FIRST QUARTER 2020 EARNINGS REPORT

Mexico City, June 11th, 2020 – Terrafina® ("TERRA" or "the Company") (BMV: TERRA13), a leading Mexican industrial real estate investment trust ("FIBRA"), externally advised by PGIM Real Estate and dedicated to the acquisition, development, leasing and management of industrial real estate properties in Mexico, announced today its first quarter 2020 (1Q20) earnings results.

The figures in this report have been prepared in accordance with International Financial Report Standards ("IFRS"). Figures presented in this report are expressed in millions of Mexican pesos and millions of U.S. dollars, unless stated otherwise. Additionally, figures may vary due to rounding.

This document may include forward-looking statements that may imply risks and uncertainties. Terms such as "estimate", "project", "plan", "believe", "expect", "anticipate", "intend", and other similar expressions could be construed as previsions or estimates. Terrafina warns readers that declarations and estimates mentioned in this document, or realized by Terrafina's management imply risks and uncertainties that could change as a result of of various factors that are out of Terrafina's control. Future expectations reflect Terrafina's judgment at the date of this document. Terrafina reserves the right or obligation to update the information contained in this document or derived from this document. ***Past or present performance is not an indicator of future results****.*

Operating and Financial Highlights as of March 31st 2020

Operating

- **As of March 31st, 2020, the occupancy rate was 96.1%, a 19 basis point increase compared to the first quarter of 2019 (1Q19).**
- **Renewal rate in 1Q20 was 86.0%.**
- **Annualized average leasing rate per square foot in 1Q20 was US$5.19, a 0.2% or US$0.01 increase compared to 1Q19.**
- **In 1Q20, Terrafina reported a total of 42.3 million square feet (msf) of Gross Leasable Area (GLA) comprised of 289 properties and 298 tenants.**
- **1Q20 leasing activity totaled 1.4 msf, of which 7.2% corresponded to new leases, 71.4% to lease renewals and 21.4% to early renewals. Leasing activity was concentrated in the Ciudad Juarez, San Luis Potosi, Chihuahua, Apodaca, Saltillo, Toluca and Irapuato markets.**

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Financial

- **1Q20 net collections (rental revenue - uncollected revenue from the quarter) was $48.7 million, a 8.3% or US$3.7 million increase compared to 1Q19.**
- **1Q20 rental revenues reached US$50.3 million, a 0.9% or US$0.4 million increase compared to 1Q19.**
- **1Q20 NOI was US$47.1 million, a 7.3% or US$3.2 million increase compared to 1Q19.**
- **The NOI margin reached 94.2 %, a 740 basis point increase compared to 1Q19.**
- **1Q20 EBITDA reached US$42.2 million, an increase of 8.0% or US$3.1 million compared to 1Q19.**
- **The EBITDA margin for 1Q20 was 84.4%, a 715 basis point increase compared to 1Q19.**
- **1Q20 adjusted funds for operations (AFFO) reached US$26.5 million, an increase of 18.5% or US$4.1 million compared to 1Q19.**
- **The AFFO margin for 1Q20 was 52.4% for 1Q20, a 863 basis point increase compared to 1Q19.**
- **1Q20 distributions totaled US$22.5 million, on an 85% AFFO payout ratio.. As a result, Terrafina will distribute Ps.0.5532 per CBFI (US$0.0284 per CBFI) for distributions corresponding to the period from January 1st to March 31st, 2020.**
- **The dividend yield for the quarter was 7.5% considering the average share price for the quarter of US$1.49 (Ps.29.50).**

Operating and Financial Highlights

Highlights

Operating	Mar20	Mar19	Var.
Number of Developed Properties	289	287	2
Gross Leasable Area (GLA) (msf)[1]	42.3	41.1	1.2
Land Reserves (msf)	5.58	5.66	-0.08
Occupancy Rate[2]	*96.1%*	*95.9%*	*19 bps*
Avg. Leasing Rent/ Square Foot (dollars)	5.19	5.18	0.01
Weighted Average Remaining Lease Term (years)	3.55	3.29	0.26
Renewal Rate[3]	*86.0%*	*90.5%*	*-452 bps*

Quarterly Financial	1Q20	1Q19	Var.		1Q20	1Q19	Var.
				fx	*19.8578*	*19.2163*	
	(millions of pesos unless otherwise stated)				*(millions of dollars unless otherwise stated)*		
Net Collections [4]	966.9	864.5	11.8%		48.7	45.0	8.3%
Rental Revenues [5]	998.2	958.3	4.2%		50.3	49.9	0.9%
Other Operating Income	25.6	109.9	-76.7%		1.3	5.7	-77.7%
Net Revenues	1,036.1	1,094.2	-5.3%		52.2	56.9	-8.4%
*Net Operating Income (NOI)**	937.1	844.2	11.0%		47.1	43.9	7.3%
NOI Margin	*94.2%*	*86.8%*	*740 bps*		*94.2%*	*86.8%*	*740 bps*
*EBITDA [6]**	832.0	750.7	10.8%		42.2	39.1	8.0%
EBITDA Margin	*84.4%*	*77.2%*	*715 bps*		*84.4%*	*77.2%*	*715 bps*
*Funds from Operations (FFO)**	596.6	511.3	16.7%		30.3	26.6	14.1%
FFO Margin	*60.6%*	*52.5%*	*809 bps*		*60.6%*	*52.5%*	*809 bps*
*Adjusted Funds from Operations (AFFO)**	514.6	429.7	19.8%		26.5	22.3	18.5%
AFFO Margin	*52.4%*	*43.7%*	*863 bps*		*52.4%*	*43.7%*	*863 bps*
Distributions	437.4	465.3	-6.0%		22.5	24.2	-7.0%
Distributions per CBFI [7]	0.5532	0.5885	-6.0%		0.0284	0.0306	-7.0%

