queretaro	Queretaro	13	1.98	4.8%	1.70	85.9%	8.52	5.01	
	San Luis Potosi	San Luis Potosi	22	3.32	8.1%	2.97	89.6%	14.60	4.91	0.18
Total Bajio			**56**	**9.27**	**22.5%**	**8.51**	**91.8%**	**43.39**	**5.13**	**0.18**
Central	Mexico City	Azcapotzalco	1	0.02	0.1%	0.02	100.0%	0.21	9.22	
	Puebla	Puebla	1	0.18	0.004490276	0.18	1	0.61	3.28	
	State of Mexico	Cuautitlan Izcalli	15	4.26	10.4%	4.26	100.0%	23.96	5.62	
		Huehuetoca	1	0.23	0.6%	0.00	0.0%	0.00	0.00	2.57
		Toluca	10	0.90	2.2%	0.81	89.2%	4.40	5.45	
	Tabasco	Villahermosa	2	0.65	1.6%	0.65	100.0%	2.79	4.29	0.17
Total Central			**30**	**6.25**	**15.2%**	**5.92**	**94.8%**	**30.78**	**5.23**	**2.74**
North	Baja California	Tijuana	12	0.91	2.2%	0.82	89.8%	3.61	4.43	
	Chihuahua	Camargo	1	0.02	0.1%	0.02	100.0%	0.07	3.00	
		Casas Grandes	1	0.09	0.2%	0.09	100.0%	0.37	4.28	
		Chihuahua	52	5.83	14.2%	5.71	97.9%	31.31	5.48	
		Ciudad Juarez	64	7.81	19.0%	7.73	99.0%	36.85	4.77	1.30
		Delicias	3	0.52	1.3%	0.52	100.0%	3.11	6.03	
		Gomez Farias	1	0.08	0.2%	0.08	100.0%	0.26	3.34	
	Coahuila	Ciudad Acuña	1	0.24	0.6%	0.24	100.0%	1.50	6.23	
		Monclova	2	0.35	0.8%	0.35	100.0%	1.92	5.54	
		Ramos Arizpe	24	4.54	11.0%	4.36	95.9%	22.60	5.19	0.11
		Saltillo	5	0.62	1.5%	0.62	100.0%	3.38	5.45	
		San Pedro de las Colonias	2	0.15	0.4%	0.14	89.3%	0.29	2.10	
		Torreon	2	0.39	1.0%	0.39	100.0%	1.68	4.30	
		Derramadero	5	0.54	1.3%	0.54	100.0%	3.74	6.91	
	Durango	Durango	3	0.71	1.7%	0.71	100.0%	3.52	4.97	
		Gomez Palacio	1	0.07	0.2%	0.07	100.0%	0.22	3.18	
	Nuevo Leon	Monterrey	10	1.44	3.5%	1.37	94.9%	6.76	4.93	1.33
		Apodaca	6	0.50	1.2%	0.50	100.0%	2.81	5.64	
	Sonora	Hermosillo	3	0.33	0.8%	0.29	88.5%	1.34	4.57	
	Tamaulipas	Reynosa	3	0.47	1.1%	0.47	100.0%	2.27	4.86	
Total North			**201**	**25.61**	**62.3%**	**25.00**	**97.6%**	**105.69**	**4.88**	**2.74**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

FIBRA TERRAFINA

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

Condensed consolidated interim financial statements for the period ended March 31, 2019

Unaudited

LIST OF CONTENTS

FIBRA Terrafina

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

	Note	March 31, 2019 (Unaudited)		December 31, 2018 (Audited)	
Assets					
Non-current assets					
Investment properties (Cost: 03/31/2019 - $44,651,571; 12/31/2018 - $45,437,152)	6	$	45,060,870	$	45,880,211
Investments accounted using equity method	7		540,015		547,708
Derivative financial instruments	6 and 8		32,313		52,074
Deferred rents receivable			220,306		203,915
Other assets			136,709		-
Loan receivable (Cost: 03/31/2019 - $36,045; 12/31/2018 - $36,841)	6		36,045		36,841
Restricted cash			36,034		36,599
Total non-current assets			**46,062,292**		**46,757,348**
Current assets					
Other assets			64,581		59,612
Loan receivable (Cost: 03/31/2019 - $1,304; 12/31/2018 - $1,421)	6		1,304		1,421
Recoverable taxes			148,122		165,677
Prepaid expenses			8,755		10,227
Deferred rents receivable			25,859		19,624
Accounts receivable (Net of allowance for doubtful accounts: 03/31/2019 - $95,192; 12/31/2018 - $84,059)			154,798		154,849
Cash			1,342,171		1,557,651
Total current assets			**1,745,590**		**1,969,061**
Total assets			**47,807,882**		**48,726,409**
Net assets attributable to the investors					
Contributions, net		$	18,701,218	$	18,701,218
Retained earnings			(724,312)		(206,403)
Translation from functional to reporting currency			8,599,784		9,034,634
Own credit risk reserve			894,384		1,016,185
Total net assets attributable to the investors			**27,471,074**		**28,545,634**
Liabilities					
Non-current liabilities					
Borrowings (Principal balance: 03/31/2019 - $18,923,886; 12/31/2018 - $19,509,581)	6 and 9	$	19,114,554	$	19,395,814
Derivative financial instruments					
Tenant deposits			291,331		296,723
Accounts payable			5,019		4,921
Total non-current liabilities			**19,410,904**		**19,697,458**
Current liabilities					
Borrowings (Principal balance: 03/31/2019 - $535,850; 12/31/2018 - $148,698)	6 and 9		535,850		148,698
Tenant deposits			92,802		100,016
Accounts payable			297,252		234,603
Total current liabilities			**925,904**		**483,317**
Total liabilities (excluding net assets attributable to the investors)			**20,336,808**		**20,180,775**
Total net assets attributable to the investors and liabilities		**$**	**47,807,882**	**$**	**48,726,409**

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

FIBRA Terrafina

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

	Note	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Rental revenues		$ 926,186	$ 895,287
Other operating income		109,850	101,736
Real estate operating expenses		(244,065)	(199,730)
Fees and other expenses		(107,113)	(90,545)
Realized gain (loss) from disposal of investment properties	6	58,599	(17,836)
Net unrealized gain (loss) from fair value adjustment on investment properties	6	(47,522)	(562,907)
Net unrealized gain (loss) from fair value adjustment on borrowings		(179,587)	(34,850)
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		(18,822)	29,563
Net realized gain (loss) from derivative financial instruments		3,449	-
Foreign exchange gain		13,616	49,868
Foreign exchange loss		(16,485)	(5,183)
Operating profit		**498,106**	**165,403**
Finance income		2,429	1,808
Finance cost		(249,591)	(254,240)
Finance cost - net		**(247,162)**	**(252,432)**
Share of profit from equity accounted investments	7	8,148	5,565
Profit for the period		**$ 259,092**	**$ (81,464)**
Other comprehensive income:			
Items that can be reclassified subsequently to gain (loss) for the period			
Translation gain (loss) from functional to reporting currency		(434,850)	(2,045,957)
Items that can not be reclassified subsequently to gain (loss) for the period			
Changes in the fair value adjustment on borrowings at fair value through other comprehensive income		(121,801)	187,489
Comprehensive income		**(556,651)**	**(1,858,468)**
Total comprehensive profit (loss) for the period		**$ (297,559)**	**$ (1,939,932)**
Earnings per CBFI			
Basic earnings per CBFI		$ 3.28	$ 1.34
Diluted earnings per CBFI		$ 3.28	$ 1.34

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

FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Condensed consolidated interim statements of changes in net assets attributable to the investors
For the period ended March 31, 2019 and March 31, 2018
(Expressed in thousands of Mexican Pesos)
(Unaudited)

		Attributable to investors				
	Note	**Net contributions**	**Translation from functional to reporting currency**	**Own credit risk reserve**	**Retained earnings (losses)**	**Net assets**
Restated balance at January 1, 2018		$ 19,844,088	$ 9,169,409	$ 619,828	$ (571,765)	$ 29,061,560
Transactions with investors						
Distributions to the investors		(72,084)	-	-	(412,786)	(484,870)
Total transactions with investors		**(72,084)**	**-**	**-**	**(412,786)**	**(484,870)**
Comprehensive income						
Profit for the period	4	-	-	-	(81,464)	(81,464)
Other comprehensive income						
Translation from functional to reporting currency		-	(2,045,957)	-	-	(2,045,957)
Change from fair value adjustment on borrowings				187,489		187,489
Total comprehensive (loss) income		**-**	**(2,045,957)**	**187,489**	**(81,464)**	**(1,939,932)**
Net assets attributable to the investors at March 31, 2018		**$ 19,772,004**	**$ 7,123,452**	**$ 807,317**	**$ (1,066,015)**	**$ 26,636,758**
Balance at January 1, 2019		$ 18,701,218	$ 9,034,634	$ 1,016,185	$ (206,403)	$ 28,545,634
Transactions with investors						
Distributions to the investors	10	-	-	-	(777,001)	(777,001)
Total transactions with investors		**-**	**-**	**-**	**(777,001)**	**(777,001)**
Comprehensive income						
Profit for the period		-	-	-	259,092	259,092
Other comprehensive income						
Translation from functional to reporting currency		-	(434,850)	-	-	(434,850)
Change from fair value adjustment on borrowings		-	-	(121,801)	-	(121,801)
Total comprehensive income		**-**	**(434,850)**	**(121,801)**	**259,092**	**(297,559)**
Net assets attributable to the investors at March 31, 2019		**$ 18,701,218**	**$ 8,599,784**	**$ 894,384**	**$ (724,312)**	**$ 27,471,074**

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

FIBRA Terrafina

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

	Note	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Cash flows from operating activities:			
Profit for the period		$ 259,092	$ (81,464)
Adjustments:			
Net unrealized gain (loss) from fair value adjustment on investment properties	6	47,522	562,907
Net unrealized gain (loss) from fair value adjustment on borrowings		179,587	34,850
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		18,822	(29,563)
Realized gain (loss) from disposal of investment properties	6	(58,599)	17,836
Bad debt expense		12,279	8,337
Interest accrued		241,813	218,733
Interest income on bank accounts		(1,918)	(1,292)
Share of profit from equity accounted investments	7	(8,148)	(5,565)
(Increase) decrease in:			
Deferred rents receivable		(22,626)	8,624
Accounts receivable		(12,228)	(126,011)
Recoverable taxes		17,555	(14,889)
Prepaid expenses		1,472	3,732
Other assets		(141,678)	(1,367)
Increase (decrease) in:			
Tenant deposits		(12,606)	(25,283)
Accounts payable		62,747	10,837
Net cash generated from operating activities		**583,086**	**580,422**
Cash flows from investing activities:			
Improvements of investment properties	6	(66,838)	(15,939)
Proceeds from dispositions of investment properties	6	189,015	-
Interest income on bank accounts		1,918	1,292
Investments in joint venture	7	8,531	(1,148)
Principal collections on loan receivable		320	294
Net cash used in investing activities		**132,946**	**(15,501)**
Cash flows from financing activities:			
Principal payments on borrowings		(2,900)	(876,902)
Interest expense		(136,320)	(131,870)
Restricted cash		565	(5,889)
Distributions to investors	10	(777,001)	(484,870)
Net cash (used in) generated from financing activities		**(915,656)**	**(1,499,531)**
Net (decrease) increase in cash		(199,624)	(934,610)
Cash at the beginning of the period		1,557,651	3,209,041
Exchange rate effects on cash		(15,856)	(238,728)
Cash at the end of the period		**$ 1,342,171**	**$ 2,035,703**

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

Notes to the condensed consolidated interim financial statements for the period ended March 31, 2019

(Unaudited)

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

1. REPORTING ENTITY

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

(a) Statement of compliance

The enclosed condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" which is part of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and its interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed consolidated interim financial statements do not include all the information and disclosure required in annual consolidated financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS.

The Trust adopted IFRS 16 *"Leases"* that the IASB issued in January 2016 for the lease accounting, which was mandatory as of January 1, 2019, with no changes considering that the rule does not include significant changes to the accounting of lessors.

The enclosed condensed consolidated interim financial statements were authorized for issuance by the Terrafina Audit and Technical Committees on April 24, 2019.

(b) Judgments and estimates

Preparation of condensed consolidated interim financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to apply its judgment in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate. The accounting policies, judgments and estimates used in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements as of and for the year ended December 31, 2018.

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

3. SIGNIFICANT TRANSACTIONS

On January 26, 2018, Terrafina entered into a fiduciary substitution agreement, between HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria and Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero (See Note 4).

On January 31, 2018, Terrafina closed a renegotiation of terms and conditions for its revolving credit facility with Citibank. The main changes for the syndicated credit facility include: 1) the extension of the original maturity date to 2023 (a four-year maturity with the option to extend one additional year); 2) a 20-basis point interest rate reduction which changed the interest rate from London interbank offered rate ("LIBOR") plus 265 basis points to LIBOR plus 245 basis points; and 3) the option to increase the preexisting US$300 million Dollars revolving line of credit for up to US$400 million Dollars.

On March 23, 2018, Terrafina prepaid an amount of US$47 million Dollars ($874 million of Mexican Pesos) of the revolving credit facility with Citibank.

On April 11, 2018, Terrafina announced to CBFI's repurchase program in accordance with the terms of the Trust agreement. Terrafina is authorized to repurchase up to five percent of its outstanding CBFI's for a period of twelve months. (See Note 9).

On April 25, 2018, Terrafina acquired 2 industrial properties, for US$25.5 million Dollars ($482 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which was effectively reimbursed during December 2018.

On July 16, 2018, Terrafina acquired a two-year interest rate CAP for a notional amount of US$150 million, at a strike price of 2.75%.

On July 20, 2018, Terrafina entered into a fiduciary substitution agreement, between HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria and CI Banco, S.A., Institución de Banca Múltiple (See Note 4).

On November 23, 2018, Terrafina signed the agreement for the total extinction of the trust: F/3229 executed with Banco Actinver, S. A., Institución de Banca Múltiple, Grupo Financiero Actinver (See Note 4).

On December 19, 2018, Terrafina signed the agreements for the total extinction of the trusts: F/2990, F/2992, F/2993, F/2994, F/2995 and F/2997 entered into with CI Banco, SA, Institución de Banca Múltiple (See Note 4).

During 2018, the Mexican tax authorities refunded VAT to the Trust for US$29.7 million Dollars ($610 million of Mexican Pesos).

4. RECLASIFICATIONS

Certain amounts on the condensed consolidated interim financial statements of prior periods have been reclassified according with the current periods presentation. Such reclassifications had no effect over the prior issued consolidated financial statements.

The adoption of IFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statement.

The impact on retained earnings as of March 31, 2018 is as follows:

Retained earnings as of March 31, 2018	$	106,025
Own credit risk reserve		(187,489)
Retained earnings restated as of March 31, 2018	$	(81,464)

5 CONSOLIDATION BASIS

These condensed consolidated interim financial statements include net assets as of March 31, 2019 and December 31, 2018 and results of operations of the entities listed below controlled by Terrafina for the periods ended on March 31, 2019 and 2018. All significant intercompany balances and transactions have been eliminated from the condensed consolidated interim financial statements.

Subsidiaries

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

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

- Trust F/307904
- Trust F/307939
- Trust F/307955
- Trust F/307980

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

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

Trustee: Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria as trustee of the following trusts:

- Trust F/128
- Trust F/129
- Trust F/824
- Trust F/1487

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

- Trust F/666
- Trust F/463
- Trust F/824
- Trust F/2171
- Trust F/2989 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307831)
- Trust F/2990 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307840) (Extinguished on December 19, 2018)
- Trust F/2991 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307874)
- Trust F/2992 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307882) (Extinguished on December 19, 2018)
- Trust F/2993 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307912) (Extinguished on December 19, 2018)
- Trust F/2994 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307920) (Extinguished on December 19, 2018)

5. CONSOLIDATION BASIS (continued)

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

- Trust F/2995 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307947) (Extinguished on December 19, 2018)
- Trust F/2996 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307963)
- Trust F/2997 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308048) (Extinguished on December 19, 2018)

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

- Trust F/3186
- Trust F/3232 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307890)
- Trust F/3230 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307858)
- Trust F/3234 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308030)
- Trust F/3233 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307971)
- Trust F/3231 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307866)
- Trust F/3229 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307823) (Extinguished on November 23, 2018)
- Trust F/3236 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308293)
- Trust F/3235 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308285)

TF Administradora, S. de R.L. de C.V. All operations related between this entity and the Trust have been eliminated in these consolidated financial statements, to comply with the requirements of accounting standards and other business information purposes; other transactions of the entity are included in the consolidated financial statements. (See Note 10).

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

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

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

- Trust F/2717
- Trust F/3485

6. FAIR VALUE MEASUREMENTS

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

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

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

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

a. Investment Properties

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

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

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

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

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

6. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties (continued)

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

Most significant unobservable inputs:

- Discount rate: The internal yield rate ("internal rate of return" or "IRR") is the single rate that discounts all future assets benefits to net present value. The discount rate as of March 31, 2019 and December 31, 2018, was 8.42% (ranges between 8.25% to 12%) for both periods.

- Market yield growth rate: Based on information gathered from surveys, as well as market experience and management's projections. Market yield growth rate ranges between 2% and 3% for both years.

- Vacancy and collection loss assumptions: This is a function of the interrelationship between absorption, lease expiration, renewal probability, and estimated downtime between leases and a collection loss factor based on the relative stability and credit of the subject´s tenant base. Vacancy assumption used by the Trust's management as of March 31, 2019 and December 31, 2018 was 5% and collection loss 1% for both years.

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

Unrealized gain (loss) from fair value adjustment on Investment Properties is included in the condensed consolidated interim statements of comprehensive income.

b. Borrowings and loan receivables

Valuation process for Trust borrowings and loan receivables:

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

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

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

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

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

The discount rate resulting from adding to the benchmark interest rate the credit risk of comparable debts, as of March 31, 2019 and December 31, 2018, ranges between 3.10% y el 5.03% and 5.03% and 6.85%, respectively.

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

Levels 2 and 3 fair values are analyzed at each reporting period during quarterly valuation discussions between the parties involved in the process.