Balance Sheet	Mar20	Dec19	Var.		Mar20	Dec19	Var.
				fx	*23.5122*	*18.8452*	
	(millions of pesos unless otherwise stated)				*(millions of dollars unless otherwise stated)*		
Cash & Cash Equivalents	1,188.9	1,266.3	-6.1%		50.6	67.2	-24.8%
Investment Properties	57,330.7	45,787.3	25.2%		2,438.3	2,429.7	0.4%
Land Reserves	1,013.9	812.2	24.8%		43.1	43.2	-0.2%
Total Debt	24,088.1	20,098.8	19.8%		1,024.5	1,066.5	-3.9%
Net Debt	22,899.2	18,832.5	21.6%		973.9	999.3	-2.5%

(1) Millions of square feet. (2) Occupancy at the end of the period. (3) Indicates the lease renewal rate of the leases for the period, includes early renewals. (4) Net collections = rental revenue + uncollected revenue from the quarter. (5) Excluding accrued income as it is a non-cash item. (6) Earnings before interest, taxes, depreciation and amortization. (7) Certificados Bursátiles Fiduciarios Inmobiliarios - Real Estate Investment Certificates. (*) Revenues and expenses have been adjusted for the calculation of the above mentioned metrics. Figures in dollars in the Balance Sheet were converted using the closing exchange rate of the period. Please refer to the "1Q20 Financial Performance" and "Appendices" section available in this document.

Source: PGIM Real Estate – Asset Management and Fund Accounting

Comment by Alberto Chretin, Chief Executive Officer and Chairman of the Board

In the first quarter of 2020, Terrafina achieved positive results which demonstrate the strength of our business. Given the impact from the COVID-19 outbreak on the economy, it is important to us to share our recent efforts with you. Overall, we are focused on providing safe conditions to all our stakeholders including our collaborators, tenants, and suppliers. Over the past months, we have been working on a flexible contingency plan, which seeks to provide the right operating conditions for the new normal. Our goal is to foster stability and long-term growth with our tenants.

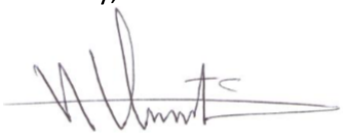
An important part of our plan is the implementation of our rent relief programs for tenants which have requested it and have demonstrated an impact on their operations. As of the date of this report, Terrafina has received a total of 115 tenant requests of which 50% were accepted. Aditionally, 99% of these rent relief programs were rent deferrals, which we expect to recover its majority during the second half of the year, and only 1% were rent discounts. Moreover our collections for the months of April and May were 89% and 83% respectively, which represents approximately a 3% decrease to our annualized rental revenues for 2020. It is worth mentioning that 72% of our tenants today are already operating in our facilities, while the remainder is expected to gradually restart operations in the following weeks. It is also important to remind you that as most of Terrafina's clients are in manufacturing for export activites, the portfolio is much more geared to U.S. economic activity than to Mexico's. The U.S. economy is re-opening fairly rapidly, supported by a large fiscal stimulus. As shown by the recovery in U.S. financial markets, the consensus expectation is that the U.S. economy will bounce back as the year progresses. Hence, we believe that Terrafina's clients are in a better position and we expect a gradual recovery in its production activity in the following months.

Regarding Terrafina's liquidity, today we have a cash balance of approximately US$210 million which was strengthened with the recent US$ 150 million draw down from our revolving credit facility which we announced at the begining of April. We believe this gives us enough solvency to cover our operating expenses and potential contingencies if needed.

As for our operations, leasing activity in the quarter reached 1.4 million square feet of which, 1.3 million square feet were renewals (86% renewal rate) and 122,000 square feet were new contracts.Our average annualized rental rate was stable at US$5.19 per square foot. Our occupancy level was 96.1% with stable regional rates of 98.5% in the North, 88.1% in the Bajío, and 98.0% in the Central region.

With regards to our financial highlights, net collections reached US$48.7 million, rental revenues were US$50.3 million, NOI was US$47.1 million with an NOI margin of 94.2%, and distributions totalled US$22.5 million.The dividend yield for the quarter was 7.5%, considering the average CBFI price for the first quarter of 2020. We reiterate our full year guidance since we are in a good position with our rent collections, our liquidity position as well as our portfolio's outlook. Should the circumstances change, we would revisit this decision.

Sincerely,



Alberto Chretin
Chief Executive Officer and Chairman of the Board

Operating Highlights

Highlights by Region

(as of March 31st, 2020)	North	Bajio	Central	Total
# Buildings	203	56	30	289
# Tenants	202	53	43	298
GLA (msf)	26.5	9.5	6.2	42.3
Land Reserves (msf)	2.7	0.1	2.7	5.6
Occupancy Rate	*98.5%*	*88.1%*	*98.0%*	*96.1%*
Average Leasing Rate / Square Foot (dollars)	5.14	5.22	5.37	5.19
Annualized Rental Base %	*63.7%*	*20.7%*	*15.6%*	*100.0%*

Source: PGIM Real Estate - Asset Management

NORTH
- Baja California
- Sonora
- Chihuahua
- Coahuila
- Nuevo Leon
- Tamaulipas
- Durango

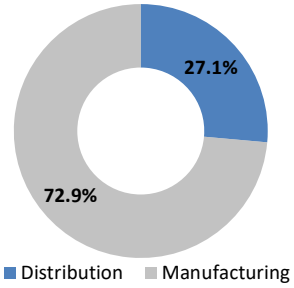
BAJIO
- San Luis Potosi
- Jalisco
- Aguascalientes
- Guanajuato
- Queretaro

CENTRAL
- State of Mexico
- Mexico City
- Puebla
- Tabasco

Terrafina's 1Q20 Operations

Composition by Asset Type as of 1Q20

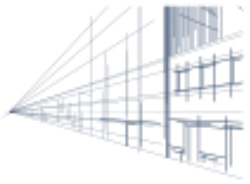
(as a % of total GLA)



Leasing Activity

	1Q20	1Q19	Var.
Operating Portfolio (msf):			
Renewals	1.0	1.6	-0.6
Early Renewals	0.3	0.3	0.0
New Leases	0.1	0.4	-0.3
Total Square Feet of Leases Signed	**1.4**	**2.3**	**-0.9**

Source: PGIM Real Estate - Asset Management



Operating Highlights *(continued)*

Occupancy and Rents by Region

(As of March 31st, 2020)	Occupancy Rate	Avg. Leasing Rent/ Square Foot *(dollars)*
North	**98.5%**	**5.14**
Baja California	93.3%	4.75
Tijuana	93.3%	4.75
Sonora	88.5%	4.89
Hermosillo	88.5%	4.89
Chihuahua	99.5%	5.09
Camargo	100.0%	3.00
Casas Grandes	100.0%	4.28
Chihuahua	100.0%	5.37
Ciudad Juarez	99.1%	4.83
Delicias	100.0%	6.13
Gomez Farias	100.0%	3.34
Coahuila	96.6%	5.32
Arteaga	100.0%	4.44
Ciudad Acuña	100.0%	6.35
Monclova	100.0%	5.61
Ramos Arizpe	96.4%	5.22
Saltillo	87.2%	5.25
Derramadero	100.0%	6.76
San Pedro de las Colinas	89.3%	2.10
Torreon	100.0%	4.34
Nuevo Leon	99.9%	5.23
Apodaca	100.0%	6.65
Monterrey	99.9%	5.00
Tamaulipas	100.0%	4.96
Reynosa	100.0%	4.96
Durango	100.0%	4.90
Durango	100.0%	5.06
Gomez Palacio	100.0%	3.23
Bajio	**88.1%**	**5.22**
San Luis Potosi	82.7%	4.93
San Luis Potosi	82.7%	4.93
Jalisco	89.1%	6.85
Guadalajara	89.1%	6.85
Aguascalientes	100.0%	4.57
Aguascalientes	100.0%	4.57
Guanajuato	92.6%	4.92
Celaya	100.0%	5.29
Irapuato	81.8%	5.53
Silao	96.5%	4.65
Queretaro	86.9%	4.89
Queretaro	86.9%	4.89
Central	**98.0%**	**5.37**
State of Mexico	97.7%	5.67
Cuautitlan Izcalli	100.0%	5.75
Huehuetoca	43.8%	4.26
Toluca	100.0%	5.45
Mexico City	100.0%	9.38
Azcapotzalco	100.0%	9.38
Puebla	100.0%	2.70
Puebla	100.0%	2.70
Tabasco	100.0%	3.53
Villahermosa	100.0%	3.53
Total	**96.1%**	**5.19**

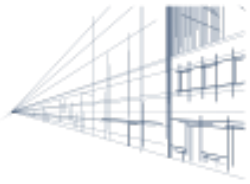
Source: PGIM Real Estate - Asset Management

Maturities and Renewals by Region

	Consolidated			
(As of March 31st, 2020)	Maturities *(number of contracts)*	% of Total Maturities	Renewals *(number of contracts)*	% of Total Renewals
North	**22**	**68.8%**	**19**	**86.4%**
Baja California	2	6.3%	1	0.0%
Tijuana	2	6.3%	1	50.0%
Sonora	0	0.0%	0	0.0%
Hermosillo	0	0.0%	0	0.0%
Chihuahua	11	34.4%	11	100.0%
Camargo	0	0.0%	0	0.0%
Casas Grandes	0	0.0%	0	0.0%
Chihuahua	7	21.9%	7	100.0%
Ciudad Juarez	4	12.5%	4	100.0%
Delicias	0	0.0%	0	0.0%
Gomez Farias	0	0.0%	0	0.0%
Coahuila	7	21.9%	5	71.4%
Arteaga	0	0.0%	0	0.0%
Ciudad Acuña	0	0.0%	0	0.0%
Monclova	0	0.0%	0	0.0%
Ramos Arizpe	4	12.5%	2	50.0%
Saltillo	3	9.4%	3	100.0%
Derramadero	0	0.0%	0	0.0%
San Pedro de las Colinas	0	0.0%	0	0.0%
Torreon	0	0.0%	0	0.0%
Nuevo Leon	2	6.3%	2	100.0%
Apodaca	2	6.3%	2	100.0%
Monterrey	0	0.0%	0	0.0%
Tamaulipas	0	0.0%	0	0.0%
Reynosa	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Durango	0	0.0%	0	0.0%
Gomez Palacio	0	0.0%	0	0.0%
Bajio	**9**	**28.1%**	**6**	**66.7%**
San Luis Potosi	6	18.8%	4	66.7%
San Luis Potosi	6	18.8%	4	66.7%
Jalisco	0	0.0%	0	0.0%
Guadalajara	0	0.0%	0	0.0%
Aguascalientes	0	0.0%	0	0.0%
Aguascalientes	0	0.0%	0	0.0%
Guanajuato	3	9.4%	2	66.7%
Celaya	0	0.0%	0	0.0%
Irapuato	3	9.4%	2	66.7%
Silao	0	0.0%	0	0.0%
Queretaro	0	0.0%	0	0.0%
Queretaro	0	0.0%	0	0.0%
Central	**1**	**3.1%**	**1**	**100.0%**
Estado de Mexico	1	3.1%	1	0.0%
Cuautitlan Izcalli	0	0.0%	0	0.0%
Huehuetoca	0	0.0%	0	0.0%
Toluca	1	3.1%	1	100.0%
Mexico City	0	0.0%	0	0.0%
Azcapotzalco	0	0.0%	0	0.0%
Puebla	0	0.0%	0	0.0%
Puebla	0	0.0%	0	0.0%
Tabasco	0	0.0%	0	0.0%
Villahermosa	0	0.0%	0	0.0%
Total	**32**	**100.0%**	**26**	**81.3%**

Source: PGIM Real Estate - Asset Management

**Over the number of matured leases in the quarter*



1Q20 Operational Performance

Composition by Geographical Diversification

1Q20 geographic diversification of properties (GLA per square foot) was as follows: the Northern region of Mexico represented 62.7% of GLA, while the Bajio and Central regions represented 22.5% and 14.8% of GLA, respectively.