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

6. FAIR VALUE MEASUREMENTS (continued)

c. Derivative financial instruments

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

Table 1 next page summarizes assets and liabilities measured at fair value on a recurring basis and their respective level in the fair value hierarchy:

Table 1:

Fair Value Measurements at March 31, 2019

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 44,651,571	$ 45,060,870	$ -	$ -	$ 45,060,870
Derivative financial instruments	-	32,313	-	32,313	-
Loan receivable	37,349	37,349	-	37,349	-
Total assets	**$ 44,688,920**	**$ 45,130,532**	**$ -**	**$ 69,662**	**$ 45,060,870**
Liabilities:					
Borrowings	$ 19,459,736	$ 19,650,404	$ -	$ 19,650,404	$ -
Total liabilities	**$ 19,459,736**	**$ 19,650,404**	**$ -**	**$ 19,650,404**	**$ -**

Fair Value Measurements at December 31, 2018

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 45,437,152	$ 45,880,211	$ -	$ -	$ 45,880,211
Derivative financial instruments	-	52,074	-	52,074	-
Loan receivable	38,262	38,262	-	38,262	-
Total assets	**$ 45,475,414**	**$ 45,970,547**	**$ -**	**$ 90,336**	**$ 45,880,211**
Liabilities:					
Borrowings	$ 19,658,279	$ 19,544,512	$ -	$ 19,544,512	$ -
Total liabilities	**$ 19,658,279**	**$ 19,544,512**	**$ -**	**$ 19,544,512**	**$ -**

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

6. FAIR VALUE MEASUREMENTS (continued)

Table 2 below shows the reconciliation of the beginning and ending balances for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2019 and December 31, 2018.

Table 2

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 01/01/19	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 03/31/19	Unrealized gain (loss) for the period for investments still held at 03/31/19
Assets:							
Investment properties	$45,880,211	$ 11,077	$ (708,241)	$ 66,838	$ (189,015)	$ 45,060,870	$ (47,522)
Total assets	**$45,880,211**	**$ 11,077**	**$ (708,241)**	**$ 66,838**	**$ (189,015)**	**$ 45,060,870**	**$ (47,522)**

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 01/01/18	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/18	Unrealized gain (loss) for the period for investments still held at 12/31/18
Assets:							
Investment properties	$45,959,558	$ (703,592)	$ (149,954)	$ 833,416	$ (59,217)	$ 45,880,211	$ (682,896)
Total assets	**$45,959,558**	**$ (703,592)**	**$ (149,954)**	**$ 833,416**	**$ (59,217)**	**$ 45,880,211**	**$ (682,896)**

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

7. INVESTMENTS UNDER THE EQUITY METHOD OF ACCOUNTING

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

• Controladora and Parques American Industries, S.A. of C.V., with an equity interest of 50% for each one of the parties involved (Trust F/2717).
• Avante, with an equity interest of 50% for each one of the parties involved (Trust F/3485).

Entity name	Country of establishment / Principal activity	Ownership interest as of March 31, 2019	Ownership interest as of December 31, 2018	March 31, 2019	December 31, 2018
Fideicomiso F/2717	Mexico / Lease of properties	50%	50%	$454,972	$461,824
Fideicomiso F/3485	Mexico / Lease of properties	50%	50%	$ 85,043	$ 85,884

Below shows the reconciliation of the ending balances at March 31, 2019 and December 31, 2018:

	March 31, 2019		December 31, 2018	
	Fid. 2717	Fid. 3485	Fid. 2717	Fid. 3485
Initial balance	$ 461,824	$ 85,884	$ 382,056	$ 51,706
Capital distributions	(7,929)	(602)	(14,323)	3,629
Share of profit from equity accounted investments	8,280	(132)	96,889	33,006
Currency translation	(7,203)	(107)	(2,798)	(2,457)
Ending balance	**$ 454,972**	**$ 85,043**	**$ 461,824**	**$ 85,884**

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust entered into interest rate derivatives contracts in order to manage the potential impact of interest rate fluctuations on the borrowings described in Note 8.

On July 16, 2018, the Trust acquired a 2-year interest rate CAP for a notional amount of US$150 million, at a strike price of 2.75%.

Those outstanding contracts at March 31, 2019 and December 31, 2018, are summarized as follows:

March 31, 2019

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Fixed rate options	Barclays	105,000	3M LIBOR	1.768%	$ 31,365	May 18, 2017	October 4, 2021
Cap options	JP Morgan	150,000	3M LIBOR	2.750%	948	Jul 16, 2018	July15, 2020
Total					**$ 32,313**		

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

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

December 31, 2018							
Derivative type	**Bank**	**Notional amount (USD)**	**Underlying variable rate**	**Strike price**	**Fair value**	**Inception date**	**Maturity date**
Fixed rate options	Barclays	105,000	3M LIBOR	1.768%	$ 46,860	May 18, 2017	October 4, 2021
Cap options	JP Morgan	150,000	3M LIBOR	2.750%	5,214	Jul 16, 2018	July15, 2020
Total					**$ 52,074**		

9. BORROWINGS

Borrowings include mortgage loans payable as summarized below:

	March 31, 2019		December 31, 2018				
Credit entity/ Instrument	**Principal balance**	**Fair value**	**Principal balance**	**Fair value**	**Interest rate (p.a.)** [1], [2]	**Maturity date**	**Terms** [3]
BOND	$ 8,404,624	$ 8,595,292	$ 8,427,105	$ 8,313,338	Fixed - 5.25%	November, 2022	I
Banamex	6,832,994	6,832,994	6,939,954	6,939,954	3 months LIBOR + 2.45% [5]	October, 2022	I[7]
Metlife	2,906,895	2,906,895	2,952,435	2,952,435	Fixed – 4.75%	January, 2027	I[8]
Citibank[4]	1,019,429	1,019,429	1,035,387	1,035,387	3 months LIBOR + 2.45% [5]	August, 2023[9]	I
SMNYL[6]	295,794	295,794	303,398	303,398	Fixed – 5.19%	February, 2020	P&I
Total borrowings	**$ 19,459,736**	**$ 19,650,404**	**$ 19,658,279**	**$ 19,544,512**			

[1] p.a. = per year.
[2] At March 31, 2019, and December 31, 2018, the 3 months LIBOR rate was de 2.5997% y 2.7970 % respectively.
[3] P&I = Principal and interest; I = Interest only.
[4] Unsecured, committed, revolving credit, up to an amount of US$300 million Dollars with an option to increase it up to US$400 million Dollars (Note 3).
[5] The margin may vary according to the Rating and Loan to Value ("LTV") ratio.
[6] Loan includes two drawdowns with a fixed rate of 5.19% and 4.84%.
[7] Interest only until January 2021.
[8] Interest only until February 2024.
[9] Maturity date: January 2023 – a four-year maturity with an option to extend one additional year.

On January 31, 2018, Terrafina closed a renegotiation of terms and conditions for its revolving credit facility with Citibank. The main changes for the syndicated credit facility include: 1) the extension of the original maturity date to 2023 (a four-year maturity with the option to extend one additional year); 2) a 20-basis point interest rate reduction which changed the interest rate, from LIBOR plus 265 basis points to LIBOR plus 245 basis points; and 3) the option to increase the preexisting US$300 million Dollars revolving line of credit for up to US$400 million Dollars.

On March 23, 2018, Terrafina prepaid an amount of US$47 million Dollars ($874 million of Mexican Pesos) of the revolving credit facility with Citibank.

As of March 31, 2019 and December 31, 2018, the Metlife and SMNYL debt are collateralized by Investment Properties with an aggregate estimated fair value of $7,778,740 and $7,852,690 Mexican Pesos, respectively.

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

9. BORROWINGS (continued)

As of March 31, 2019 and December 31, 2018, fair value borrowings are payable as follows:

	<1 year	1 – 3 years	>3 years	Total
March 31, 2019	$ 535,850	$ 9,768,099	$ 9,346,455	$ 19,650,404
December 31, 2018	$ 148,698	$ 637,801	$ 18,758,013	$ 19,544,512

All the loans are denominated in Dollars. Terrafina is benefited from not paying principal amortizations in respect of the following facilities until the following dates: Banamex until January 2021 and Metlife until February 2024. The revolving credit line and the bond are not subject to capital amortizations until their respective expiration dates.

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 a fixed rate or a floating rate.

10. NET ASSETS ATTRIBUTABLE TO THE INVESTORS

Net Assets consists of the initial contribution and the proceeds from the issued CBFI's.

As of March 31, 2019, the Trust had a contribution for $21,324,824 and it consist of 790,602,803 of CBFI's in circulation as follows:

Number of CBFI's	Details	
791,014,635	**As of December 31, 2017**	**21,334,894**
(411,832)	CBFI's repurchase	(10,070)
790,602,803	**As of March 31, 2019**	**$ 21,324,824**

On April 11, 2018, the Trust's Technical Committee approved a CBFI's repurchase program in accordance with the terms of the trust agreement and instructed the trustee to purchase the certificates exclusively, which will subsequently be canceled in the following twelve months. As of December 31, 2018, the repurchase of 411,832 CBFIs for an amount of $ 10,070 (including transaction costs) has been carried out, which are holding in treasury.

On March 11 and 14, 2019, Terrafina paid dividends to the investors and a complementary distribution, which were previously approved by the Technical Committee for an amount of $ 522,649 and $254,352, respectively, both amounts were considered as tax distribution.

11. RELATED PARTIES

The following detail, includes the outstanding Trust related parties ‘activities:

Manager

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

The reimbursed costs for the periods ended March 31, 2019 and March 31, 2018 were $845 and $0, respectively.

Advisor

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

The management fee accrued for the year ended March 31, 2019 and March 31, 2018 were $55,926 and $53,421, respectively.

12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business there can be various legal actions related to properties of the Trust. At March 31, 2019, the Trust’s management was not aware of any such matter that had or would have a material effect on Trust’s financial condition or results of operations.

13. SUBSEQUENT EVENTS

On April 24, 2019, the Technical Committee approved a dividend payment of $465,292 corresponding to $.5885 cents per CBFI´s.

FIBRA TERRAFINA

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

Consolidated financial statements for the years ended December 31, 2018 and 2017

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of CI Banco, S. A. Institución de Banca Múltiple, Fideicomiso F/00939 and its subsidiaries (the Trust), which comprise the consolidated statement of financial position as at December 31, 2018, and the related consolidated statements of comprehensive income, of changes in net assets attributable to the investors and of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers, S. C. Mariano Escobedo 573, Colonia Rincón del Bosque, C. P. 11580, Ciudad de México
T: (55) 5263 6000, www.pwc.com/mx

Key audit matter	How our audit addressed the matter
Fair value of investment properties As mentioned in notes 4 and 7 to the consolidated financial statements, the Trust recognizes its investment properties at its fair value in the consolidated statement of financial position. Changes in fair value from year to year are recognized as a profit or loss in the consolidated statement of income. The relevant assumptions and the corresponding valuation method are disclosed in the same Note 7. We have focused on this item in our audit, due to: 1) the importance of the value of the investment properties for $46 thousand million pesos, which represent 94% of the total assets, 2) for being the asset from which the main activity of the Trust derives and 3) because the assumptions used in the determination of fair value require judgments from the Management. In particular, we focused on the process to determine the cash flows and the following significant assumptions that the Trust considered to estimate the financial projections: discount rate, terminal capitalization rate, direct capitalization rate and rental prices used for income projections of non-stabilized properties.	We analyzed the investment portfolio of the Trust, evaluating any relevant variation in the significant assumptions and particular characteristics of each investment, as follows: - With the support of our valuation specialists, we evaluate the discount rate, terminal capitalization rate, and direct capitalization rate against comparable market rates for the investments of the Trust. - For non-stabilized properties, we compared the rental prices of properties used as a basis for income projections, with information available in the market for comparable properties. - We compared against the previous year of the fair value of the year, the performance of the net operating income of the financial projection's base year, and the occupancy rate of the investment properties. To evaluate the financial projections of the cash flows of investment properties, we performed on a selective basis: - We compared historical and current year income and expenses, considered for the preparation of cash flow projections, against the terms of current contracts, including the consideration of adjustments for inflation. - Evaluation of the assumptions used in projected revenues, comparing the rental prices of properties used as a basis, with information available in the market for comparable properties.

Key audit matter	How our audit addressed the matter
	- Evaluation of the assumptions used in the projected figures considered in the calculations of the determination of cash flows, evaluating the consistent application of these assumptions in the determination of the fair value of the properties. - Test arithmetic accuracy of the model used for the determination and projection of cash flows. - We compared the model applied in the determination of fair values of the assets against methods used and recognized in the industry in the valuation of assets of similar characteristics. Additionally, we evaluated the consistency of the information disclosed in the footnotes to the financial statements with the information provided by the Trust Management as described in the preceding paragraphs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers, S. C.

C.P.A. Rodrigo García Aspe Mena
Audit Partner

Mexico City, April 8, 2019

FIBRA Terrafina

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

	Note		December 31, 2018		December 31, 2017
Assets					
Non-current assets					
Investment properties	7 and 18	$	45,880,211	$	45,959,558
(Cost: 12/31/2018 - $45,437,152; 12/31/2017 - $44,811,102)					
Investments accounted using equity method	8		547,708		433,762
Derivative financial instruments	7, 11 and 13		52,074		30,015
Deferred rents receivable			203,915		167,548
Loan receivable	7 and 11		36,841		38,364
(Cost: 12/31/2018 - $36,841; 12/31/2017 - $38,364)					
Restricted cash	17		36,599		36,660
Total non-current assets			**46,757,348**		**46,665,907**
Current assets					
Other assets	9		59,612		25,832
Loan receivable	7 and 11		1,421		1,244
(Cost: 12/31/2018 - $1,421; 12/31/2017 - $1,244)					
Recoverable taxes	10		165,677		683,535
Prepaid expenses			10,227		11,772
Deferred rents receivable	11		19,624		30,630
Accounts receivable	11 and 14		154,849		58,638
(Net of allowance for doubtful accounts: 12/31/2018 - $84,059; 12/31/2017 - $30,728)					
Cash and cash equivalents	11 and 17		1,557,651		3,209,041
Total current assets			**1,969,061**		**4,020,692**
Total assets			**48,726,409**		**50,686,599**
Net assets attributable to the investors					
Contributions, net		$	18,701,218	$	19,844,088
Retained (losses) earnings			(206,403)		48,063
Translation from functional to reporting currency	5		9,034,634		9,169,409
Own credit risk reserve			1,016,185		-
Total net assets attributable to the investors	5		**28,545,634**		**29,061,560**
Liabilities					
Non-current liabilities					
Borrowings	5, 7, 11, 15 and 17	$	19,395,814	$	20,889,561
(Principal balance: 12/31/2018 - $19,509,581; 12/31/2017 - $20,502,056)					
Tenant deposits	5 and 11		296,723		332,077
Accounts payable	5, 11 and 12		4,921		4,527
Total non-current liabilities			**19,697,458**		**21,226,165**
Current liabilities					
Borrowings	5, 7, 11, 15 and 17		148,698		134,872
(Principal balance: 12/31/2018 - $148,698; 12/31/2017 - $134,872)					
Tenant deposits	5 and 11		100,016		56,692
Accounts payable	5, 11 and 12		234,603		207,310
Total current liabilities			**483,317**		**398,874**
Total liabilities (excluding net assets attributable to the investors)			**20,180,775**		**21,625,039**
Total net assets attributable to the investors and liabilities		**$**	**48,726,409**	**$**	**50,686,599**

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

FIBRA Terrafina

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

	Note	For the twelve months ended December 31, 2018	For the twelve months ended December 31, 2017
Rental revenues	18	$ 3,701,230	$ 3,188,286
Other operating income	19	295,639	303,300
Real estate operating expenses	20	(665,996)	(576,440)
Fees and other expenses	21	(420,661)	(414,024)
Realized gain (loss) from disposal of investment properties	7	(20,696)	(54,942)
Net unrealized gain (loss) from fair value adjustment on investment properties	7	(682,896)	62,557
Net unrealized gain (loss) from fair value adjustment on borrowings		109,669	(589,022)
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		19,153	28,487
Net realized gain (loss) from derivative financial instruments		5,630	-
Foreign exchange gain		134,185	300,121
Foreign exchange loss		(128,826)	(210,919)
Operating profit		**2,346,431**	**2,037,404**
Finance income	22	14,279	8,707
Finance cost	22	(1,018,336)	(966,267)
Finance cost - net		**(1,004,057)**	**(957,560)**
Share of profit from equity accounted investments	8	129,895	18,807
Profit for the period		**$ 1,472,269**	**$ 1,098,651**
Other comprehensive income:			
Items that can be reclassified subsequently to gain (loss) for the period			
Translation gain (loss) from functional to reporting currency		(134,775)	(493,878)
Items that can not be reclassified subsequently to gain (loss) for the period			
Changes in the fair value adjustment on borrowings at fair value through other comprehensive income		396,357	-
Comprehensive income		**261,582**	**(493,878)**
Total comprehensive profit (loss) for the period		**$ 1,733,851**	**$ 604,773**
Earnings per CBFI			
Basic earnings per CBFI		$ 18.61	$ 15.90
Diluted earnings per CBFI		$ 18.61	$ 15.90

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

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Consolidated statements of changes in net assets attributable to the investors
For the period ended December 31, 2018 and December 30, 2017
(Expressed in thousands of Mexican Pesos)

	Note	Attributable to investors				
		Net contributions	**Translation from functional to reporting currency**	**Own credit risk reserve**	**Retained earnings (losses)**	**Net assets**
Balance at January 1, 2017		$ 14,782,859	$ 9,663,287	$ -	$ 334,283	$ 24,780,429
Transactions with investors						
CBFI's issued	16	5,390,049	-	-	-	5,390,049
Distributions to the investors	16	(328,820)	-	-	(1,384,871)	(1,713,691)
Total transactions with investors		**5,061,229**	**-**	**-**	**(1,384,871)**	**3,676,358**
Comprehensive income						
Profit for the period		-	-	-	1,098,651	1,098,651
Other comprehensive income						
Translation from functional to reporting currency		-	(493,878)	-	-	(493,878)
Total comprehensive (loss) income		**-**	**(493,878)**	**-**	**1,098,651**	**604,773**
Net assets attributable to the investors at December 31, 2017		**$ 19,844,088**	**$ 9,169,409**	**$ -**	**$ 48,063**	**$ 29,061,560**
Adoption IFRS 9		-	-	619,828	(619,828)	-
Restated balance at January 1, 2018		**$ 19,844,088**	**$ 9,169,409**	**$ 619,828**	**$ (571,765)**	**$ 29,061,560**
Transactions with investors						
Distributions to the investors	16	(1,132,800)	-	-	(1,106,907)	(2,239,707)
Repurchase of capital, net of issuing costs	16	(10,070)	-	-	-	(10,070)
Total transactions with investors		**(1,142,870)**	**-**	**-**	**(1,106,907)**	**(2,249,777)**
Comprehensive income						
Profit for the period		-	-	-	1,472,269	1,472,269
Other comprehensive income						
Translation from functional to reporting currency		-	(134,775)	-	-	(134,775)
Change from fair value adjustment on borrowings		-	-	396,357	-	396,357
Total comprehensive income		**-**	**(134,775)**	**396,357**	**1,472,269**	**1,733,851**
Net assets attributable to the investors at December 31, 2018		**$ 18,701,218**	**$ 9,034,634**	**$ 1,016,185**	**$ (206,403)**	**$ 28,545,634**

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

FIBRA Terrafina

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

	Note	For the twelve months ended December 31, 2018	For the twelve months ended December 31, 2017
Cash flows from operating activities:			
Profit for the period		$ 1,472,269	$ 1,098,651
Adjustments:			
Net unrealized gain (loss) from fair value adjustment on investment properties	7	682,896	(62,557)
Net unrealized gain (loss) from fair value adjustment on borrowings		(109,669)	589,022
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		(19,153)	(28,487)
Realized gain (loss) from disposal of investment properties	7	20,696	54,942
Bad debt expense		55,098	31,581
Interest accrued	22	945,449	861,708
Interest income on bank accounts	22	(12,160)	(6,557)
Share of profit from equity accounted investments	8	(129,895)	(18,807)
(Increase) decrease in:			
Deferred rents receivable		(25,361)	(24,817)
Accounts receivable		(151,309)	(46,803)
Recoverable taxes		1,127,388	722,122
Value added tax refunded		(609,530)	(1,255,875)
Prepaid expenses		1,545	613
Other assets		(33,780)	85,425
Increase (decrease) in:			
Tenant deposits		7,970	149,082
Accounts payable		27,687	4,545
Net cash generated from operating activities		**3,250,141**	**2,153,788**
Cash flows from investing activities:			
Acquisition of investment properties	7	(714,626)	(13,270,159)
Improvements of investment properties	7	(118,790)	(204,944)
Proceeds from dispositions of investment properties	7	59,217	197,677
Acquisition prepayment		-	9,809
Interest income on bank accounts	22	12,160	6,557
Investments in joint venture	8	10,694	(155,656)
Principal collections on loan receivable		1,211	1,113
Net cash used in investing activities		**(750,134)**	**(13,415,603)**
Cash flows from financing activities:			
Proceeds from borrowings		-	16,454,874
Principal payments on borrowings	15	(885,193)	(9,557,278)
Interest expense		(933,182)	(831,384)
Restricted cash		61	52,477
Distributions to investors	16	(2,239,707)	(1,713,691)
Issue costs	16	-	(165,105)
Repurchase of capital, net of issuing costs	16	(10,070)	-
Proceeds from CBFI's	16	-	5,555,154
Net cash (used in) generated from financing activities		**(4,068,091)**	**9,795,047**
Net (decrease) increase in cash		(1,568,084)	(1,466,768)
Cash at the beginning of the period		3,209,041	4,297,096
Exchange rate effects on cash		(83,306)	378,713
Cash and cash equivalents at the end of the period	17	**$ 1,557,651**	**$ 3,209,041**

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

Notes to the consolidated financial statements
for the years ended December 31, 2018 and 2017

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

1. GENERAL INFORMATION

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

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

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

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

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

(i) An advisory agreement with PLA Administradora Industrial, S. de R.L. de C.V. ("the Advisor"), an affiliated company of PGIM Real Estate 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. ("the Manager"), for the latter to carry out certain management services on behalf of the Trust.

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

2. BASIS OF PREPARATION

(a) Compliance statement

The enclosed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and its interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"), applicable at December 31, 2018.

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

(b) Criteria and estimates

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

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

2. BASIS OF PREPARATION (continued)

(c) Standards and amendments to existing standards effective 1 January 2018

IFRS 15, *"Revenue from contracts with customers"*

IFRS 15, *"Revenue from contracts with customers"* and "clarifications to IFRS 15" (hereinafter "IFRS 15" replace IAS 18 "Revenues", IAS 11 "Construction Contracts" and several related interpretations with the income. The Trust has adopted the new standard according to the modified retrospective method. The main effects of adoption are described below:

Income from other elements of lease agreements

Because of the analysis carried out by the Trust, other elements that are part of the lease agreements were identified and evaluated in accordance with IFRS. These other elements correspond to the charges for services, maintenance and property management, the Trust recognizes the income for these elements at a certain moment, which coincides with the time in which the client receives and consumes the benefits (compliance with performance obligations). The consideration for these elements is separately identified in each of the contracts and corresponds to the independent selling price for those services, so it is assigned in its entirety to each performance obligation.

The change had no effect on the amount or time of recognition of income for these items that are not leasing, with respect to the accounting policy of the Trust based on the previous applicable standards, so no adjustments were required derived from the adoption.

Presentation and disclosure

The Trust at the date of initial application did not identify liabilities of the contract for performance obligations, nor assets of the contract where the Trust satisfies a performance obligation before receiving the payment. So, the issues of recognition, measurement, presentation and disclosure for these items are not applicable. Likewise, no deficit contracts were identified in accordance with the evaluations of the contracts and, about costs to obtain contracts, they are recognized and measured in accordance with IAS 17 "Leases".

IFRS 9 *"Financial Instruments"*

The IFRS 9 replaces the IAS 39 *"Financial Instruments: Recognition and Measurement"* This standard makes important changes to the previous guidance on the classification and measurement of financial assets and introduces a model of 'expected credit loss' for the impairment of financial assets.

The adoption of IFRS 9 resulted in changes in accounting policies (see Note 4H) and adjustments to the amounts recognized in the consolidated financial statement, the Trust considered the limited exemption that allows not to reformulate the previous periods

The impact on retained earnings as of January 1, 2018 is as follows:

Retained earnings as of December 31, 2017	$	48,063
Own credit risk reserve		(619,828)
Retained earnings restated as of January 1, 2018	$	(571,765)

2. BASIS OF PREPARATION (continued)

(c) Standards and amendments to existing standards effective 1 January 2018 (continued)

The following table shows the categories of original measurement according to IAS 39 compared to the new measurement categories according to IFRS 9, for all financial assets and liabilities held by the Trust as of January 1, 2018.

	Measurement category	
	Original IAS 39	**New IFRS 9**
Financial assets:		
Derivative financial instruments	fair value through profit or loss ("FVTPL")	FVTPL
Loan receivable	FVTPL	FVTPL
Accounts receivable	amortized cost	amortized cost
Cash	amortized cost	amortized cost
Financial liabilities:		
Borrowings	FVTPL	FVTPL/ Own credit risk in other comprehensive income ("OCI")
Tenant deposits	amortized cost	amortized cost
Accounts payable	amortized cost	amortized cost

Accounts receivable, loan receivable and cash are held within a business model whose objective is to hold financial assets and collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Accounts receivable and cash are measured at amortized cost; and loan receivable is measured at fair value with a change to results, whose classifications are consistent with the classifications under the previous standard.

Derivative financial instruments held by the Trust are not designated for hedge accounting under IFRS 9, which is consistent with the prior classification of these instruments at fair value through profit or loss.

Impairment of financial assets applying the expected credit loss model affects the accounts receivable measured at amortized cost, over which the Trust applies a simplified model of recognition of the expected credit losses during the life of the financial asset, since these items do not have a significant component of financing. (See Note 11).

Change in the standard did not have significant effects, so no adjustments derived from the adoption were required.

For financial liabilities, this classification remained unchanged for the majority of financial liabilities, maintaining its measurement at amortized cost; for those measured at fair value, the effect corresponds to changes in the fair value related to the credit risk of the Trust, which are recognized in the other comprehensive income in accordance with the new IFRS 9 (See Note 11).

IFRIC 22, *"Foreign Currency Transactions and Advance Consideration"*

This amendment does not have a significant impact on these consolidated financial statements and therefore the disclosures have not been made.

2. BASIS OF PREPARATION (continued)

(d) New standards, amendments and interpretations effective after December 31, 2018 that have not been early adopted.

IFRS 16, *"Leases"* The IASB issued a new standard for lease accounting in January 2016. This standard will replace the current norm IAS 17, which classifies leases in financial and operating. IAS 17 identifies leases as financial when transferring the risks and benefits of an asset and operating to the rest of the leases. IFRS 16 eliminates the classification between financial and operating leases and requires the recognition of a liability reflecting future payments and a "right to use" asset in most leases. The Trust is evaluating the possible impact of this standard. As a result, the adoption of IFRS 16 is not expected to have a material impact on the Trust's financial statements.

As of the reporting date, the Trust has non-cancellable operating lease commitments of $ 16,105,959 thousand of Mexican Pesos (see Note 24). Of these commitments, approximately 28% refer to short-term leases and 72% to long-term leases, which will be recognized on a straight-line basis.

The Trust will apply the standard as of its mandatory adoption date of January 1, 2019. The Trust does not expect to have modifications considering that the standard does not include significant changes to the accounting of lessors.

There are no other standards that are not yet effective and would be expected to have a significant impact on the Trust in the current or future reporting periods and future transactions.

3. SIGNIFICANT TRANSACTIONS

On January 10, 2017, Terrafina made the second drawdown of the Citibank, N.A. ("Citibank") loan, originally granted on August 25, 2015, for $295 million of Dollars ("USD") ($6,288 million of Mexican Pesos ("MXN")). The received cash proceeds were used to pay the portfolio acquisition described below.

On January 12, 2017, Terrafina acquired a portfolio of 45 industrial properties, for USD$380 million ($8,228 million of Mexican Pesos). Derived from this transaction, the rights to the existing leases were also acquired and a recoverable value added tax ("VAT") balance for $1,127 million of Mexican Pesos was originated that was effectively reimbursed to the Trust during July 2017.

On January 31, 2017, Terrafina entered into a new credit facility with Metropolitan Life Insurance Company ("Metlife") for USD$150 million ($3,153 million of Mexican Pesos) with a maturity of 10 years and a 4.75% coupon rate. The received cash proceeds were used to fully prepay the then Metlife and BRE Debt México II, S. A. de C. V. SOFOM ENR ("BRE") outstanding debt.

On April 28, 2017, the Nominating Committee, approved the exercise of 91,142 CBFI's for the payment of compensation plan incentives.

On July 19, 2017, Terrafina carried out its third public placement of 183,546,039 CBFI's which included an over-allotment option, through a global offering as follows:

(a) An international offering of 94,458,802 CBFI's.

(b) A simultaneous public offering in México of 65,146,449 CBFI's.

(c) Over-allotment option of 23,940,788 CBFI's.

For further details on the public placement please refer to Note 16.

3. SIGNIFICANT TRANSACTIONS (continued)

On August 15, 2017, Terrafina acquired the trust rights of a portfolio of 5 industrial properties, for USD$34 million ($602 million of Mexican Pesos), because of this acquisition, the Trust entered into credit facility with Seguros Monterrey New York Life ("SMNYL") for USD$16 million ($287 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which was effectively reimbursed to the Trust during December 2018.

On September 19, 2017, Terrafina acquired 2 industrial properties, for USD$19 million ($343 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which was effectively reimbursed to the Trust during December 2018.

On October 27, 2017 Terrafina acquired a new unsecured syndicated revolver loan with Banco Nacional de Mexico, S. A. ("Banamex") as administrative agent for an amount of USD$350 million ($6,726 million of Mexican Pesos). The received cash resources were used to fully prepay the debt due to BBVA Bancomer, S.A. ("Bancomer") and JPMorgan Chase Bank, N. A. ("JPM") and, also to pay USD$196.5 million ($3,776 million of Mexican Pesos) of the revolver loan with Citibank.

On December 7, 2017, Terrafina acquired a portfolio of 17 industrial properties (including collection rights), for USD$180 million ($3,329 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which was effectively reimbursed during June 2018.

During 2017, the Mexican tax authorities refunded VAT to the Trust for USD$69.1 million ($1,255 million of Mexican pesos).

On January 26, 2018, Terrafina entered into a fiduciary substitution agreement, between HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria and Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero (See Note 4A).

On January 31, 2018, Terrafina closed a renegotiation of terms and conditions for its revolving credit facility with Citibank. The main changes for the syndicated credit facility include: 1) the extension of the original maturity date to 2023 (a four-year maturity with the option to extend one additional year); 2) a 20-basis point interest rate reduction which changed the interest rate from London interbank offered rate ("LIBOR") plus 265 basis points to LIBOR plus 245 basis points; and 3) the option to increase the preexisting US$300 million Dollars revolving line of credit for up to US$400 million Dollars.

On March 23, 2018, Terrafina prepaid an amount of US$47 million Dollars ($874 million of Mexican Pesos) of the revolving credit facility with Citibank.

On April 11, 2018, Terrafina announced to CBFI's repurchase program in accordance with the terms of the Trust agreement. Terrafina is authorized to repurchase up to five percent of its outstanding CBFI's for a period of twelve months. (See Note 16).

On April 25, 2018, Terrafina acquired 2 industrial properties, for US$25.5 million Dollars ($482 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which was effectively reimbursed during December 2018.

On July 16, 2018, Terrafina acquired a two-year interest rate CAP for a notional amount of US$150 million, at a strike price of 2.75%.

On July 20, 2018, Terrafina entered into a fiduciary substitution agreement, between HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria and CI Banco, S.A., Institución de Banca Múltiple (See Note 4A).

On November 23, 2018, Terrafina signed the agreement for the total extinction of the trust: F/3229 executed with Banco Actinver, S. A., Institución de Banca Múltiple, Grupo Financiero Actinver (See Note 4A).

3. SIGNIFICANT TRANSACTIONS (continued)

On December 19, 2018, Terrafina signed the agreements for the total extinction of the trusts: F/2990, F/2992, F/2993, F/2994, F/2995 and F/2997 entered into with CI Banco, SA, Institución de Banca Múltiple (See Note 4A).

During 2018, the Mexican tax authorities refunded VAT to the Trust for US$29.7 million Dollars ($610 million of Mexican Pesos).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. CONSOLIDATION BASIS

These consolidated financial statements include net assets and results of operations of the entities listed below controlled by Terrafina for the years ended December 31, 2018 and 2017. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

Subsidiaries

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

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

- Trust F/307904
- Trust F/307939
- Trust F/307955
- Trust F/307980

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

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

Trustee: Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria as trustee of the following trusts:

- Trust F/128
- Trust F/129
- Trust F/824
- Trust F/1487

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. CONSOLIDATION BASIS (continued)

Subsidiaries (continued)

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

- Trust F/666
- Trust F/463
- Trust F/824
- Trust F/2171
- Trust F/2989 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307831)
- Trust F/2990 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307840) (Extinguished on December 19, 2018)
- Trust F/2991 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307874)
- Trust F/2992 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307882) (Extinguished on December 19, 2018)
- Trust F/2993 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307912) (Extinguished on December 19, 2018)
- Trust F/2994 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307920) (Extinguished on December 19, 2018)
- Trust F/2995 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307947) (Extinguished on December 19, 2018)
- Trust F/2996 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307963)
- Trust F/2997 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308048) (Extinguished on December 19, 2018)

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

- Trust F/3186
- Trust F/3232 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307890)
- Trust F/3230 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307858)
- Trust F/3234 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308030)
- Trust F/3233 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307971)
- Trust F/3231 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307866)
- Trust F/3229 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/307823) (Extinguished on November 23, 2018)
- Trust F/3236 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308293)
- Trust F/3235 (formerly HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria F/308285)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. CONSOLIDATION BASIS (continued)

Subsidiaries (continued)

TF Administradora, S. de R.L. de C.V. All operations related between this entity and the Trust have been eliminated in these consolidated financial statements, to comply with the requirements of accounting standards and other business information purposes; other transactions of the entity are included in the consolidated financial statements. (See Note 23).

B. INVESTMENTS IN JOINT VENTURES

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

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

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

- Trust F/2717
- Trust F/3485

C. FOREIGN CURRENCY TRANSLATION

a. Functional and reporting currency

Items included in these consolidated financial statements are measured using the USD which is the functional currency for the Trust and converted into Mexican Pesos, which is the reporting currency of the Trust for this report. This functional currency is applicable for all the project trusts.

b. Transactions and balances in foreign currency

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FOREIGN CURRENCY TRANSLATION (continued)

c. Translation

The conversion of the Trust's consolidated financial statements as of December 31, 2018 and 2017 was done as follows:

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

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

(iii) Income and expenses of the consolidated statement of comprehensive income are translated 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 exchange differences resulting from net assets translation to their historical amounts are recognized in other comprehensive income as cumulative translation adjustment.

(v) The transactions effects in foreign currency are recognized as part of the operating result.

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

Reporting period	Year-end rate	Average rate (*)
December 31, 2018 USD/MXN	**19.6829**	**20.1775**
December 31, 2017 USD/MXN	**19.7354**	**18.9145**

(*) For the year ended December 31, 2018 and 2017.

D. LEASES

Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases (see Note 24). Operating lease income where the Trust operates as a lessor is recognized in income on a straight-line basis during the term of the lease. When the Trust offers incentives to tenants ("free months"), the cost of these is recognized in the lease period, on a straight-line basis, as a reduction in lease income. These incentives are presented in the deferred income receivable in the consolidated statement of financial position.

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

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

The Trust makes payments to agents for services related to negotiations for lease contracts with the lessees. The initial leasing fee is capitalized under the carrying amount of the related investment property; subsequent leasing fees are expensed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. INVESTMENT PROPERTIES

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

The vice president of the valuation area of PGIM, Inc., an affiliate company of the Advisor and Administrator, is in charge of ensuring that the valuation process offers estimates at fair value, based on appraisal reports prepared by third party independent real estate appraisers (members of the Valuation Institute or an equivalent body). The purpose of an appraisal is to estimate the fair value of a property as of a specific date. Fair value estimates require the exercise of significant judgment.