Geographic Distribution by Region and State

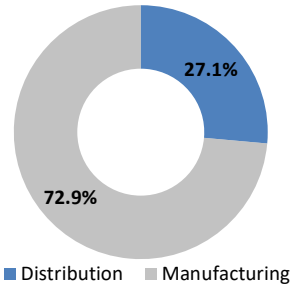
	1Q20	as a % of Total GLA 1Q20	1Q19	as a % of Total GLA 1Q19
North	**26.53**	**62.7%**	**25.61**	**62.3%**
Baja California	0.88	2.1%	0.91	2.2%
Tijuana	0.88	2.1%	0.91	2.2%
Sonora	0.33	0.8%	0.33	0.8%
Hermosillo	0.33	0.8%	0.33	0.8%
Chihuahua	14.94	35.3%	14.35	34.9%
Chihuahua	0.02	0.1%	5.83	14.2%
Ciudad Juarez	0.09	0.2%	7.81	19.0%
Delicias	6.23	14.7%	0.52	1.3%
Gomez Farias	8.00	18.9%	0.08	0.2%
Camargo	0.52	1.2%	0.02	0.1%
Casas Grandes	0.08	0.2%	0.09	0.2%
Coahuila	7.09	16.8%	6.84	16.6%
Arteaga	0.12	0.3%	0.00	0.0%
Ciudad Acuña	0.24	0.6%	0.24	0.6%
Monclova	0.35	0.8%	0.35	0.8%
Ramos Arizpe	4.67	11.0%	4.54	11.0%
Saltillo	0.44	1.0%	0.62	1.5%
Derramadero	0.73	1.7%	0.54	1.3%
San Pedro de las Colinas	0.00	0.0%	0.15	0.4%
Torreon	0.39	0.9%	0.39	0.9%
Nuevo Leon	2.06	4.9%	1.94	4.7%
Apodaca	0.28	0.7%	0.50	1.2%
Monterrey	1.78	4.2%	1.44	3.5%
Tamaulipas	0.47	1.1%	0.47	1.1%
Reynosa	0.47	1.1%	0.47	1.1%
Durango	0.78	1.8%	0.78	1.9%
Durango	0.71	1.7%	0.71	1.7%
Gomez Palacio	0.07	0.2%	0.07	0.2%
Bajio	**9.52**	**22.5%**	**9.27**	**22.5%**
San Luis Potosi	3.33	7.9%	3.32	8.1%
San Luis Potosi	3.33	7.9%	3.32	8.1%
Jalisco	1.66	3.9%	1.66	4.0%
Guadalajara	1.66	3.9%	1.66	4.0%
Aguascalientes	0.99	2.3%	0.75	1.8%
Aguascalientes	0.99	2.3%	0.75	1.8%
Guanajuato	1.57	3.7%	1.57	3.8%
Celaya	0.12	0.3%	0.12	0.3%
Irapuato	0.44	1.0%	0.44	1.1%
Silao	1.01	2.4%	1.01	2.5%
Queretaro	1.98	4.7%	1.98	4.8%
Queretaro	1.98	4.7%	1.98	4.8%
Central	**6.25**	**14.8%**	**6.25**	**15.2%**
State of Mexico	5.39	12.7%	5.39	13.1%
Cuautitlan Izcalli	4.26	10.1%	4.26	10.4%
Toluca	0.22	0.5%	0.90	2.2%
Huehuetoca	0.90	2.1%	0.23	0.6%
Mexico City	0.02	0.1%	0.02	0.1%
Azcapotzalco	0.02	0.1%	0.02	0.1%
Puebla	0.18	0.4%	0.18	0.4%
Puebla	0.18	0.4%	0.18	0.4%
Tabasco	0.65	1.5%	0.65	1.6%
Villahermosa	0.65	1.5%	0.65	1.6%
Total	**42.30**	**100.0%**	**41.13**	**100.0%**

Total Gross Leasable Area / million square feet. Potential leasable area of land reserves are not included.
Source: PGIM Real Estate - Asset Management

Composition by Asset Type

At the end of 1Q20, 72.9% of Terrafina's portfolio consisted of properties dedicated to manufacturing activities while 27.1% was dedicated to distribution and logistics activities.

Composition by Asset Type as of 1Q20
(as a % of total GLA)



Composition by Asset Type

	1Q20	1Q19	Var.
Distribution	27.1%	26.8%	31 bps
Manufacturing	72.9%	73.2%	-31 bps

Source: PGIM Real Estate - Asset Management

Composition by Sector

As of March 31st, 2020, tenant diversification by industrial sector was as follows:

Industrial Sector Diversification

	1Q20	1Q19	Var.
Automotive	34.0%	34.8%	-81 bps
Industrial Goods	19.4%	20.1%	-70 bps
Consumer Goods	14.5%	13.7%	79 bps
Logistics and Trade	10.3%	10.1%	13 bps
Aviation	10.5%	9.6%	83 bps
Non-durable Consumer Goods	3.5%	3.6%	-11 bps
Electronics	7.8%	8.0%	-13 bps
Total	**100.0%**	**100.0%**	

Source: PGIM Real Estate - Asset Management

Composition of Top Clients

Terrafina has a widely diversified tenant base that leases industrial properties throughout several of Mexico's main cities. For 1Q20, Terrafina's top client, top 10 clients and top 20 clients represented 3.5%, 19.6% and 30.0% of total revenues, respectively.