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

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

Fair value of an investment property represents, among other things, rental revenue expected cash inflows and the underlying assumptions about the market conditions. Fair value also represents, under similar basis, any expected cash outflows with respect to the property.

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

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

Subsequent expenditure is added to the investment property's carrying 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 during the financial period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. INVESTMENT PROPERTIES (continued)

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

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

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and short-term investments on securities with an initial maturity of less than three months. Interest income on short term investments is recognized as it is earned.

G. RESTRICTED CASH

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

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

H. FINANCIAL INSTRUMENTS

Accounting policies applied as of January 1, 2018

a. Recognition, initial measurement and derecognition of financial instruments

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

Financial assets are written off when the contractual rights over the cash flows of the financial asset expire or when the asset and substantially all its risks and benefits are transferred. A financial liability is written off when it is extinguished, downloaded, canceled or expires.

<u>Classification and initial measurement of financial assets</u>

All financial assets are measured initially at their fair value.

Financial assets are classified in the following categories:

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. FINANCIAL INSTRUMENTS (continued)

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

The above classification is determined by:

- the business model of the entity for the management of the financial asset, as per,
- the contractual characteristics of the cash flow of the financial asset.

All income related to financial assets are recognized of the consolidated statement of income.

b. Subsequent measurement of financial assets

Financial assets are measured at amortized cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Loan receivable are subsequently measured to FVTPL.

Impairment of accounts receivable

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

Trust assesses the impairment of accounts receivable on a collective basis, since they have shared credit risk characteristics that have been grouped based on days past due. (See Note 14).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. FINANCIAL INSTRUMENTS (continued)

c. Classification and measurement of financial liabilities

Financial liabilities are measured initially at their fair value.

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

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

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

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

All charges related to interest and changes in the fair value of financial liabilities are recognized in results.

d. Derivative financial instruments

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

All derivative financial instruments are recognized and subsequently measured at fair value in the consolidated statement of financial position. Changes in fair value are recognized in results.

Accounting policies applied until December 31, 2017

The Trust has applied IFRS 9 retrospectively but considered the limited exemption that allows not to reformulate the previous periods, therefore, the comparative information shown was recorded in accordance with the previous accounting policies.

e. Accounts receivable

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. FINANCIAL INSTRUMENTS (continued)

Accounting policies applied until December 31, 2017 (continued)

e. Accounts receivable (continued)

Account receivables are initially recognized at fair value and later measured at their amortized cost, less an allowance for bad debt accounts. At the end of each reporting period, the Trust assess whether there is objective evidence about the recoverability of the account receivables, the resulting estimated provisions for doubtful accounts are then recognized in the operating results of the period. An estimate of the uncollectible receivables is made when the account is past due for more than 90 days or for specific identification per management. Unrecoverable receivables are recognized as a loss immediately upon being identified as such.

Loan receivables are financial assets with fixed or determined payments that are not traded in an active market. Loan receivables are initially measured at fair value.

f. Derivative financial instruments

The Trust uses interest rate financial instruments ("Caps") and fixed rate options with unrelated major financial institutions in order to minimize the effect of interest rate fluctuations or interest rate risk of certain Investment Properties' subject to variable rate loans. 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 carries fair values of interest rate Caps and fixed rate options 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 loss unrealized from fair value adjustment on derivative financial instruments".

g. Borrowings

All borrowings are recorded at fair value, which reflects changes in interest rates, amortization premiums or discounts and maturity.

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 (*Investment Properties*), using the fair value option to measure borrowings is a practice that is consistent with the Trust's risk management and investment strategy.

h. Accounts payable

Liabilities are recognized at fair value when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 60 days.

i. Tenant deposits

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID EXPENSES

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

J. BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

K. TENANT DEPOSITS

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

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

L. REVENUE RECOGNITION

Accounting policies applied as of January 1, 2018

Lease agreements include rental revenues and service and maintenance charges, as well as investment property management charges. Rental revenues are recognized on a straight-line basis over the lease period as described in the leases policy previously mentioned.

Other elements that are part of the lease agreements that correspond to the charges for services, maintenance and property management were identified.

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

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

Revenues regarding to the charges for services and maintenance are recognized at the transaction price agreed in the contract at a specific time, management fees revenues are recognized over time, when (or in accordance) the Trust fulfills performance obligations when transferring the promised goods or services to its customers. For income from non-leasing elements, the Trust satisfies the performance obligation as customers receive the corresponding services during the term of the contract, so that income is recognized over time. The transaction price for non-lease income is identified in each of the contracts and corresponds to the independent sale prices, and they do not include variable payments, financing or any other.

Trust obtains other income that includes mainly recoverable maintenance costs, water supply, electric power, property taxes and insurance premiums, which are billed to the tenants. Trust recognizes this income as an agent, so the income, if any, corresponds to the difference between the expense incurred by the client and the amount invoiced by the Trust for this concept and is presented in the consolidated statement of income as other operating income.

None of the services contemplates the payment of the consideration beyond 12 months, with respect to the date on which the performance obligation is fulfilled.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The aforementioned change had no effect on the amount or time of recognition of income for these items that are not leasing, with respect to the accounting policy of the Trust based on the previous applicable standards, so no adjustments were required derived from the adoption.

Accounting policies applied until December 31, 2017

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 ("free rent months"), the cost of these is amortized over the lease term, on a straight-line basis, as a reduction of rental income. These incentives are presented in the deferred rents receivable in the consolidated statement of financial position.

Service and property management charges are recognized in the accounting period in which the services are rendered. This other income primarily includes maintenance cost recoveries, water supply, electrical energy, property taxes and insurance premiums that are billed to tenants.

M. FEES AND OTHER EXPENSES

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

N. TAXATION

The Trust's intention is to operate in a manner enabling it to maintain its tax status as a Real Estate Investment Trust or FIBRA. As a result, the Trust will not be subject to Income Tax ("Impuesto sobre la Renta" or "ISR") to the extent that it distributes taxable income to its shareholders and complies with certain other requirements. The Trust meets the requirements of LISR for Real Estate Investment Trusts. Based on this, no provision has been made for income taxes in the accompanying consolidated financial statements.

O. NET ASSETS

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

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

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

P. CONSOLIDATED STATEMENTS OF RESULTS AND OTHER COMPREHENSIVE RESULTS

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. EARNINGS PER CBFI

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

The basic and diluted earnings per CBFI are as follows:

	2018	2017
Basic and diluted earnings per CBFI	$ 18.61	$ 15.90
Profit for the period	$ 1,472,269	$ 1,098,651
Weighted average number of CBFI´s	791,014,635	690,915,113

R. ASSET ACQUISITION CLASSIFIED AS INVESTMENT PROPERTIES

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

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

5. FINANCIAL RISK MANAGEMENT

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

a. Market risk

Foreign exchange risk

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

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

The effect on net assets resulting from converting USD denominated assets and liabilities to Mexican Pesos for the periods ended December 31, 2018 and December 31, 2017 were as follows:

	December 31, 2018	December 31, 2017
Translation from functional to reporting currency	$ 9,034,634	$ 9,169,409

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

5. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

A sensitivity analysis prepared by management illustrates how changes in the currency rates affect the net assets in Mexican Pesos at December 31, 2018 and December 31, 2017, as a result of the conversion of functional currency to reporting currency shown as follows:

Sensitivity analysis	10% (+) (-) December 31, 2018	10% (+) (-) December 31, 2017
Exchange rate	19.6829	19.7354
Weakening	21.6512	21.7089
Strengthening	17.7146	17.7619
Net assets attributable to the investors	$ 28,545,634	$ 29,061,560
Adjusted Net Assets attributable to the investors (weakness)	31,400,197	31,967,716
Adjusted Net Assets attributable to the investors (strength)	25,691,071	26,155,404

Price risk

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

The future rental income was estimated depending on the location, type and quality of the properties, and considering market data and projections at the valuation date. If the market rentals used in the discounted cash flow analysis were to increase or decrease by 10%, the carrying amount of Investment Properties would be an estimated $370 million lower or $370 million higher, respectively.

If the capitalization rates used in the analysis were to increase or decrease by 10%, the carrying amount of Investment Properties would be an estimated $4,588 million lower or $4,588 million higher.

Cash flow and interest rate risk

As the Trust has no significant interest-bearing assets, its income and operating cash flows are substantially independent from changes in market interest rates except for items related to its borrowings. Borrowings issued at variable rates expose the Trust to fair value interest rate risk. As of December 31, 2018 and 2017, 59.2% and 57.7% of the borrowings are set at fixed rate and the rest at variable rate, respectively. All borrowings are denominated in USD. In order to hedge such risk, the Trust has acquired derivative financial instruments.

5. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

Risk of instruments used

The notional of the derivative instruments contracted by the Trust, plus the amount of principal indexed at a fixed rate amount to approximately 85% and 86% of the unpaid balance of the borrowings as of December 31, 2018 and 2017, respectively. The interest rate of the fixed rate option is 1.768% for both 2018 and 2017; and the variable borrowings rates are 245 bps above the reference rate (3 months Libor).

Derivatives require the liquidation of the net interest receivable or payable every 90 days. The settlement dates coincide with the dates when interest is paid on the underlying debt.

b. Credit risk

The Trust has no significant concentrations of credit risk. Policies have been implemented to ensure that rental agreements are made with customers with an adequate credit history. To reduce such risk, the Trust has security deposits or bonds. Cash transactions are limited to high-credit-quality financial institutions. The Trust aims at limiting the amount of credit exposure to any financial institution. In addition, the Trust covers its credit risk through detailed analysis of clients with whom it has entered into lease agreements focusing on triple "A" customers, which ensure the return on investment. Accounts receivable are written off when there is no reasonable expectation of recovery, which include, among others, that the client does not suggest a payment plan and the impossibility of making contractual payments. With respect to the loan receivable, the Trust has ensured that the company to which the loan was granted has economic solvency. Borrowings at fair value through results include debt instruments listed on a secondary market.

c. Liquidity risk

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

In the normal course of business, the Trust enters into loan agreements with certain lenders to finance its real estate investment transactions. Unfavorable economic conditions could increase borrowing-related costs, limit access to the capital markets or result in a decision by lenders to not extend credit to the Trust. There is no guarantee that the Trust's loan arrangements or ability to obtain leverage will continue to be available, or if available, will be available on terms and conditions acceptable to the Trust. Further, these loan agreements include, among other conditions, events of default and various covenants and representations. As of December 31, 2018 and December 31, 2017, the Trust had no past due/callable loans.

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

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

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

5. FINANCIAL RISK MANAGEMENT (continued)

c. Liquidity risk (continued)

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

December 31, 2018	3 months	1 year	1-2 years	2-7 years	Total
Borrowings	$ 138,816	$ 9,882	$ 289,229	$ 19,106,585	$ 19,544,512
Tenant deposits	52,629	47,387	58,139	238,584	396,739
Accounts payable	-	234,603	4,921	-	239,524
Total	**$ 191,445**	**$ 291,872**	**$ 352,289**	**$ 19,345,169**	**$ 20,180,775**

December 31, 2017	3 months	1 year	1-2 years	2-7 years	Total
Borrowings	$ 126,411	$ 8,461	$ 302,875	$ 20,586,686	$ 21,024,433
Tenant deposits	28,409	28,283	61,820	270,257	388,769
Accounts payable	207,310	-	4,527	-	211,837
Total	**$ 362,130**	**$ 36,744**	**$ 369,222**	**$ 20,856,943**	**$ 21,625,039**

d. Net assets risk

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

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

6. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Estimate of fair value of Investment Properties

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

6. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

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 determines the fair value of derivatives and other financial instruments based on valuations prepared by a third party. (See Note 7c for further details on assumptions).

Fair value of borrowings and loan receivable

The fair value of borrowings and loan receivable is determined by using valuation techniques. Management determines the fair value of borrowings and loan receivable based on valuations prepared by a third party. Management has been using generally accepted valuation methods. (See Note 7b for further details on assumptions).

7. FAIR VALUE MEASUREMENTS

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

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

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

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

7. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties

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

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

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

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

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

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

Most significant unobservable inputs:

- Discount rate: The internal yield rate ("internal rate of return" or "IRR") is the single rate that discounts all future assets benefits to net present value. The discount rate as of December 31, 2018 and 2017, was 8.42% (ranges between 8.25% to 12%) and 9.26% (ranges between 7.85% to 12%), respectively.

- Market yield growth rate: Based on information gathered from surveys, as well as market experience and management's projections. Market yield growth rate ranges between 2% and 3% for both years.

- Vacancy and collection loss assumptions: This is a function of the interrelationship between absorption, lease expiration, renewal probability, and estimated downtime between leases and a collection loss factor based on the relative stability and credit of the subject´s tenant base. Vacancy assumption used by the Trust's management as of December 31, 2018 and 2017 was 5% and collection loss 1% for both years.

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

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

b. Borrowings and loan receivables

Valuation process for Trust borrowings and loan receivables:

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

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

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

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

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

The discount rate resulting from adding to the benchmark interest rate the credit risk of comparable debts, as of December 31, 2018 and 2017, ranges between 5.03% and 6.85% and 4.31% and 5.46%, respectively.

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

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

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

7. FAIR VALUE MEASUREMENTS (continued)

c. Derivative financial instruments

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

Table 1 next page summarizes assets and liabilities measured at fair value on a recurring basis and their respective level in the fair value hierarchy:

Table 1:

Fair Value Measurements at December 31, 2018

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 45,437,152	$ 45,880,211	$ -	$ -	$ 45,880,211
Derivative financial instruments	-	52,074	-	52,074	-
Loan receivable	38,262	38,262	-	38,262	-
Total assets	**$ 45,475,414**	**$ 45,970,547**	**$ -**	**$ 90,336**	**$ 45,880,211**
Liabilities:					
Borrowings	$ 19,658,279	$ 19,544,512	$ -	$ 19,544,512	$ -
Total liabilities	**$ 19,658,279**	**$ 19,544,512**	**$ -**	**$ 19,544,512**	**$ -**

Fair Value Measurements at December 31, 2017

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 44,811,102	$ 45,959,558	$ -	$ -	$ 45,959,558
Derivative financial instruments	-	30,015	-	30,015	-
Loan receivable	39,608	39,608	-	39,608	-
Total assets	**$ 44,850,710**	**$ 46,029,181**	**$ -**	**$ 69,623**	**$ 45,959,558**
Liabilities:					
Borrowings	$ 20,636,928	$ 21,024,433	$ -	$ 21,024,433	$ -
Total liabilities	**$ 20,636,928**	**$ 21,024,433**	**$ -**	**$ 21,024,433**	**$ -**

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

7. FAIR VALUE MEASUREMENTS (continued)

Table 2 below shows the reconciliation of the beginning and ending balances for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2018 and 2017.

Table 2

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 01/01/18	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/18	Unrealized gain (loss) for the period for investments still held at 12/31/18
Assets:							
Investment properties	$45,959,558	$ (703,592)	$ (149,954)	$ 833,416	$ (59,217)	$ 45,880,211	$ (682,896)
Total assets	**$45,959,558**	**$ (703,592)**	**$ (149,954)**	**$ 833,416**	**$ (59,217)**	**$ 45,880,211**	**$ (682,896)**

Fair value measurements using significant unobservable inputs (Level 3)

	Beginning balance 01/01/17	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/17	Unrealized gain (loss) for the period for investments still held at 12/31/17
Assets:							
Investment properties	$34,719,694	$ 7,615	$ (2,045,177)	$ 13,475,103	$ (197,677)	$ 45,959,558	$ 62,557
Total assets	**$34,719,694**	**$ 7,615**	**$ (2,045,177)**	**$ 13,475,103**	**$ (197,677)**	**$ 45,959,558**	**$ 62,557**

As of December 31, 2018 and 2017, capitalized improvements were for an amount of $ 118,790 and $ 204,943 pesos, respectively.

8. INVESTMENTS UNDER THE EQUITY METHOD OF ACCOUNTING

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

- Controladora and Parques American Industries, S.A. of C.V., with an equity interest of 50% for each one of the parties involved (Trust F/2717).
- Avante, with an equity interest of 50% for each one of the parties involved (Trust F/3485).

Entity name	Country of establishment / Principal activity	Ownership interest as of December 31, 2018	Ownership interest as of December 31, 2017	December 31, 2018	December 31, 2017
Fideicomiso F/2717	Mexico / Lease of properties	50%	50%	$461,824	$382,056
Fideicomiso F/3485	Mexico / Lease of properties	50%	50%	$ 85,884	$ 51,706

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

8. INVESTMENTS ACCOUNTED USING EQUITY METHOD (continued)

Below shows the reconciliation of the ending balances at December 31, 2018 and December 31, 2017:

	December 31, 2018		December 31, 2017	
	Fid. 2717	**Fid. 3485**	**Fid. 2717**	**Fid. 3485**
Initial balance	$ 382,056	$ 51,706	$ 233,548	$ -
(Distributions) capital contributions	(14,323)	3,629	129,695	25,961
Share of profit from equity accounted investments	96,889	33,006	18,326	481
Currency translation	(2,798)	(2,457)	487	25,264
Ending balance	**$ 461,824**	**$ 85,884**	**$ 382,056**	**$ 51,706**

Following is a summary of financial information from equity method joint ventures:

Summary financial position	**Fid. 2717 December 31, 2018**	**Fid. 3485 December 31, 2018**	**Fid. 2717 December 31, 2017**	**Fid. 3485 December 31, 2017**
Assets				
Cash	$ 9,366	$ 2	$ 4,770	$ 2
Accounts receivables	4,309	862	7,600	930
Deferred rents receivable	7,581	1,159	3,300	1,246
Other assets	7,050	62	8,232	4,656
Total assets – current	**28,306**	**2,085**	**23,902**	**6,834**
Investments properties	904,823	175,965	752,656	103,548
Total assets – non current	**904,823**	**175,965**	**752,656**	**103,548**
Total assets	**$ 933,129**	**$ 178,050**	**$ 776,558**	**$ 110,382**
Liabilities				
Accounts payabler	3,226	5,436	8,068	6,122
Total liabilities – current	**3,226**	**5,436**	**8,068**	**6,122**
Tenant depositss	6,255	847	4,378	848
Total liabilities – non current	**6,255**	**847**	**4,378**	**848**
Total liabilities	**$ 9,481**	**$ 6,283**	**$ 12,446**	**$ 6,970**
Net assets	**$ 923,648**	**$ 171,767**	**$ 764,112**	**$ 103,412**
Profit of period:				
Share of profit from equity accounted investments (%)	50%	50%	50%	50%
Share of profit from equity accounted investments ($)	461,824	85,884	382,056	51,706

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

8. INVESTMENTS ACCOUNTED USING EQUITY METHOD (continued)

Summary comprehensive income		Fid. 2717 December 31, 2018		Fid. 3485 December 31, 2018		Fid. 2717 December 31, 2017		Fid. 3485 December 31, 2017
Income:								
Rental revenues	$	61,877	$	5,005	$	25,144	$	1,616
Net (gain) loss from fair value adjustment on investment properties		133,254		61,840		17,712		384
Other income		4,195		717		1,144		90
Total revenues	**$**	**199,326**	**$**	**67,562**	**$**	**44,000**	**$**	**2,090**
Expenses:								
Real estate operating expenses		4,572		623		6,454		1,284
Fees and other expenses		979		926		894		(156)
Total expenses		**5,551**		**1,549**		**7,348**		**1,128**
Total operating profit	**$**	**193,775**	**$**	**66,013**	**$**	**36,652**	**$**	**962**
Profit of the period:								
Share of profit from equity accunted investments (%)		50%		50%		50%		50%
Share of profit from equity accounted investments ($)		96,888		33,007		18,326		481

9. OTHER ASSETS

Details for other assets are as follows:

		December 31, 2018		December 31, 2017
Payments in advance for construction	$	43,765	$	11,324
VAT recoverable outstanding		10,989		10,681
Guarantee deposits		3,306		1,919
Interest receivable		108		112
Others		1,444		1,796
	$	**59,612**	**$**	**25,832**

10. RECOVERABLE TAXES

Recoverable taxes consist of the following:

		December 31, 2018		December 31, 2017
VAT recoverable	$	162,677	$	682,116
Federal income tax witheld		3,000		1,419
	$	**165,677**	**$**	**683,535**

During 2018 and 2017, the Mexican tax authorities refunded VAT to the Trust for USD$29.7 million (610 million of Mexican Pesos) and USD$69.1 million ($1,255 million of Mexican Pesos), respectively.

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

11. FINANCIAL INSTRUMENTS

Financial instruments are as follows:

Assets	**Clasification**	**December 31, 2018**		**December 31, 2017**	
Non-current assets					
Derivative financial instruments	FVTPL	$	52,074	$	30,015
Deferred rents receivable	amortized cost		203,915		167,548
Loan receivable	FVTPL		36,841		38,364
Restricted cash	amortized cost		36,599		36,660
Total non-current financial assets		**$**	**329,429**	**$**	**272,587**
Current assets					
Loan receivable	FVTPL	$	1,421	$	1,244
Deferred rents receivable	amortized cost		19,624		30,630
Accounts receivable	amortized cost		154,849		58,638
Cash	amortized cost		1,557,651		3,209,041
Total current financial assets		**$**	**1,733,545**	**$**	**3,299,553**
Liabilities					
Non-current liabilities					
Borrowings	FVTPL / Own credit risk in other comprehensive income	$	19,395,814	$	20,889,561
Tenant deposits	amortized cost		296,723		332,077
Accounts payable	amortized cost		4,921		4,527
Total non-current financial liabilities		**$**	**19,697,458**	**$**	**21,226,165**
Current liabilities					
Borrowings	FVTPL	$	148,698	$	134,872
Tenant deposits	amortized cost		100,016		56,692
Accounts payable	amortized cost		234,603		207,310
Total current financial liabilities		**$**	**483,317**	**$**	**398,874**

12. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

Accounts payable are integrated as follows:

	December 31, 2018		**December 31, 2017**	
Tax payable	$	68,427	$	49,344
Accrued management fee		67,667		64,125
Accrued fees		44,524		33,270
Accounts payable to suppliers		27,657		30,427
Payroll payable		17,811		17,455
Retainage payable		9,443		13,760
Other		3,995		3,456
Total	**$**	**239,524**	**$**	**211,837**

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust entered into interest rate derivatives contracts in order to manage the potential impact of interest rate fluctuations on the borrowings described in Note 15. The derivatives include interest rate Caps and fixed rate options. The interest rate Caps provide that in the case the underlying LIBOR rate becomes higher than the strike price; the counterparty will pay the Trust an amount equal to the difference between the strike price and the LIBOR rate on a monthly or quarterly basis. The fixed rate options provide that in the case the underlying LIBOR rate rises, on the exercise date (as defined in the contract), the Trust will have the right to receive from the counterparty an amount in cash equal to the fair value of the derivative financial instrument with the characteristics described in the fixed rate option contract, in particular in respect of strike price and maturity.

On July 16, 2018, the Trust acquired a 2-year interest rate CAP for a notional amount of US$150 million, at a strike price of 2.75%.

Those outstanding contracts at December 31, 2018 and 2017, are summarized as follows:

December 31, 2018

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Fixed rate options	Barclays	105,000	3M LIBOR	1.768%	$ 46,860	May 18, 2017	October 4, 2021
Cap options	JP Morgan	150,000	3M LIBOR	2.750%	5,214	Jul 16, 2018	July15, 2020
Total					**$ 52,074**		

December 31, 2017

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Caps	JPM	100,000	3M LIBOR	1.750%	$ 15	May 18, 2017	April 25, 2018
Fixed rate option	HSBC	120,000	3M LIBOR	1.286%	2,132	May18, 2017	April 25, 2018
Fixed rate option	Barclays	105,000	3M LIBOR	1.768%	27,868	May 18, 2017	October 4, 2021
Total					**$ 30,015**		

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

14. ACCOUNTS RECEIVABLES

At December 31, 2018 and 2017, the aging of accounts receivables are as follows:

	< 3 months	3 – 6 months	>6 months	Total
2018	$ 150,554	$ 23,313	$ 65,041	$ 238,908
2017	$ 57,721	$ 4,340	$ 27,305	$ 89,366

As of December 31, 2018 and 2017, the main tenants with the highest concentration of overdue accounts included in accounts receivable, correspond mainly to tenants of the industrial sector, which are experiencing an unexpected economic situation, particularly of their operations. The aging of these lessee is as follows:

	< 3 months	3 – 6 months	>6 months	Total
2018	$ -	$ 1,411	$ 23,566	$ 24,977
2017	$ -	$ -	$ 17,134	$ 17,134

At December 31, 2018 and 2017, allowance for doubtful accounts are shown as follows:

	December 31, 2018	December 31, 2017
Beginning balance	$ 30,728	$ 167,619
Increases	109,124	173,226
Decreases	(54,026)	(151,421)
Write off, net of recoveries	(2,732)	(148,502)
Currency conversion	965	(10,194)
Ending Balance	**$ 84,059**	**$ 30,728**

Accounts receivable approximate their fair value because they are short-term. Accounts receivable are mostly denominated in USD.

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

15. BORROWINGS

Borrowings include mortgage loans payable as summarized below:

Credit entity/ Instrument	December 31, 2018 Principal balance	December 31, 2018 Fair value	December 31, 2017 Principal balance	December 31, 2017 Fair value	Interest rate (p.a.) [1], [2]	Maturity date	Terms [3]
BOND	$ 8,427,105	$ 8,313,338	$ 8,449,583	$ 8,837,088	Fixed - 5.25%	November, 2022	I
Banamex	6,939,954	6,939,954	6,952,822	6,952,822	3 months LIBOR + 2.45% [5]	October, 2022	I[7]
Metlife	2,952,435	2,952,435	2,960,310	2,960,310	Fixed – 4.75%	January, 2027	I[8]
Citibank[4]	1,035,387	1,035,387	1,958,898	1,958,898	3 months LIBOR + 2.45% [5]	August, 2023[9]	I
SMNYL[6]	303,398	303,398	315,315	315,315	Fixed – 5.19%	February, 2020	P&I
Total borrowings	**$ 19,658,279**	**$ 19,544,512**	**$ 20,636,928**	**$ 21,024,433**			

[1] p.a. = per year.
[2] At December 31, 2018, and December 31, 2017, the 3 months LIBOR rate was 2.7970% and 1.6943%, respectively.
[3] P&I = Principal and interest; I = Interest only.
[4] Unsecured, committed, revolving credit, up to an amount of US$300 million Dollars with an option to increase it up to US$400 million Dollars (Note 3).
[5] The margin may vary according to the Rating and Loan to Value ("LTV") ratio.
[6] Loan includes two drawdowns with a fixed rate of 5.19% and 4.84%.
[7] Interest only until January 2021.
[8] Interest only until February 2024.
[9] Maturity date: January 2023 – a four-year maturity with an option to extend one additional year.

On October 27, 2017, Terrafina entered a USD$350 million ($6,726 million of Mexican Pesos) syndicated unsecured term loan with Banamex as administrative agent. The proceeds from this facility were used for the total payment of the USD$150 million ($2,882 million of Mexican Pesos) BBVA/JPM unsecured credit loan, and to pay down USD$196.5 million of the existing revolving credit facility from Citibank. This new loan has an interest rate of LIBOR + 245 bps, an interest-only period for the first three years and a five-year maturity term until October 2022.

On November 24, 2017, Terrafina exercised its option to permanently reduce the aggregate commitments of the existing Citibank unsecured revolving credit facility to USD$300 million pursuant to the loan agreement.

On January 31, 2018, Terrafina closed a renegotiation of terms and conditions for its revolving credit facility with Citibank. The main changes for the syndicated credit facility include: 1) the extension of the original maturity date to 2023 (a four-year maturity with the option to extend one additional year); 2) a 20-basis point interest rate reduction which changed the interest rate, from LIBOR plus 265 basis points to LIBOR plus 245 basis points; and 3) the option to increase the preexisting US$300 million Dollars revolving line of credit for up to US$400 million Dollars.

On March 23, 2018, Terrafina prepaid an amount of US$47 million Dollars ($874 million of Mexican Pesos) of the revolving credit facility with Citibank.

As of December 31, 2018 and December 31, 2017, the Metlife and SMNYL debt are collateralized by Investment Properties with an aggregate estimated fair value of $7,852,690 Mexican Pesos and $7,577,285 Mexican Pesos, respectively.

As of December 31, 2018 and December 31, 2017, fair value borrowings are payable as follows:

	<1 year	1 – 3 years	>3 years	Total
2018	$ 148,698	$ 637,801	$ 18,758,013	$ 19,544,512
2017	$ 134,872	$ 302,875	$ 20,586,686	$ 21,024,433

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

15. BORROWINGS (continued)

All the loans are denominated in Dollars. Terrafina is benefited from not paying principal amortizations in respect of the following facilities until the following dates: Banamex until January 2021 and Metlife until February 2024. The revolving credit line and the bond are not subject to capital amortizations until their respective expiration dates.

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 a fixed rate or a floating rate.

The Trust carries exposure to the risk from changes in interest variable rates related to these borrowings. Interest rate risk decreases due to the use of derivative financial instruments as described in Note 13.

During 2018 and 2017, the Trust repaid principal amounts under the borrowings contracted as follows:

	December 31, 2018				
Bank	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Citibank	$ 874,205	$ -	$ -	$ -	$ 874,205
SMNYL	2,698	2,675	2,723	2,892	10,988
	$ 876,903	**$ 2,675**	**$ 2,723**	**$ 2,892**	**$ 885,193**

	December 31, 2017				
Bank	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
BRE	$ 2,433,013	$ -	$ -	$ -	$ 2,433,013
Citibank	-	-	-	3,776,494	3,776,494
Metlife	461,571	-	-	-	461,571
Bancomer/JPM	-	-	-	2,882,820	2,882,820
SMNYL	-	-	789	2,591	3,380
	$ 2,894,584	**$ -**	**$ 789**	**$ 6,661,905**	**$ 9,557,278**

The contracts establish, among others, the following causes of non-compliance: (i) lack of payment; (ii) general inability to pay our debts when due, (iii) insolvency or bankruptcy; (iv) alienation of the properties subject to the credit, (v) non-compliance with certain financial reasons. As of December 31, 2018 and 2017, the Trust meets the aforementioned characteristics.

16. NET ASSETS ATTRIBUTABLE TO THE INVESTORS

On April 28, 2017, the Nominating Committee, approved the exercise of 91,142 CBFI's for the payment of the compensation plan incentives.

As is described in Note 3, on July 19, 2017, Terrafina carried out a third public offering of 183,546,039 CBFI´s in Mexico, along with private offerings in other international markets (including an over-allotment option), for an amount equivalent to $5,552,268 ($30.25 for each CBFI). The issuing costs directly attributable of $165,105 were recognized as a reduction from the proceeds from the public offering and shown as capital contributions, net of issuing costs in net assets attributable to the investors (net equity).

On April 11, 2018, the Trust's Technical Committee approved a CBFI's repurchase program in accordance with the terms of the trust agreement and instructed the trustee to purchase the certificates exclusively, which will subsequently be canceled in the following twelve months. As of December 31, 2018, the repurchase of 411,832 CBFIs for an amount of $ 10,069 (including transaction costs) has been carried out, which are holding in treasury.

As of December 31, 2018, and 2017, the Trust net contributions amount to $21,324,824 and $21,334,894, respectively, and consists of 790,602,803 and 791,014,635 outstanding CBFI's, respectively, as next page:

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

16. NET ASSETS ATTRIBUTABLE TO THE INVESTORS (continued)

No. of CBFI's	Details		
607,377,454	**As of December 31, 2016**	**$**	**15,944,845**
91,142	CBFI's exercised on April 28, 2017		2,886
183,546,039	CBFI's exercised on July 19, 2017		5,387,163
791,014,635	**As of December 31, 2017**	**$**	**21,334,894**
411,832	CBFI's repurchase		(10,070)
790,602,803	**As of December 31, 2018**	**$**	**21,324,824**

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

Distribution Date		Amount
March 13, 2018	$	484,870
May 11, 2018		505,423
August 10, 2018		555,293
November 09, 2018		553,120
November 21, 2018		141,001
Total Distribution 2018	**$**	**2,239,707**

Distribution date		Amount
March 13, 2017	$	400,364
May 12, 2017		450,484
August 11, 2017		452,446
November 13, 2017		410,397
Total Distribution 2017	**$**	**1,713,691**

The distribution of $484,870 was considered as follows: $412,786 as tax distribution and $72,084 as capital reimbursement (redemption), $505,423 and $555,293 were considered as capital reimbursement (redemption), $553,120 was considered as tax distribution and $141,001 was a distribution extraordinary to cover the withholding tax of the distribution paid in the fourth quarter of 2017.

17. CASH FLOW INFORMATION

Cash and cash equivalents is integrated as follows:

	December 31, 2018		December 31, 2017	
Banks	$	1,412,651	$	3,023,827
Investments		145,000		185,214
Cash and cash equivalents	**$**	**1,557,651**	**$**	**3,209,041**

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

17. CASH FLOW INFORMATION (continued)

Debt net reconciliation

Analysis of net debt and movements in net debt of the periods presented

	December 31, 2018	December 31, 2017
Cash	$ 1,557,651	$ 3,209,041
Borrowings – payable within a year	(148,698)	(134,872)
Borrowings – payable more than a year	(19,395,814)	(20,889,561)
Debt net	**(17,986,861)**	**(17,815,392)**
Cash	1,557,651	3,209,041
Debt net – fixed rate	(11,569,172)	(12,112,713)
Debt net – variable rate	(7,975,340)	(8,911,720)
Debt net	**$ (17,986,861)**	**$ (17,815,392)**

	Cash	Borrowings payable within a year	Borrowings payable more than a year	Total
Debt net as of January 1, 2018	$ 3,209,041	$ (134,872)	$(20,889,561)	$ (17,815,392)
Cash flow	(2,197,952)	(1,279)	874,205	(1,325,026)
Currency translation adjustment	(83,306)	768	100,201	17,663
Other movements non-cash	629,868	(13,315)	519,341	1,135,894
Debt net as of December 31, 2018	**$ 1,557,651**	**$ (148,698)**	**$(19,395,814)**	**$ (17,986,861)**

18. CONCENTRATION OF RISK

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

At December 31, 2018 and December 31, 2017, the Trust has real estate investments located throughout Mexico. The concentration based on the fair values and established regions is as follows:

	2018		2017	
	Region	Estimated Fair Value	Region	Estimated Fair Value
North	60%	$ 27,528,127	60%	$ 27,575,735
Bajio	23%	10,552,449	23%	10,570,698
Central	17%	7,799,635	17%	7,813,125
Total	**100%**	**$ 45,880,211**	**100%**	**$ 45,959,558**

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

18. CONCENTRATION OF RISK (continued)

Rental revenue concentration by region for the periods between January 1 to December 31, 2018 and January 1 to December 31, 2017, is as follows:

	2018			2017		
	Region		Rental Revenues	Region		Rental Revenues
North	62%	$	2,294,763	62%	$	1,976,738
Bajio	22%		814,271	22%		701,422
Central	16%		592,196	16%		510,126
Total	**100%**	**$**	**3,701,230**	**100%**	**$**	**3,188,286**

Because the percentage of occupancy of Investment Properties is 95% on average, operating expenses that generate income are considered in that same proportion.

Gross leasable area by segment for the periods between January 1 to December 31, 2018 and January 1 to December 31, 2017, is as follows:

	2018 %	2017 %
Automotive	35.1%	34.3%
Industrial properties	20.0%	19.8%
Consumer goods	13.7%	14.4%
Logistics and trade	9.7%	10.0%
Aviation	9.8%	9.9%
Non-durable consumer goods	3.7%	4.0%
Electronics	8.0%	7.7%
Total	**100%**	**100%**

19. OTHER OPERATING INCOME

Other operating income were as follows:

		Twelve months ended December 31, 2018		Twelve months ended December 31, 2017
Service charge income	$	262,509	$	223,864
Other income		33,130		79,436
Total	**$**	**295,639**	**$**	**303,300**

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

20. REAL ESTATE OPERATING EXPENSES

Real estate operating expenses were as follows:

	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Repair, maintenance and facilities	$ 202,774	$ 169,586
Property tax and other taxes	115,829	114,431
Property management fees	74,175	68,456
Leasing commission	60,395	38,997
Electricity	58,877	50,789
Bad debt expense	55,098	21,805
Property insurance	27,363	28,347
Security	18,324	13,386
Broker fees	16,743	27,052
Property appraisals	15,494	15,391
Advertising	1,324	543
Bank commissions	1,177	1,062
Other expenses	18,423	26,595
Total	**$ 665,996**	**$ 576,440**

21. FEES AND OTHER EXPENSES

Fees and other expenses were as follows:

	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Management fee	$ 228,400	$ 198,186
Administrative fee	86,720	95,712
Payroll	26,344	27,405
Other professional fees	21,898	24,453
Legal fees	21,619	37,813
Trustee fees	4,664	10,074
Other expenses	31,016	20,381
Total	**$ 420,661**	**$ 414,024**

22. FINANCE COSTS - NET

	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Interest income on bank accounts	$ 12,160	$ 6,557
Interest income on loan receivable	2,119	2,150
	$ 14,279	**$ 8,707**

	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Interest expense	$ 945,449	$ 861,708
Borrowing costs bank commissions	72,887	104,559
	$ 1,018,336	**$ 966,267**

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

23. RELATED PARTIES

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

Manager

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

The reimbursed costs for the periods ended December 31, 2018 and December 31, 2017 were $43,141 and $40,079, respectively, and were eliminated at consolidation.