Top Clients

(As of March 31st, 2020)	Leased Square Feet (millions)	% Total GLA	% Total Revenues
Top Client	1.43	3.5%	3.5%
Top 10 Clients	8.00	19.7%	19.6%
Top 20 Clients	12.38	30.5%	30.0%

Source: PGIM Real Estate - Asset Management

Occupancy

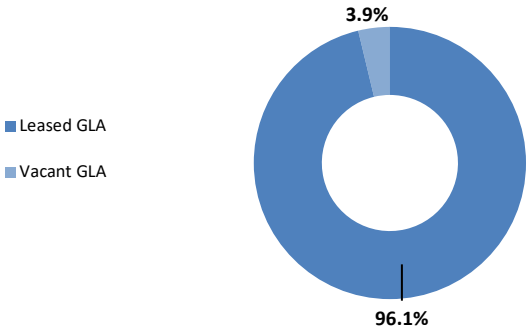
The 1Q20 occupancy rate was 96.1% a 19 basis point increase compared to the 1Q19. (Occupancy rate indicators presented in this report reflect the rate as of quarter end).

For 1Q20, Terrafina's leasing activity reached 1.4 msf, 7.2% of which corresponded to new leasing contracts (including expansions), 71.4% were contract renewals and 21.4% were early renewals.

Leasing activity in 1Q20 mainly took place in the Ciudad Juarez, San Luis Potosi, Chihuahua, Apodaca, Saltillo, Toluca and Irapuato markets.

Occupancy as of 1T20

(as % of Total GLA)



	1Q20	1Q19	Var.
Leased GLA	1.0	1.6	-0.6
Vacant GLA	0.3	0.3	0.0
Signed Letters of Intent	0.1	0.4	-0.3
Total	**1.4**	**2.3**	**-0.9**

Source: PGIM Real Estate - Asset Management

Lease Maturities

Terrafina had 298 tenants under leasing contracts at the end of 1Q20. These contracts have an average maturity of three to five years for logistics and distribution properties and of five to seven years for manufacturing properties. Annual average maturities (as a percentage of annual base rents) will remain at levels of between 10% to 18% for the next five years.

The following table breaks down Terrafina's leasing maturity schedule for the upcoming years:

	Annual Base Rent (millions of dollars)	% of Total	Occupied Sq. Ft (millions)	% of Total
2020	35.8	17.0%	6.96	17.2%
2021	37.5	17.8%	7.24	17.8%
2022	25.9	12.3%	5.16	12.7%
2023	28.4	13.5%	5.52	13.6%
2024	21.9	10.4%	4.12	10.1%
Thereafter	61.0	29.0%	11.59	28.6%

Source: PGIM Real Estate – Asset Management

Capital Deployment

Capital Expenditure (CAPEX)

Terrafina's CAPEX is classified as recurring expenses that are based on upcoming leasing maturities and property improvements. The main focus of these expenses is on renewals of leasing contracts and improvements in property conditions while taking into account tenant requirements. Terrafina expects to apply CAPEX towards vacant properties as well as towards the development of new GLA by means of expansions and/or new developments.

Additionally, it is important to consider that CAPEX intended for expansions and new developments is not financed with Terrafina's operating cash flow and therefore does not appear on the income statement.

Capital expenditure accounts are comprised as follows:

1) Tenant property improvement resources as well as recurring maintenance CAPEX.
2) Broker and administrator fees.
3) CAPEX for new developments, which—due to their nature—are generally capitalized.

In 1Q20, Terrafina's investments in tenant improvements and recurring CAPEX was US$2.5 million. Total CAPEX for 1Q20 is broken down in the following table:

Capital Expenditure

	1Q20 *(millions of pesos)*	1Q20 *(millions of dollars)*
Tenant Improvements & Recurring CAPEX	52.2	2.5
Leasing Commissions	20.4	0.9
Development CAPEX[1]	174.2	7.9
Total Capital Expenditures	**246.9**	**11.3**

Maintenance expenses for vacant properties are included in the Tenant Improvements & Recurring Capex figures.
(1) CAPEX for expansions/new developments.
Source: PGIM Real Estate - Asset Management

Land Reserves

Terrafina's land reserve as of March 31st, 2020 comprised 11 land reserve properties, equivalent to 5.7 msf of potential GLA for the development of future industrial properties.

As of March 31st, 2020, Terrafina's land reserves were distributed as follows:

	as of March 31st , 2020				
	Square Feet (million)	Land at Cost (million pesos)	Land at Cost (million dollars)	Appraisal Value (million pesos)	Appraisal Value (million dollars)
North	2.74	638.5	27.2	783.2	33.3
Bajio	0.18	16.8	0.7	22.6	1.0
Central	2.74	688.8	29.3	208.1	8.9
Total Land Portfolio	**5.66**	**1,344.1**	**57.2**	**1,013.9**	**43.2**

Source: PGIM Real Estate - Asset Management and Fund Accounting

1Q20 Financial Performance

Financial Results and Calculations

Terrafina's financial results are presented in Mexican pesos and U.S. dollars. Figures on the income statement for each period were converted to dollars using the average exchange rate for 1Q20 Ps. 19.8578/dollar), while for the balance sheet, the exchange rate at the close of March 31st, 2020 (Ps. 23.5122/dollar) was applied.

Terrafina uses best accounting practices for measuring the FIBRA's (REIT) performance results by providing relevant metrics to the financial community. Throughout the following financial performance section, additional calculations are available. These metrics must not be considered individually to evaluate Terrafina's results. The recommendation is to use them in conjunction with other International Financial Reporting Standards metrics to measure the Company's performance.

In this earnings report, Terrafina presents additional metrics such as Net Operating Income (NOI), Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), and Adjusted Funds from Operations (AFFO). Each breakdown calculation is available in this document.