At year-end, there were no outstanding balances.

Advisor

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

The management fee accrued for the year ended December 31, 2018 and December 31, 2017 were $228,400 and $198,186, respectively.

24. LEASES

Agreements entered 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 tenants. These agreements, without considering renewal options, have expiration dates ranging from January 1, 2019 to January 31, 2029.

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

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

December 31, 2018	<1 year	1-5 years	>5 years	Total
Minimum future lease payments	$ 4,463,455	$ 10,030,489	$ 1,612,014	$ 16,105,958
	28%	62%	10%	100%

25. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business there can be various legal actions related to properties of the Trust. At December 31, 2018, the Trust's management was not aware of any such matter that had or would have a material effect on Trust's financial condition or results of operations.

26. SUBSEQUENT EVENTS

On February 26, 2019, the Technical Committee approved a dividend payment of $522,649 corresponding to $.6611 cents per CBFI.

27. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Trust were authorized for issuance on April 2, 2019 by the Audit Committee and by Terrafina´s Technical Committee, which has power to modify the accompanying consolidated financial statements.

FIBRA TERRAFINA

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

Consolidated financial statements for the years ended December 31, 2017 and 2016

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of CI Banco, S. A. Institución de Banca Múltiple, Fideicomiso F/00939 and its subsidiaries (the Trust), which comprise the consolidated statement of financial position as at December 31, 2017, and the related consolidated statements of comprehensive income, of changes in net assets atributable to the investors and of cash flows for the year then ended and notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
Fair value of investment properties As mentioned in note 8 to the consolidated financial statements, the Trust recognizes its investment properties at its fair value in the consolidated statement of financial position. The variations in fair value from year to year are recognized as a profit or loss in the consolidated statement of comprehensive income. Relevant assumptions and the corresponding valuation method are disclosed in Note 8. We have focused on this line item during our audit, due mainly to the importance of the value of the investment property of $46 million that represents 91% of the total assets and given this is the asset from which arise the Trust main activity as well as the complexity of the valuation models and assumptions used on unobservable information and Management's judgments. We particularly focused on the following significant assumptions considered by the Trust to estimate future projections, discount rates, growth rates and market performance, vacancy assumptions and collection losses, as well as on the process for the determination of the cash flows thereof.	We obtained the calculation of the fair value of the investment property conducted by and under Management responsibility and we have understood and evaluated the significant judgments used in the valuation model for the determination of said fair values, involving our valuation expert and as part of our audit, we evaluated the projections of future cash flows prepared by Management, and the processes for preparation thereof. Due to the significant judgment used in the valuation models for the determination of fair values, and with the support of our valuation experts, we questioned the premise and criteria used by Management and their independent experts said models, following the procedures set down below, among others: - We evaluated the capability and objectivity of the independent expert. - We compare that the models applied in the determination of the fair values of the assets are methods used and recognized in valuing assets with similar characteristics. - We challenged the financial projections, comparing them to the business's performance and historical trends, obtaining and corroborating with management the explanations of variations. - We compared the actual results for the current year with the figures budgeted for the current year, to consider if any of the assumptions included in the projections could be considered to be very optimistic. - We compared the most relevant valuation assumptions (discount rates, growth rates and market performance, vacancy

Key audit matter	How our audit addressed the matter
	assumptions and collection losses) with those commonly used and accepted for the industry in which the Trust operates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers, S. C.

Rodrigo García Aspe Mena
Audit Partner

Mexico City, February 27, 2018

FIBRA Terrafina

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

	Note		December 31, 2017		December 31, 2016
Assets					
Non-current assets					
Investment properties	8 and 18	$	45,959,558	$	34,719,694
(Cost: 12/31/2017 - $44,811,102; 12/31/2016 - $33,817,311)					
Investments accounted using equity method	9		433,762		233,548
Derivative financial instruments	8 and 13		30,015		-
Deferred rents receivable			167,548		138,637
Loan receivable	8		38,364		41,472
(Cost: 12/31/2017 - $38,364; 12/31/2016 - $41,472)					
Restricted cash			36,660		89,137
Total non-current assets			**46,665,907**		**35,222,488**
Current assets					
Other assets	10		25,832		111,257
Loan receivable	8		1,244		1,232
(Cost: 12/31/2017 - $1,244; 12/31/2016 - $1,232)					
Recoverable taxes	11		683,535		149,782
Prepaid expenses			11,772		12,385
Acquisition prepayment			-		9,809
Deferred rents receivable			30,630		34,724
Accounts receivable	14		58,638		43,417
(Net of allowance for doubtful accounts: 12/31/2017 - $30,728; 12/31/2016 - $167,619)					
Cash and cash equivalents			3,209,041		4,297,096
Total current assets			**4,020,692**		**4,659,702**
Total assets			**50,686,599**		**39,882,190**
Net assets attributable to the investors					
Contributions, net		$	19,844,088	$	14,782,859
Retained earnings			48,063		334,283
Translation from functional to reporting currency	6		9,169,409		9,663,287
Total net assets attributable to the investors	16		**29,061,560**		**24,780,429**
Liabilities					
Non-current liabilities					
Borrowings	6, 8 and 15	$	20,889,561	$	13,879,906
(Principal balance: 12/31/2017 - $20,502,056; 12/31/2016 - $14,126,686)					
Tenant deposits	6		332,077		198,002
Accounts payable	6 and 12		4,527		5,421
Total non-current liabilities			**21,226,165**		**14,083,329**
Current liabilities					
Borrowings	6, 8 and 15		134,872		774,877
(Principal balance: 12/31/2017 - $134,872; 12/31/2016 - $774,876)					
Tenant deposits	6		56,692		41,685
Accounts payable	6 and 12		207,310		201,870
Total current liabilities			**398,874**		**1,018,432**
Total liabilities (excluding net assets attributable to the investors)			**21,625,039**		**15,101,761**
Total net assets attributable to the investors and liabilities		**$**	**50,686,599**	**$**	**39,882,190**

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

FIBRA Terrafina

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

	Note	For the twelve months ended December 31, 2017	For the twelve months ended December 31, 2016
Rental revenues	18	$ 3,188,286	$ 2,494,950
Other operating income	19	303,300	208,059
Real estate operating expenses	20	(576,440)	(556,607)
Fees and other expenses	21	(414,024)	(329,282)
Realized (loss) gain from disposal of investment properties	8	(54,942)	56,491
Net unrealized gain (loss) from fair value adjustment on investment properties	8	62,557	(235,901)
Net unrealized (loss) gain from fair value adjustment on borrowings		(589,022)	55,234
Net unrealized loss from fair value adjustment on loan receivable		-	(44)
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		28,487	(18)
Foreign exchange gain		300,121	175,645
Foreign exchange loss		(210,919)	(243,432)
Operating profit		**2,037,404**	**1,625,095**
Finance income	22	8,707	5,626
Finance cost	22	(966,267)	(729,152)
Finance cost - net		**(957,560)**	**(723,526)**
Share of profit from equity accounted investments	9	18,807	47,643
Profit for the period		**$ 1,098,651**	**$ 949,212**
Translation (loss) gain from functional to reporting currency		(493,878)	4,143,839
Total comprehensive profit for the period		**$ 604,773**	**$ 5,093,051**
Earnings per CBFI			
Basic earnings per CBFI		$ 15.90	$ 15.63
Diluted earnings per CBFI		$ 15.90	$ 15.63

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

FIBRA Terrafina

CI Banco, S.A. Institución de Banca Múltiple, Trust F/00939 and subsidiaries
Consolidated statements of changes in net assets attributable to the investors
For the period ended December 31, 2017 and December 31, 2016
(Expressed in thousands of Mexican Pesos)

	Note	Attributable to investors			
		Net contributions	Translation from functional to reporting currency	Retained earnings (losses)	Net assets
Balance at January 1, 2016		$ 15,227,911	$ 5,519,448	$ 201,212	$ 20,948,571
CBFI´s issued	16	5,013	-	-	5,013
Distributions to the investors	16	(450,065)	-	(816,141)	(1,266,206)
Comprehensive income					
Profit for the period		-	-	949,212	949,212
Other comprehensive income					
Translation from functional to reporting currency		-	4,143,839	-	4,143,839
Total comprehensive income		**-**	**4,143,839**	**949,212**	**5,093,051**
Net assets attributable to the investors at December 31, 2016		**$ 14,782,859**	**$ 9,663,287**	**$ 334,283**	**$ 24,780,429**
Balance at January 1, 2017		$ 14,782,859	$ 9,663,287	$ 334,283	$ 24,780,429
Capital contribution, net of issuing costs	16	5,390,049		-	5,390,049
Distributions to the investors	16	(328,820)	-	(1,384,871)	(1,713,691)
Comprehensive income					
Profit for the period		-	-	1,098,651	1,098,651
Other comprehensive income					
Translation from functional to reporting currency		-	(493,878)	-	(493,878)
Total comprehensive (loss) income		**-**	**(493,878)**	**1,098,651**	**604,773**
Net assets attributable to the investors at December 31, 2017		**$ 19,844,088**	**$ 9,169,409**	**$ 48,063**	**$ 29,061,560**

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

FIBRA Terrafina

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

	Note	For the twelve months ended December 31, 2017	For the twelve months ended December 31, 2016
Cash flows from operating activities:			
Profit for the period		$ 1,098,651	$ 949,212
Adjustments:			
Net unrealized gain (loss) from fair value adjustment on investment properties	8	(62,557)	235,901
Net unrealized (loss) gain from fair value adjustment on borrowings		589,022	(55,234)
Net unrealized loss from fair value adjustment on loan receivable		-	44
Net unrealized gain (loss) from fair value adjustment on derivative financial instruments		(28,487)	18
Realized (loss) gain from disposal of investment properties	8	54,942	(56,491)
Bad debt expense		31,581	35,284
Interest expense	22	861,708	658,678
Interest income on bank accounts	22	(6,557)	(4,208)
Share of profit from equity accounted investments	9	(18,807)	(47,643)
(Increase) decrease in:			
Deferred rents receivable		(24,817)	(61,467)
Accounts receivable		(46,803)	(12,229)
Recoverable taxes		722,122	180,231
Value added tax refunded		(1,255,875)	(309)
Prepaid expenses		613	(2,473)
Other assets		85,425	(18,497)
Increase (decrease) in:			
Tenant deposits		149,082	40,395
Accounts payable		4,545	(77,107)
Net cash generated from operating activities		**2,153,788**	**1,764,105**
Cash flows from investing activities:			
Acquisition of investment properties	8	(13,270,159)	(524,148)
Improvements of investment properties	8	(204,944)	(286,028)
Proceeds from dispositions of investment properties	8	197,677	129,188
Acquisition prepayment		9,809	(5,632)
Interest income on bank accounts	22	6,557	4,208
Investments in joint venture	9	(155,656)	(55,203)
Proceed from loan receivable		-	(37,705)
Principal collections on loan receivable		1,113	637
Net cash used in investing activities		**(13,415,603)**	**(774,683)**
Cash flows from financing activities:			
Proceeds from borrowings		16,454,874	2,894,910
Principal payments on borrowings	15	(9,557,278)	(2,918,819)
Interest expense		(831,384)	(636,149)
Restricted cash		52,477	(31,094)
Distributions to investors	16	(1,713,691)	(1,266,206)
Issue costs	16	(165,105)	-
Proceeds from CBFI's	16	5,555,154	5,013
Net cash generated from (used in) financing activities		**9,795,047**	**(1,952,345)**
Net decrease in cash		(1,466,768)	(962,923)
Cash at the beginning of the period		4,297,096	4,467,863
Exchange rate effects on cash		378,713	792,156
Cash and cash equivalents at the end of the period		**$ 3,209,041**	**$ 4,297,096**

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

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

1. GENERAL INFORMATION

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

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

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

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

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

(i) An advisory agreement with PLA Administradora Industrial, S. de R.L. de C.V. ("the Advisor"), an affiliated company of PGIM Real Estate 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. ("the Manager"), in order for the latter to carry out certain management services on behalf of the Trust.

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

2. BASIS OF PREPARATION

The enclosed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and its interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"), applicable at December 31, 2017.

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

Preparation of consolidated financial statements in accordance with IFRS requires to make certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions change. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant for the consolidated financial statements are disclosed in Note 7.

The enclosed consolidated financial statements were authorized for their issuance by the Terrafina Audit and Technical Committees on February 27, 2018.

(a) Standards and amendments to existing standards effective 1 January 2017

Amendments to IAS 7, "*Statement of Cash Flows*" became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Trust's financial statements.

2. BASIS OF PREPARATION (continued)

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the financial statements of the Trust.

(b) New standards, amendments and interpretations effective after December 31, 2017 that have not been early adopted.

IFRS 9 "*Financial Instruments*" addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39, as well as the methodology for calculating impairment reserve base on expected credit losses, and it is effective for reporting periods beginning on or after 1 January 2018. As a result, the adoption of IFRS 9 is expected to have an impact on financial liabilities that are measured at fair value through profit or loss, since changes in fair value related to the Trust´s credit risk must be recognized in other comprehensive results.

IFRS 15, *"Revenue from contracts with customers"* Deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. As a result, the adoption of IFRS 15 is not expected to have a material impact on the Trust's financial statements.

IFRS 16, *"Leases"* The IASB issued a new standard for lease accounting in January 2016. This standard will replace the current norm IAS 17, which classifies leases in financial and operating. IAS 17 identifies leases as financial when transferring the risks and benefits of an asset and operating to the rest of the leases. IFRS 16 eliminates the classification between financial and operating leases and requires the recognition of a liability reflecting future payments and a "right to use" asset in most leases. The Trust is evaluating the possible impact of this standard. As a result, the adoption of IFRS 16 is not expected to have a material impact on the Trust's financial statements.

In addition to the above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after December 31, 2017, which have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Trust.

3. SIGNIFICANT TRANSACTIONS

On April 29, 2016, the Nominating Committee, approved the exercise of 167,094 CBFI's for the payment of compensation plan incentives.

On May 13, 2016, Terrafina granted a loan to Controladora Idea, S.A. de C.V. ("Controladora") for $2 million United States Dollars ("Dollar(s)" or "USD") ($37 million of "Mexican Pesos" or "MXN"). The loan term is for 5 years with a 5.50% fixed rate.

On October 11, 2016, Terrafina entered into credit facility with BBVA Bancomer, S.A. ("Bancomer") and JPMorgan Chase Bank, N.A. ("JPM") for USD$150 million ($2,894 million of Mexican Pesos) with a maturity of 5 years, subject to an initial interest rate of London Interbank Offered Rate ("LIBOR") + 200 bps[1] which may increase depending on the Trust's leverage, credit rating, and with the passage of time. The received cash proceeds were used to prepay USD$148 million ($2,806 million of Mexican Pesos) of outstanding debt due to BRE Debt México II, S. A. de CV. SOFOM ENR ("BRE").

On November 1, 2016, Terrafina entered into an amendment agreement in relation to the borrowing with Metropolitan Life Insurance Company ("Metlife"), which extended the maturity date until March 1, 2017 while retaining the rest of the original terms and conditions.

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[1] *Basis points*

3. SIGNIFICANT TRANSACTIONS (continued)

On December 20, 2016, Terrafina entered into a joint venture agreement with Avante Parques Industriales, S.A. de C.V. ("Avante"), with an equity interest of 50% for each of the parties involved. The initial contribution was executed on the same date in cash.

During 2016, the Mexican tax authorities refunded Value Added Tax ("VAT") to the Trust for USD$16.5 million ($309.1 of Mexican Pesos).

On January 10, 2017, Terrafina made the second drawdown of the Citibank, N.A. ("Citibank") loan, originally granted on August 25, 2015, for USD$295 million ($6,288 million of Mexican Pesos). The received cash proceeds were used to pay the portfolio acquisition described below.

On January 12, 2017, Terrafina acquired a portfolio of 45 industrial properties, for USD$380 million ($8,228 million of Mexican Pesos). Derived from this transaction, the rights to the existing leases were also acquired and a recoverable VAT balance for $1,127 million of Mexican Pesos was originated that was effectively reimbursed to the Trust during July 2017.

On January 31, 2017, Terrafina entered into a new credit facility with Metlife for USD$150 million ($3,153 million of Mexican Pesos) with a maturity of 10 years and a 4.75% coupon rate. The received cash proceeds were used to fully prepay the then Metlife and BRE outstanding debt.

On April 28, 2017, the Nominating Committee, approved the exercise of 91,142 CBFI's for the payment of compensation plan incentives.

On July 19, 2017, Terrafina carried out its third public placement of 183,546,039 CBFI's which included an over-allotment option, through a global offering as follows:

(a) An international offering of 94,458,802 CBFI's.

(b) A simultaneous public offering in México of 65,146,449 CBFI's.

(c) Over-allotment option of 23,940,788 CBFI's.

For further details on the public placement please refer to Note 16.

On August 15, 2017, Terrafina acquired the trust rights of a portfolio of 5 industrial properties, for USD$34 million ($602 million of Mexican Pesos), as a result of this acquisition, the Trust entered into credit facility with Seguros Monterrey New York Life ("SMNYL") for USD$16 million ($287 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which is expected to be reimbursed to the Trust during 2018.

On September 19, 2017, Terrafina acquired 2 industrial properties, for USD$19 million ($343 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which is expected to be reimbursed to the Trust during 2018.