In addition, Terrafina recommends reviewing the *Appendices* as a reference to different items of Terrafina's financial statement. This information is available in the last section of this document.

Past performance is not a guarantee or reliable indicator of future results.

Same-Store Results

The following table shows Terrafina's 1Q20 same-store highlights and consolidated information:

	Same-Store [1] 1Q20	Consolidated 1Q20
Number of Properties	288	289
Occupancy Rate	96.0%	96.1%
Gross Leasable Area (GLA) (msf)	41.3	42.3
Avg. Leasing Rent / Square Foot (dollars)	5.18	5.19

	Same-Store 1Q20	Consolidated 1Q20	Same-Store 1Q20	Consolidated 1Q20
	(millions of pesos)		*(millions of dollars)*	
Net Collections	957.6	966.9	48.2	48.7
Rental Revenues	988.9	998.2	49.8	50.3
Net Operating Income	927.3	937.1	46.7	47.1
NOI Margin	*94.2%*	*94.2%*	*94.2%*	*94.2%*
EBITDA	823.3	832.0	41.8	42.2
EBITDA Margin	*84.3%*	*84.4%*	*84.3%*	*84.4%*
FFO	587.8	596.6	29.9	30.3
FFO Margin	*60.3%*	*60.6%*	*60.3%*	*60.6%*
Adjusted Funds from Operations	506.5	514.6	26.1	26.5
AFFO Margin	*52.1%*	*52.4%*	*52.1%*	*52.4%*
Distributions per CBFI[2]	0.5446	0.5532	0.0281	0.0284

(1) Same properties information evaluates the performance of the industrial properties without including recent acquisitions closed in a twelve-moth period. (2) Expressed in pesos and dollars
Source: PGIM Real Estate - Asset Management and Fund Accounting

Net Collections

In 1Q20, Terrafina reported net collections of US$48.7 million, a 8.3% or US$3.7 million increase compared to 1Q19. With the intention of aligning NOI, EBITDA, FFO and AFFO to Terrafina's cash flow generation the method of calculation for these metrics will be made starting from net collections. This calculation is equal to rental revenue (invoices) minus uncollected revenue from the quarter.

Rental Revenues

In 1Q20, Terrafina reported rental revenues of US$50.3 million, a 0.9% or US$0.4 million increase compared to 1Q19.

Rental revenues do not include accrued revenues as these are a non-cash item.

Other Operating Income

In 1Q20, other operating income totaled US$1.3 million, a 77.7% or US$4.4 million decrease compared to 1Q19.

Other operating income mainly stemmed from tenant refunds from triple-net leases. Expenses reimbursable to Terrafina mainly included electricity, property taxes, insurance costs and maintenance.

Net revenues totaled US$52.2 million, a decrease of US$4.7 million, or 8.4% compared to 1Q19.

Revenues

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos)			*(millions of dollars)*		
Net Collections [1]	**966.9**	**864.5**	**11.8%**	**48.7**	**45.0**	**8.3%**
Rental Revenue	998.2	958.3	4.2%	50.3	49.9	0.9%
Uncollected Revenue from the Quarter	-31.3	-93.8	-66.6%	-1.6	-4.9	-67.4%
Accrued Income [2]	12.3	26.1	-52.9%	0.6	1.4	-56.8%
Other Operating Revenues	**25.6**	**109.9**	**-76.7%**	**1.3**	**5.7**	**-77.7%**
Reimbursable Expenses as Revenues [3]	15.1	99.5	-84.8%	0.7	5.2	-85.7%
Reimbursable Tenant Improvements	10.0	9.2	9.2%	0.5	0.5	7.3%
Other non-cash Income	0.5	1.2	-57.0%	0.0	0.1	-57.1%
Net Revenue [4]	**1,036.1**	**1,094.2**	**-5.3%**	**52.2**	**56.9**	**-8.4%**

(1) Net collections = rental revenue - uncollected revenue from the quarter (2) Straight line rent adjustment. (3) Triple net leases expenses reimbursed to Terrafina from its tenants. (4) Rental revenue + accrued income + other operating revenues.
Source: PGIM Real Estate - Fund Accounting

For additional information regarding the revenue breakdown used to calculate additional metrics presented in this earnings report, please refer to *Appendix 1* in the last section of this document.

Real Estate Expenses

In 1Q20, real estate expenses totaled US$8.2 million. These expenses mainly corresponded to repair and maintenance, property taxes and insurance. From 1Q20, property tax expenses will be normalized and distributed accordingly to each quarter of the year. These expenses were previously charged to the first quarter of the year.

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

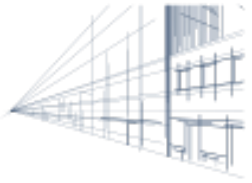
The remainder of the accounts included in real estate expenses are considered non-recurring expenses and are used to calculate EBITDA and AFFO.

For additional information regarding the real estate expenses breakdown, please refer to *Appendix 2* in the last section of this document.

Net Operating Income (NOI)

In 1Q20, NOI totaled US$47.1 million, a 7.3% or US$3.2 million increase compared to 1Q19. NOI margin increased by 740 basis points reaching 94.2% compared to 86.8% in 1Q19. This is the result of the normalization of property taxes throughout the full year.