On October 27, 2017 Terrafina acquired a new unsecured syndicated revolver loan with Banco Nacional de Mexico, S. A. ("Banamex") as administrative agent for an amount of USD$350 million ($6,726 million of Mexican Pesos). The received cash resources were used to fully prepay the debt due to Bancomer / JPM and to also pay USD$196.5 million ($3,776 million of Mexican Pesos) of the revolver loan with Citibank.

On December 7, 2017, Terrafina acquired a portfolio of 17 industrial properties (including collection rights), for USD$180 million ($3,329 million of Mexican Pesos). The rights to the existing leases were also acquired within the scope of this transaction. This transaction originated a recoverable VAT balance, which is expected to be reimbursed to the Trust during 2018.

During 2017, the Mexican tax authorities refunded VAT to the Trust for USD$69.1 million ($1,255 million of Mexican pesos).

4. RECLASIFICATIONS

Certain amounts on the consolidated financial statements of prior periods have been reclassified according with the current year´s presentation. Such reclassifications had not impact over the previously issued consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. CONSOLIDATION BASIS

These consolidated financial statements include net assets and results of operations of the entities listed below controlled by Terrafina for the years ended December 31, 2017 and 2016. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

Subsidiaries

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

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

- 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
- Trust F/308293
- Trust F/308285

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. CONSOLIDATION BASIS (continued)

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

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

Trustee: Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria as trustee of the following trusts:

- Trust F/128
- Trust F/129
- Trust F/824
- Trust F/1487

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

- Trust F/666
- Trust F/463
- Trust F/824
- Trust F/2171

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

- Trust F/3186

TF Administradora, S. de R.L. de C.V. All operations related to this entity have been eliminated in these consolidated financial statements, only the transactions carried out in the year are disclosed for informative purposes of the business. (See Note 23).

B. INVESTMENTS IN JOINT VENTURES

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

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

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

- Trust F/2717
- Trust F/3485

C. FOREIGN CURRENCY TRANSLATION

a. Functional and reporting currency

Items included in these consolidated financial statements are measured using the USD which is the functional currency for the Trust and converted into Mexican Pesos, which is the reporting currency of the Trust for the purpose of this report. This functional currency is applicable for all the project trusts.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FOREIGN CURRENCY TRANSLATION (continued)

b. Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using the exchange rate prevailing at the date of the consolidated statement of financial position. Foreign exchange gains and losses arising from both the settlement and the translation of these foreign currency denominated transactions and balances are included in the consolidated statements of comprehensive income.

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

c. Translation

The conversion of the Trust's consolidated financial statements as of December 31, 2017 and 2016 was done as follows:

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

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

(iii) Income and expenses of the consolidated statement of comprehensive income are translated 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 exchange differences resulting from net assets translation to their historical amounts are recognized in other comprehensive income as cumulative translation adjustment.

(v) The transactions effects in foreign currency are recognized as part of the operating result.

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

Reporting period	Year-end rate	Average rate (*)
December 31, 2017 USD/MXN	**19.7354**	**18.9145**
December 31, 2016 USD/MXN	**20.6640**	**18.6700**

(*) For the year ended December 31, 2017 and 2016.

D. 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 (Note 5M). Lease income from operating leases where the Trust is a lessor is recognized in income on a straight-line basis over the lease term.

Properties leased under operating leases are included on Investment Properties in the consolidated statement of financial position (Note 8a).

The Trust makes payments to agents for services related to negotiations for lease contracts with the lessees. The initial leasing fee is capitalized under the carrying amount of the related investment property; subsequent leasing fees are expensed.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. INVESTMENT PROPERTIES

Properties held over the long term to generate rental income or capital appreciation or both, and that are not used by the owners, are classified as Investment Properties. Investment Properties are comprised of freehold land, freehold industrial buildings, and properties under construction or development for future use as Investment properties. Investment properties are initially measured at acquisition cost, including any direct transaction costs. After initial recognition, the Investment properties are remeasured 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 significant judgment.

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

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

Fair value of an investment property represents, among other things, rental revenue expected cash inflows and the underlying assumptions about the market conditions. Fair value also represents, under similar basis, any expected cash outflows with respect to the property.

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

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

Subsequent expenditure is added to the investment property's carrying 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 during the financial period in which they are incurred.

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and short-term investments on securities with an initial maturity of less than three months. Interest income on short term investments is recognized as it is earned.

G. RESTRICTED CASH

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

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

H. ACCOUNTS RECEIVABLE

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

Account receivables are initially recognized at fair value and later measured at their amortized cost, less an allowance for bad debt accounts. At the end of each reporting period, the Trust assess whether there is objective evidence about the recoverability of the account receivables, the resulting estimated provisions for doubtful accounts are then recognized in the operating results of the period. An estimate of the uncollectible receivables is made when the account is past due for more than 90 days or for specific identification per management. Unrecoverable receivables are recognized as a loss immediately upon being identified as such.

Loan receivables are financial assets with fixed or determined payments that are not traded in an active market. Loan receivables are initially measured at fair value.

I. PREPAID EXPENSES

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

J. BORROWINGS

All borrowings are recorded at fair value, which reflects changes in interest rates, amortization premiums or discounts and maturity.

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 (*Investment Properties*), using the fair value option to measure borrowings is a practice that is consistent with the Trust's risk management and investment strategy.

K. BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. TENANT DEPOSITS

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

M. 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 ("free rent months"), the cost of these is amortized over the lease term, on a straight-line basis, as a reduction of rental income. These incentives are presented in the deferred rents receivable in the consolidated statement of financial position.

Service and property management charges are recognized in the accounting period in which the services are rendered. This other income primarily includes maintenance cost recoveries, water supply, electrical energy, property taxes and insurance premiums that are billed to tenants.

N. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust uses interest rate financial instruments ("Caps") and fixed rate options with unrelated major financial institutions in order to minimize the effect of interest rate fluctuations or interest rate risk of certain Investment Properties' subject to variable rate loans. 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 carries fair values of interest rate Caps and fixed rate options 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 loss unrealized from fair value adjustment on derivative financial instruments".

O. FEES AND OTHER EXPENSES

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

P. TAXATION

The Trust's intention is to operate in a manner enabling it to maintain its tax status as a Real Estate Investment Trust or FIBRA. As a result, the Trust will not be subject to Income Tax ("Impuesto sobre la Renta" or "ISR") to the extent that it distributes taxable income to its shareholders and complies with certain other requirements. The Trust plans to continue to operate so that it meets the requirements of LISR for Real Estate Investment Trusts. Based on this, no provision has been made for income taxes in the accompanying consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. NET ASSETS

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

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

R. CONSOLIDATED STATEMENTS OF RESULTS AND OTHER COMPREHENSIVE RESULTS

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

S. EARNINGS PER CBFI

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

T. ASSET ACQUISITION

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

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

U. ACCOUNTS PAYABLE

Liabilities are recognized at fair value when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 60 days.

6. FINANCIAL RISK MANAGEMENT

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

a. Market risk

Foreign exchange risk

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

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

6. FINANCIAL RISK MANAGEMENT (continued)

a. Market risk (continued)

Foreign exchange risk (continued)

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

The effect on net assets resulting from converting USD denominated assets and liabilities to Mexican Pesos for the periods ended December 31, 2017 and December 31, 2016 were as follows:

	December 31, 2017	December 31, 2016
Translation from functional to reporting currency	$ 9,169,409	$ 9,663,287

A sensitivity analysis prepared by management illustrates how changes in the currency rates affect the net assets in Mexican Pesos at December 31, 2017 and December 31, 2016, as a result of the conversion of functional currency to reporting currency shown as follows:

Sensitivity analysis	10% (+) (-) December 31, 2017	20% (+) (-) December 31, 2016
Exchange rate	19.7354	20.6640
Weakening	21.7089	24.7968
Strengthening	17.7619	16.5312
Net assets attributable to the investors	$ 29,061,560	$ 24,780,429
Adjusted Net Assets attributable to the investors (weakness)	31,967,716	29,736,515
Adjusted Net Assets attributable to the investors (strength)	26,155,404	19,824,343

Price risk

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

The future rental income was estimated depending on the location, type and quality of the properties, and taking into account market data and projections at the valuation date. If the market rentals used in the discounted cash flow analysis were to increase or decrease by 10%, the carrying amount of Investment Properties would be an estimated $318 million lower or $318 million higher, respectively.

If the capitalization rates used in the analysis were to increase or decrease by 10%, the carrying amount of Investment Properties would be an estimated $4,595 million lower or $4,595 million higher.

Cash flow and interest rate risk

As the Trust has no significant interest-bearing assets, its income and operating cash flows are substantially independent from changes in market interest rates except for items related to its borrowings. Borrowings issued at variable rates expose the Trust to fair value interest rate risk. As of December 31, 2017 and 2016, 57.7% and 63.4%

of the borrowings are set at fixed rate and the rest at variable rate, respectively. All borrowings are denominated in USD. In order to hedge such risk, the Trust has acquired derivative financial instruments.

6. FINANCIAL RISK MANAGEMENT (continued)

b. Credit risk

The Trust has no significant concentrations of credit risk. Policies have been implemented to ensure that rental agreements are made with customers with an adequate credit history. To reduce such risk, the Trust has security deposits or bonds. Cash transactions are limited to high-credit-quality financial institutions. The Trust aims at limiting the amount of credit exposure to any financial institution. In addition, the Trust covers its credit risk through detailed analysis of clients with whom it has entered into lease agreements focusing on triple "A" customers, which ensure the return on investment. Regarding the loan receivable, the Trust has ensured that the company that has been granted with the loan has economic solvency.

c. Liquidity risk

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

In the normal course of business, the Trust enters into loan agreements with certain lenders to finance its real estate investment transactions. Unfavorable economic conditions could increase borrowing-related costs, limit access to the capital markets or result in a decision by lenders to not extend credit to the Trust. There is no guarantee that the Trust's loan arrangements or ability to obtain leverage will continue to be available, or if available, will be available on terms and conditions acceptable to the Trust. Further, these loan agreements include, among other conditions, events of default and various covenants and representations. As of December 31, 2017 and December 31, 2016, 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 fair value of such assets may result in the lender requiring the Trust to post additional securities or otherwise repay the loans.

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

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

6. FINANCIAL RISK MANAGEMENT (continued)

c. Liquidity risk (continued)

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

	December 31, 2017				
	3 months	1 year	1-2 years	2-7 years	Total
Borrowings	$ 126,411	$ 8,461	$ 302,875	$ 20,586,686	$ 21,024,433
Tenant deposits	28,409	28,283	61,820	270,257	388,769
Accounts payable	207,310	-	4,527	-	211,837
Total	**$ 362,130**	**$ 36,744**	**$ 369,222**	**$ 20,856,943**	**$ 21,625,039**

	December 31, 2016				
	3 months	1 year	1-2 years	2-7 years	Total
Borrowings	$ 603,236	$ 171,641	$ 2,244,886	$ 11,635,020	$ 14,654,783
Tenant deposits	21,334	20,351	30,836	167,166	239,687
Accounts payable	198,000	3,870	7	5,414	207,291
Total	**$ 822,570**	**$ 195,862**	**$ 2,275,729**	**$ 11,807,600**	**$ 15,101,761**

d. Net assets risk

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

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

Additionally, the Trust is exposed to a potential cancellation of the North American Free Trade Agreement (NAFTA), which could have an impact on its performance.

7. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Estimate of fair value of Investment Properties

The best evidence of fair value is current prices in an active market for similar Investment Properties. Management determines the fair value of Investment Properties based on appraisal reports prepared by independent third party real estate appraisers in accordance with international valuation standards on the basis of comparable prices in the local market or of 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 on the uncertainty in the amount and timing of cash flows. (See Note 8a for further details on assumptions).

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 determines the fair value of derivatives and other financial instruments based on valuations prepared by a third party. (See Note 8c for further details on assumptions).

Fair value of borrowings

The fair value of borrowings is determined by using valuation techniques. Management determines the fair value of borrowings based on valuations prepared by a third party. Management has been using generally accepted valuation methods. (See Note 8b for further details on assumptions).

8. FAIR VALUE MEASUREMENTS

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

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

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

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

8. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties

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

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

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

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

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

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

Most significant unobservable inputs:

- Discount rate: The internal yield rate ("internal rate of return" or "IRR") is the single rate that discounts all future assets benefits to net present value. The discount rate as of December 31, 2017 and 2016, was 9.26% (ranges between 7.85% to 12%) and 9.28% (ranges between 8.25% to 12%), respectively.

- Market yield growth rate: Based on information gathered from surveys, as well as market experience and management's projections. Market yield growth rate ranges between 2% and 3% for both years.

- Vacancy and collection loss assumptions: This is a function of the interrelationship between absorption, lease expiration, renewal probability, and estimated downtime between leases and a collection loss factor based on the relative stability and credit of the subject´s tenant base. Vacancy assumption used by the Trust's management as of December 31, 2017 and 2016 was 5% and collection loss 1% for both years.

8. FAIR VALUE MEASUREMENTS (continued)

a. Investment Properties (continued)

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

Unrealized gains (losses) from fair value adjustments on Investment Properties is included in the consolidated statements of comprehensive income.

b. Borrowings and loan receivables

Valuation process for Trust borrowings and loan receivables:

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

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

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

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

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

The discount rate resulting from adding to the benchmark interest rate the credit risk of comparable debts, as of December 31, 2017 and 2016, ranges between 4.31% and 5.46% and 4.23% and 5.15%, respectively.

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

Level 2 and 3 fair values are analyzed at each reporting period during quarterly valuation discussions between the parties involved in the process.

c. Derivative financial instruments

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

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

8. FAIR VALUE MEASUREMENTS (continued)

Table 1 below summarizes assets and liabilities measured at fair value on a recurring basis and their respective level in the fair value hierarchy:

Table 1:

Fair Value Measurements at December 31, 2017

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 44,811,102	$ 45,959,558	$ -	$ -	$ 45,959,558
Derivative financial instruments	-	30,015	-	30,015	-
Loan receivable	39,608	39,608	-	39,608	-
Total assets	**$ 44,850,710**	**$ 46,029,181**	**$ -**	**$ 69,623**	**$ 45,959,558**
Liabilities:					
Borrowings	$ 20,636,928	$ 21,024,433	$ -	$ **21,024,433**	$ -
Total liabilities	**$ 20,636,928**	**$ 21,024,433**	**$ -**	**$** 21,024,433	**$ -**

Fair Value Measurements at December 31, 2016

	Cost	Amounts measured at fair value	Level 1	Level 2	Level 3
Assets:					
Investment properties	$ 33,817,311	$ 34,719,694	$ -	$ -	$ 34,719,694
Derivative financial instruments	-	-	-	-	-
Loan receivable	42,704	42,704	-	42,704	-
Total assets	**$ 33,860,015**	**$ 34,762,398**	**$ -**	**$** 42,704	**$ 34,719,694**
Liabilities:					
Borrowings	$ 14,901,562	$ 14,654,783	$ -	$ 14,654,783	$ -
Total liabilities	**$ 14,901,562**	**$ 14,654,783**	**$ -**	**$ 14,654,783**	**$ -**

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

8. FAIR VALUE MEASUREMENTS (continued)

Table 2 below shows the reconciliation of the beginning and ending balances for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2017 and 2016.

Table 2

	Fair value measurements using significant unobservable inputs (Level 3)					
	Beginning balance 01/01/17	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/17
Assets:						
Investment properties	$ 34,719,694	$ 7,615	$ (2,045,177)	$ 13,475,103	$ (197,677)	$45,959,558
Total assets	**$ 34,719,694**	**$ 7,615**	**$ (2,045,177)**	**$ 13,475,103**	**$ (197,677)**	**$45,959,558**

	Fair value measurements using significant unobservable inputs (Level 3)					
	Beginning balance 01/01/16	Realized and unrealized net gain (loss)	Currency translation	Acquisitions and capital expenditures	Dispositions	Ending balance 12/31/16
Assets:						
Investment properties	$ 28,476,842	$ (179,410)	$ 5,741,274	$ 810,176	$ (129,188)	$34,719,694
Total assets	**$ 28,476,842**	**$ (179,410)**	**$ 5,741,274**	**$ 810,176**	**$ (129,188)**	**$34,719,694**

9. INVESTMENTS UNDER THE EQUITY METHOD OF ACCOUNTING

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

- Controladora and Parques American Industries, S.A. of C.V., with an equity interest of 50% for each one of the parties involved (Trust F/2717).
- Avante, with an equity interest of 50% for each one of the parties involved (Trust F/3485).

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

9. INVESTMENTS ACCOUNTED USING EQUITY METHOD (continued)

Entity name	Country of establishment / Principal activity	Ownership interest as of December 31, 2017	Ownership interest as of December 31, 2016	December 31, 2017	December 31, 2016
Fideicomiso F/2717	Mexico / Lease of properties	50%	50%	$382,056	$233,548
Fideicomiso F/3485	Mexico / Lease of properties	50%	50%	$ 51,706	$ -

Below shows the reconciliation of the ending balances at December 31, 2017 and December 31, 2016:

	December 31, 2017		December 31, 2016	
Initial balance / initial contribution	$	233,548	$	100,945
Capital contributions		155,656		55,203
Share of profit from equity accounted investments		18,807		47,643
Currency translation		25,751		29,757
Ending balance	**$**	**433,762**	**$**	**233,548**

Following is a summary of financial information from equity method joint ventures:

Summary financial position		Fid. 2717 December 31, 2017		Fid. 3485 December 31, 2017		Fid. 2717 December 31, 2016		Fid. 3485 December 31, 2016
Assets	$		$		$		$	
Cash		4,770		2		218		-
Accounts receivables		7,600		930		192		-
Deferred rents receivable		3,300		1,246		558		-
Other assets		8,232		4,656		12,842		-
Total assets – current		**23,902**		**6,834**		**13,810**		**-**
Investments properties		752,656		103,548		454,966		
Total assets – non-current		**752,656**		**103,548**		**454,966**		**-**
Total assets	**$**	**776,558**	**$**	**110,382**	**$**	**468,776**	**$**	**-**
Liabilities								
Accounts payable		8,068		6,122		1,680		-
Total liabilities – current		**8,068**		**6,122**		**1,680**		**-**
Tenant deposits		4,378		848		-		-
Total liabilities – non-current		**4,378**		**848**		**-**		**-**
Total liabilities	**$**	**12,446**	**$**	**6,970**	**$**	**1,680**	**$**	**-**
Net assets	**$**	**764,112**	**$**	**103,412**	**$**	**467,096**	**$**	**-**
Profit of the period:								
Share of profit from equity accounted investments (%)		50%		50%		50%		50%
Share of profit from equity accounted investments ($)		382,056		51,706		233,548		-

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

9. INVESTMENTS ACCOUNTED USING EQUITY METHOD (continued)

Summary comprehensive income	Fid. 2717 December 31, 2017	Fid. 3485 December 31, 2017	Fid. 2717 December 31, 2016	Fid. 3485 December 31, 2016
Income:				
Rental revenues	$ 25,144	$ 1,616	$ 12,218	$ -
Net(gain) loss from fair value adjustment on investment properties	17,712	384	82,254	-
Other income	1,144	90	4,918	-
Total revenues	**$ 44,000**	**$ 2,090**	**$ 99,390**	**$ -**
Expenses:				
Real estate operating expenses	$ 6,454	$ 1,284	$ 2,080	$ -
Fees and other expenses	894	(156)	1,924	(100)
Total expenses	**$ 7,348**	**$ 1,128**	**$ 4,004**	**$ (100)**
Total operating profit	**$ 36,652**	**$ 962**	**$ 95,386**	**$ (100)**
Profit of the period:				
Share of profit from equity accounted investments (%)	50%	50%	50%	50%
Share of profit from equity accounted investments ($)	18,326	481	47,693	(50)

10. OTHER ASSETS

Details for other assets are as follows:

	December 31, 2017	December 31, 2016
Payments in advance for construction	$ 11,324	$ 38,145
VAT recoverable outstanding	10,681	8,109
Guarantee deposits	1,919	58,445
Interest receivable	112	121
Guarantee reserve for borrowing	-	5,474
Others	1,796	963
	$ 25,832	**$ 111,257**

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

11. RECOVERABLE TAXES

Recoverable taxes consist of the following:

	December 31, 2017	December 31, 2016
VAT recoverable	$ 682,116	$ 147,738
Federal income tax witheld	1,419	2,044
	$ 683,535	**$ 149,782**

During 2017 and 2016, the Mexican tax authorities refunded VAT to the Trust for USD$69.1 million (1,255 million of Mexican Pesos) and USD$16.5 million ($309.1 million of Mexican Pesos), respectively.

12. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

Accounts payable are integrated as follows:

	December 31, 2017	December 31, 2016
Accrued management fee	$ 64,125	$ 50,517
Tax payable	49,344	49,571
Accrued fees	33,270	22,931
Accounts payable to suppliers	30,427	39,502
Payroll payable	17,455	14,046
Retainage payable	13,760	22,592
Other	3,456	8,132
Total	**$ 211,837**	**$ 207,291**

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust entered into interest rate derivatives contracts in order to manage the potential impact of interest rate fluctuations on the borrowings described in Note 15. The derivatives include interest rate Caps and fixed rate options. The interest rate Caps provide that in the case the underlying LIBOR rate becomes higher than the strike price; the counterparty will pay the Trust an amount equal to the difference between the strike price and the LIBOR rate on a monthly or quarterly basis. The fixed rate options provide that in the case the underlying LIBOR rate rises, on the exercise date (as defined in the contract), the Trust will have the right to receive from the counterparty an amount in cash equal to the fair value of the derivative financial instrument with the characteristics described in the fixed rate option contract, in particular in respect of strike price and maturity.

Those outstanding contracts at December 31, 2017 and 2016, are summarized as follows:

December 31, 2017

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Caps	JPM	100,000	3M LIBOR	1.750%	$ 15	May 18, 2017	April 25, 2018
Fixed rate option	HSBC	120,000	3M LIBOR	1.286%	2,132	May18, 2017	April 25, 2018
Fixed rate option	Barclays	105,000	3M LIBOR	1.768%	27,868	May 18, 2017	October 4, 2021
Total					**$ 30,015**		

December 31, 2016

Derivative type	Bank	Notional amount (USD)	Underlying variable rate	Strike price	Fair value	Inception date	Maturity date
Caps	Bancomer	300,000	3M LIBOR	2.00%	$ -	September 3, 2015	December 30, 2016
Total					$ -		

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

14. ACCOUNTS RECEIVABLES

At December 31, 2017 and 2016, the aging of accounts receivables are as follows:

	< 3 months	3 – 6 months	>6 months	Total
2017	$ 57,721	$ 4,340	$ 27,305	$ 89,366
2016	$ 48,089	$ 11,133	$ 151,814	$ 211,036

As of December 31, 2017 and 2016, the main tenants with the highest concentration of overdue accounts included in accounts receivable, correspond mainly to tenants of the industrial sector, which are experiencing an unexpected economic situation, particularly of their operations. The aging of these lessee is as follows:

	< 3 months	3 – 6 months	>6 months	Total
2017	$ -	$ -	$ 17,134	$ 17,134
2016	$ 9,361	$ 6,044	$ 126,958	$ 142,363

At December 31, 2017 and 2016, allowance for doubtful accounts are shown as follows:

	December 31, 2017	December 31, 2016
Beginning balance	$ 167,619	$ 107,294
Increases	173,226	97,087
Decreases	(151,421)	(61,803)
Write off, net of recoveries	(148,502)	(555)
Currency conversion	(10,194)	25,596
Ending Balance	**$ 30,728**	**$ 167,619**

Accounts receivable approximate their fair value because they are short-term. Accounts receivable are mostly denominated in USD.

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

15. BORROWINGS

Borrowings include mortgage loans payable as summarized below:

Credit entity/ Instrument	December 31, 2017 Principal balance	December 31, 2017 Fair value	December 31, 2016 Principal balance	December 31, 2016 Fair value	Interest rate (p.a.) [1], [2], [3]	Maturity date	Terms [4]
BOND	$ 8,449,583	$ 8,837,088	$ 8,847,157	$ 8,600,378	Fixed - 5.25%	November, 2022	I
BANAMEX TERM LOAN	6,952,822	6,952,822	-	-	3 months LIBOR + 2.45% [6]	October, 2022	I[9]
METLIFE	2,960,310	2,960,310	-	-	Fixed – 4.75%	January, 2027	I[10]
CITIBANK[5]	1,958,898	1,958,898	-	-	3 months LIBOR + 2.65% [6]	August, 2019	I
NEW YORK LIFE[8]	315,315	315,315	-	-	Fixed – 5.19%[8]	February, 2020	P&I
BANCOMER/JPM	-	-	3,117,930	3,117,930	3 months LIBOR + 2.25%[6]	September, 2021	P&I
BRE	-	-	2,482,746	2,482,746	3 months LIBOR + 3.75%	February, 2017[7]	P&I
METLIFE	-	-	453,729	453,729	Fixed – 5.09%	February, 2017[7]	P&I
Total of borrowing	**$ 20,636,928**	**$ 21,024,433**	**$ 14,901,562**	**$ 14,654,783**			

[1] p.a. = per year.
[2] At December 31, 2017, and December 31, 2016, the 3 months LIBOR rate was 1.6943% and 0.9979%, respectively.
[3] TIIE = Interbank Balance Interest Rate.
[4] P&I = Principal and interest; I = Interest only.
[5] Unsecured, committed, revolving credit, up to an amount of USD$300 million.
[6] The margin may vary according to the Rating and Loan to Value ("LTV") ratio.
[7] Full Prepayment date.
[8] Loan includes two drawdowns with a fixed rate of 5.19% and 4.84%.
[9] Interest only until January 2021.
[10] Interest only until February 2024.

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

15. BORROWINGS (continued)

On October 27, 2017, Terrafina entered a USD$350 million ($6,726 million of Mexican Pesos) syndicated unsecured term loan with Banamex as administrative agent. The proceeds from this facility were used for the total payment of the USD$150 million ($2,882 million of Mexican Pesos) BBVA/JPM unsecured credit loan, and to pay down USD$196.5 million of the existing revolving credit facility from Citibank. This new loan has an interest rate of LIBOR + 245 bps, an interest-only period for the first three years and a five-year maturity term until October 2022.

On November 24, 2017, Terrafina exercised its option to permanently reduce the aggregate commitments of the existing Citibank unsecured revolving credit facility to USD$300 million pursuant to the loan agreement.

As of December 31, 2017, the Metlife and SMNYL debt are collateralized by Investment Properties with an aggregate estimated fair value of $7,577,285 Mexican Pesos.

As of December 31, 2017 and December 31, 2016, fair value borrowings are payable as follows:

	<1 year	1 – 3 years	>3 years	Total
2017	$ 134,872	$ 302,875	$ 20,586,686	$ 21,024,433
2016	$ 774,877	$ 2,244,885	$ 11,635,021	$ 14,654,783

All the loans are denominated in USD. Terrafina is benefited from not paying principal amortizations in respect of the following facilities until the following dates: Banamex until January 2021 and Metlife until February 2024.

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 a fixed rate or a floating rate.

The Trust carries exposure to the risk from changes in interest variable rates related to these borrowings. Interest rate risk decreases due to the use of derivative financial instruments as described in Note 13.

During 2017 and 2016, the Trust repaid principal amounts under the borrowings contracted as follows:

	December 31, 2017				
Bank	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
BRE	$ 2,433,013	$ -	$ -	$ -	$ 2,433,013
CITIBANK	-	-	-	3,776,494	3,776,494
METLIFE	461,571	-	-	-	461,571
BANCOMER/JPM	-	-	-	2,882,820	2,882,820
NEW YORK LIFE	-	-	789	2,591	3,380
	$ 2,894,584	**$ -**	**$ 789**	**$ 6,661,905**	**$ 9,557,278**

	December 31, 2016				
Bank	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
BRE	$ -	$ 51,076	$ -	$ 2,859,848	$ 2,910,924
METLIFE	2,033	2,080	1,447	2,335	7,895
	$ 2,033	**$ 53,156**	**$ 1,447**	**$ 2,862,183**	**$ 2,918,819**

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

16. NET ASSETS ATTRIBUTABLE TO THE INVESTORS

On April 29, 2016, the Nominating Committee, approved the exercise of 167,094 CBFI's for the payment of the compensation plan incentives.

On April 28, 2017, the Nominating Committee, approved the exercise of 91,142 CBFI's for the payment of the compensation plan incentives.

As is described in Note 3, on July 19, 2017, Terrafina carried out a third public offering of 183,546,039 CBFI´s in Mexico, along with private offerings in other international markets (including an over-allotment option), for an amount equivalent to $5,552,268 ($30.25 for each CBFI). The issuing costs directly attributable of $165,105 were recognized as a reduction from the proceeds from the public offering and shown as capital contributions, net of issuing costs in net assets attributable to the investors (net equity).

As of December 31, 2017, and 2016, the Trust net contributions amount to $21,334,893 and $15,944,845 respectively and consists of 791,014,635 and 607,377,454 outstanding CBFI's, respectively, as follows:

No. of CBFI's	Details		
607,210,360	**As of December 31, 2015**	$	15,939,832
167,094	CBFI's exercised on April 29, 2016		5,013
607,377,454	**As of December 31, 2016**	**$**	**15,944,845**
91,142	CBFI's exercised on April 28, 2017		2,886
183,546,039	CBFI's exercised on July 19, 2017		5,387,163
791,014,635	**As of December 31, 2017**	**$**	**21,334,894**

The Technical Committee approved and paid distributions as an upfront payment to the CBFI's holders based on the tax result of the year during the periods from January 1 to December 31, 2017 and from January 1 to December 31, 2016, as follows:

Distribution date		Amount
March 13, 2017	$	400,364
May 12, 2017		450,484
August 11, 2017		452,446
November 13, 2017		410,397
Total Distribution 2017	**$**	**1,713,691**

Distribution date		Amount
March 3, 2016	$	275,731
May 6, 2016		300,857
August 5, 2016		343,261
November 7, 2016		346,357
Total Distribution 2016	**$**	**1,266,206**

As a result of the tax loss incurred for the period from January 1 to December 31, 2017, such distributions were considered capital reimbursements for income tax purposes.

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

17. CASH FLOW INFORMATION

Debt net reconciliation

Analysis of net debt and movements in net debt of the periods presented

Debt net

		December 31, 2017		December 31, 2016
Cash	$	3,209,041	$	4,297,096
Borrowings – payable within a year		(134,872)		(774,876)
Borrowings – payable more than a year		(20,889,561)		(13,879,906)
Debt net		**(17,815,392)**		**(10,357,687)**
Cash		3,209,041		4,297,096
Debt net – fixed rate		(12,112,713)		(9,054,106)
Debt net – variable rate		(8,911,720)		(5,600,676)
Debt net	**$**	**(17,815,392)**	**$**	**(10,357,687)**

	Cash	Borrowings payable within a year	Borrowings payable more than a year	Total
Debt net as of January 1, 2017	$ 4,297,096	$ (774,877)	$(13,879,906)	$ (10,357,687)
Cash flow	(8,948,865)	(2,529,661)	2,622,928	$ (8,855,598)
Currency translation adjustment	(768,579)	14,694	$ 2,275,883	$ 1,521,998
Other movements non-cash	(4,521)	(764)	$ (118,820)	$ (124,105)
Debt net as of December 31, 2017	**$ (5,424,869)**	**$ (3,209,608)**	**$(9,099,915))**	**$ (17,815,392)**

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

18. CONCENTRATION OF RISK

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

At December 31, 2017 and December 31, 2016, the Trust has real estate investments located throughout Mexico. The concentration based on the fair values and established regions is as follows:

	2017		2016	
	Region	Estimated Fair Value	Region	Estimated Fair Value
North	60%	$ 27,575,735	50%	$ 17,359,847
Bajio	23%	10,570,698	26%	9,027,120
Central	17%	7,813,125	24%	8,332,727
Total	**100%**	**$ 45,959,558**	**100%**	**$ 34,719,694**

Rental revenue concentration by region for the periods between January 1 to December 31, 2017 and January 1 to December 31, 2016, is as follows:

	2017		2016	
	Region	Rental Revenues	Region	Rental Revenues
North	62%	$ 1,976,738	54%	$ 1,347,272
Bajio	22%	701,422	25%	623,739
Central	16%	510,126	21%	523,939
Total	**100%**	**$ 3,188,286**	**100%**	**$ 2,494,950**

Because the percentage of occupancy of Investment Properties is 95% on average, operating expenses that generate income are considered in that same proportion.

Gross leasable area by segment for the periods between January 1 to December 31, 2017 and January 1 to December 31, 2016, is as follows:

	2017 %	2016 %
Automotive	34.3%	31.6%
Industrial properties	19.8%	18.9%
Consumer goods	14.4%	18.7%
Logistics and trade	10.0%	9.5%
Aviation	9.9%	9.4%
Non-durable consumer goods	4.0%	5.6%
Electronics	7.7%	6.2%
Total	**100%**	**100%**

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

19. OTHER OPERATING INCOME

Other operating income were as follows:

	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
Service charge income	$ 223,864	$ 169,988
Other income	79,436	38,071
Total	**$ 303,300**	**$ 208,059**

20. REAL ESTATE OPERATING EXPENSES

Real estate operating expenses were as follows:

	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
Repair, maintenance and facilities	$ 169,586	$ 192,093
Property tax and other taxes	114,431	107,846
Property management fees	68,456	56,745
Electricity	50,789	27,015
Leasing commission	38,997	42,469
Property insurance	28,347	24,601
Broker fees	27,052	24,953
Bad debt expense	21,805	35,284
Property appraisals	15,391	11,281
Security	13,386	12,331
Bank commissions	1,062	912
Advertising	543	1,621
Other expenses	26,595	19,456
Total	**$ 576,440**	**$ 556,607**

21. FEES AND OTHER EXPENSES

Fees and other expenses were as follows:

	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
Management fee	$ 198,186	$ 157,422
Administrative fee	95,712	44,536
Legal fees	37,813	59,733
Payroll	27,405	27,586
Other professional fees	24,453	21,404
Trustee fees	10,074	6,549
Other expenses	20,381	12,052
Total	**$ 414,024**	**$ 329,282**

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

22. FINANCE COSTS - NET

	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
Interest income on bank accounts	$ 6,557	$ 4,208
Interest income on loan receivable	2,150	1,418
	$ 8,707	**$ 5,626**

	Twelve months ended December 31, 2017	Twelve months ended December 31, 2016
Interest expense	$ 861,708	$ 658,678
Borrowing costs bank commissions	104,559	70,474
	$ 966,267	**$ 729,152**

23. RELATED PARTIES

The following detail, includes the outstanding Trust related parties ‘activities:

Manager

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

The reimbursed costs for the periods ended December 31, 2017 and December 31, 2016 were $40,079 and $40,097 respectively, and were eliminated at consolidation.

At year-end, there were no outstanding balances.

Advisor

On April 8, 2016, the Committee of Holders approved the amendment to the advisory agreement, after this date, the payment of commission to the Advisor is equivalent to 0.5% per annum of the fair market value of real estate assets plus VAT.

Until April 7, 2016 the Trust paid a management fee to the Advisor, equivalent to 0.5% per annum of the gross cost of the real estate assets plus the annual inflation rate and VAT.

The management fee accrued for the year ended December 31, 2017 and December 31, 2016 were $198,186 and $157,422, respectively.

24. 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 tenants. These agreements, without considering renewal options, have expiration dates ranging from January 1, 2018 to January 31, 2029.

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

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

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

December 31, 2017	**<1 year**	**1-5 years**	**>5 years**	**Total**
Minimum future lease payments	$ 3,543,185	$ 8,602,006	$ 1,625,413	$ 13,770,604
	26%	62%	12%	100%

25. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business there can be various legal actions related to properties of the Trust. At December 31, 2017, the Trust's management was not aware of any such matter that had or would have a material effect on Trust's financial condition or results of operations.

26. SUBSEQUENT EVENTS

On February 06, 2018, Terrafina renegotiated terms and conditions of revolving credit facility with Citibank.

On February 27, 2018, the Technical Committee approved a dividend payment of $484,870 corresponding to $.6130 cents per CBFI.

ISSUER

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TERRAFINA

4.962% Senior Notes due 2029

OFFERING MEMORANDUM

October 21, 2019

Global Coordinators and Joint Book-Running Managers

J.P. Morgan **BBVA**

Joint Book-Running Managers

Barclays **Citigroup**