The following table displays the NOI calculation for 1Q20:



Net Operating Income

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos unless otherwise stated)			*(millions of dollars unless otherwise stated)*		
Net Collections [1]	966.9	864.5	11.8%	48.7	45.0	8.3%
Other Operating income [2]	27.8	107.7	-74.1%	1.3	5.6	-76.5%
Net Revenues for NOI Calculation	**994.7**	**972.1**	**2.3%**	**50.0**	**50.6**	**-1.1%**
Repair and Maintenance	-3.6	-9.4	-62.1%	-0.2	-0.5	-65.1%
Property Taxes	-21.8	-77.6	-71.9%	-1.1	-4.0	-72.8%
Property Management Fees	-19.0	-17.9	6.1%	-1.0	-0.9	2.5%
Electricity	-2.5	-8.1	-68.7%	-0.1	-0.4	-71.3%
Property Insurance	-5.6	-2.4	138.2%	-0.3	-0.1	130.5%
Security	-2.9	-4.3	-33.0%	-0.1	-0.2	-36.2%
Other Operational Expenses	-2.2	-8.3	-72.9%	-0.1	-0.4	-74.1%
Real Estate Operating Expenses for NOI Calculation	**-57.7**	**-127.9**	**-54.9%**	**-2.9**	**-6.7**	**-56.7%**
Net Operating Income [3]	**937.1**	**844.2**	**11.0%**	**47.1**	**43.9**	**7.3%**
NOI Margin	*94.2%*	*86.8%*	*740 bps*	*94.2%*	*86.8%*	*740 bps*

(1) Net collections = rental revenue - uncollected revenue from the quarter. (2) Excludes reimbursements from tenant improvements which are included in the AFFO calculation. (3) Income generated from the property portfolio, independent of external factors such as financing and income taxes. The NOI is the total of Income from rent and the reimbursement of expenses from triple net lease contracts minus Real Estate Operating Expenses (costs incurred from the operation and maintenance of the industrial portfolio).

Source: PGIM Real Estate - Fund Accounting

Fees and Administrative Expenses (G&A)

G&A for 1Q20 totaled US$5.3 million, a 5.0% or US$0.3 million decrease compared to 1Q19.

The following table breaks down total G&A for 1Q20:

G&A

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos unless otherwise stated)			*(millions of dollars unless otherwise stated)*		
External Advisor Fees [1]	-67.5	-55.9	20.7%	-3.1	-2.9	5.7%
Professional and Consulting Services	-12.1	-10.1	19.7%	-0.6	-0.5	21.8%
Payroll, Admin. Fees and Other Expenses	-32.4	-41.1	-21.2%	-1.6	-2.1	-26.2%
Total G&A	**-112.0**	**-107.1**	**4.5%**	**-5.3**	**-5.6**	**-5.0%**

(1) PLA Administradora Industrial, S. de R.L. de C.V., is a Mexican affiliate of PREI, and Advisor as per the Advisory Contract.

Source: PGIM Real Estate - Fund Accounting

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

In 1Q20, EBITDA totaled US$42.2 million, an increase of US$3.1 million, or 8.0%, compared to 1Q19. The EBITDA margin was 84.4%, a 715 basis point increase compared to 1Q19.

The following shows the EBITDA calculation for the end of 1Q20:

EBITDA

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos unless otherwise stated)			*(millions of dollars unless otherwise stated)*		
Net Collections [1]	966.9	864.5	11.8%	48.7	45.0	8.3%
Other Operating income [2]	27.8	107.7	-74.1%	1.3	5.6	-76.5%
Real Estate Expenses for EBITDA Calculation	**-62.6**	**-133.4**	**-53.1%**	**-3.1**	**-6.9**	**-55.2%**
Real Estate Operating Expenses for NOI Calculation	-57.7	-127.9	-54.9%	-2.9	-6.7	-56.7%
Advertising	0.0	-0.5	-99.4%	0.0	0.0	-
Admin. Property Insurance Expenses	-0.9	-0.8	8.4%	0.0	0.0	4.2%
Other Admin. Real Estate Expenses	-4.0	-4.2	-4.1%	-0.2	-0.2	-14.4%
Fees and Admin. Expenses	**-100.2**	**-88.1**	**13.7%**	**-4.7**	**-4.6**	**2.7%**
External Advisor Fees	-67.5	-55.9	20.7%	-3.1	-2.9	5.7%
Legal, Admin. and Other Professional Fees	-17.4	-19.1	-8.9%	-0.9	-1.0	-9.1%
Trustee Fees	-1.4	-2.4	-43.3%	-0.1	-0.1	-45.1%
Payroll	-12.6	-8.8	43.6%	-0.6	-0.5	39.9%
Other Expenses	-1.3	-1.9	-29.6%	0.0	-0.1	-79.3%
EBITDA [3]	**832.0**	**750.7**	**-22.9%**	**42.2**	**39.1**	**8.0%**
EBITDA Margin	*84.4%*	*77.2%*	*715 bps*	*84.4%*	*77.2%*	*715 bps*

(1) Net collections = rental revenue + uncollected revenue from the quarterr. (2) Excludes tenant improvements reimbursements which is included in AFFO calculation.
(3) Earnings before interest, taxes, depreciation and amortization.
Source: PGIM Real Estate - Fund Accounting

For additional information regarding the commissions and administrative expenses breakdown used for the calculation of EBITDA and AFFO, please refer to *Appendix 3* located in the last section of this document.

Financing Expenses

In 1Q20, financing expenses totaled US$12.2 million, a decrease of 5.2% or US$0.7 million compared to 1Q19.

Financial Expenses

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos)			*(millions of dollars)*		
Interest Paid	-236.3	-241.8	-2.3%	-11.9	-12.6	-5.2%
Borrowing Expenses	-7.3	-7.8	-6.3%	-0.3	-0.4	-22.9%
Recurring	0.0	0.0	-	0.0	0.0	-
Non-recurring	-7.3	-7.8	-6.3%	-0.3	-0.4	-16.0%
Interest Income	0.9	2.4	-64.2%	0.0	0.1	-65.6%
Total	**-242.7**	**-247.2**	**-1.8%**	**-12.2**	**-12.9**	**-5.2%**

Source: PGIM Real Estate - Fund Accounting

Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

In 1Q20, FFO increased by US$3.7 million or 14.1% compared to 1Q19, reaching US$30.3 million. The FFO margin was 60.6%, a 809 basis point increase compared to 1Q19. Additionally, Terrafina reported an AFFO for 1Q20 of US$26.5 million, an increase of US$4.1 million, or 18.5% compared to 1Q19. The AFFO margin was 52.4%, an increase of 863 basis points versus 1Q19.

Funds from Operations (FFO)

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos unless otherwise stated)			*(millions of dollars unless otherwise stated)*		
EBITDA	832.0	750.7	10.8%	42.2	39.1	8.0%
Finance Cost [1]	-235.4	-239.4	-1.7%	-11.9	-12.5	-4.9%
Funds from Operations (FFO)	**596.6**	**511.3**	**16.7%**	**30.3**	**26.6**	**14.1%**
FFO Margin	*60.6%*	*52.5%*	*809 bps*	*60.6%*	*52.5%*	*809 bps*
Tenant Improvements	-52.2	-42.3	23.5%	-2.5	-2.2	12.4%
Leasing Commissions	-20.4	-35.1	-41.8%	-0.9	-1.8	-49.0%
Other Non Recurring [2]	-9.4	-4.2	123.0%	-0.5	-0.2	112.5%
Adjusted Funds from Operations (AFFO)	**514.6**	**429.7**	**19.8%**	**26.5**	**22.3**	**18.5%**
AFFO Margin	*52.4%*	*43.7%*	*863 bps*	*52.4%*	*43.7%*	*863 bps*

(1) Net Operational Interest Expenses comprised by interest paid, recurring borrowing expenses and other interest income. (3) Related to acquisitions, dispositions, legal expenses and other expenses..

Source: PGIM Real Estate - Fund Accounting

Comprehensive Income

Comprehensive Income for 1Q20 reached US$60.7 million, compared to a loss of US$31.7 million in 1Q19.

The following table presents Comprehensive Income calculations for the end of 1Q20:

Comprehensive Income

	1Q20	1Q19	Var. %	1Q20	1Q19	Var. %
	(millions of pesos unless otherwise stated)			*(millions of dollars unless otherwise stated)*		
Net Revenues	1,036.1	1,094.2	-5.3%	52.2	56.9	-8.3%
Real Estate Expenses	-167.5	-244.1	-31.4%	-8.2	-12.7	-35.6%
Fees and Other Expenses	-112.0	-107.1	4.5%	-5.3	-5.6	-5.0%
Gain (Loss) from Sales of Real Estate Properties	0.0	58.6	-	0.0	3.0	-
Net Income (Loss) from Fair Value Adjustment on Investment Properties	17.6	-47.5	-	0.8	-2.5	-
Net Income (Loss) from Fair Value Adjustment on Financial Derivative Instruments	-40.2	-18.8	113.8%	-1.8	-1.0	-
Net Income (Loss) from Fair Value Adjustment on Borrowings	-1,098.5	-179.6	511.7%	-50.0	-9.3	435.0%
Realized gain (loss) on Financial Derivative Iinstruments	1.1	3.4	-68.0%	0.1	0.2	-67.3%
Foreign Exchange Gain (loss)	-29.4	-2.9	923.4%	-1.3	-0.1	788.7%
Operating Profit	**-392.7**	**556.3**	**-**	**-13.6**	**28.9**	**-**
Financial Income	0.9	2.4	-64.2%	0.0	0.1	-65.6%
Financial Expenses	-243.6	-249.6	-2.4%	-12.3	-13.0	-5.8%
Net Financial Cost	-242.7	-247.2	-1.8%	-12.2	-12.9	-5.2%
Share of Profit from Equity Accounted Investments	1.5	8.1	-81.4%	0.1	0.4	-83.7%
Net Profit (Loss)	**-633.9**	**-486.2**	**30.4%**	**-25.8**	**-25.4**	**-**
Items Reclassified after Net Profit (Loss) - Foreign Exchange Adjustments	6,798.1	-434.9	-	0.0	0.0	-
Changes in the Fair Value Adjustment on Loans through Other Comprehensive Income	2,034.2	-121.8	-	86.5	-6.3	-
Comprehensive Income	**8,198.4**	**-1,042.8**	**-**	**60.7**	**-31.7**	**-**

Source: PGIM Real Estate - Fund Accounting

Distributions per CBFIs

In 1Q20, Terrafina distributed US$22.5 million, or US$0.0284 per CBFI. 85% of the AFFO generated in the quarter corresponds to the paid distributions.

Distributions

(millions of pesos unless otherwise stated)	1Q19	2Q19	3Q19	4Q19	1Q20	Var.%
Total Outstanding CBFIs [1] (millions of CBFIs)	790.6	790.6	790.6	790.6	790.6	0.0%
CBFI Price [2]	27.23	30.46	29.34	31.52	29.50	8.3%
Distributions	465.3	480.9	551.0	499.1	437.4	-6.0%
Distributions Per CBFI	**0.5885**	**0.6083**	**0.6969**	**0.6313**	**0.5532**	**-6.0%**
FX Rate USD/MXN (average closing period)	19.22	19.13	19.43	19.29	19.86	3.3%
Distributions (millions of dollars)	24.2	25.1	28.3	25.8	22.5	-7.0%
Distributions Per CBFI (dollars)	**0.0306**	**0.0318**	**0.0359**	**0.0328**	**0.0284**	**-7.0%**
Annualized Distribution Yield[3]	*8.6%*	*8.0%*	*9.5%*	*8.0%*	*7.5%*	*-114 bps*

(1) Number of CBFIs at the end of each period (2) Average closing price for the period. (3) Annualized distribution per share divided by the average CBFI price of the quarter.

Source: PGIM Real Estate - Fund Accounting

Debt

As of March 31st, 2020, Terrafina's total debt reached US$1.0 billion. The average cost of Terrafina's long-term debt was 4.77%. All of Terrafina's debt is denominated in U.S. dollars.

Outstanding Debt

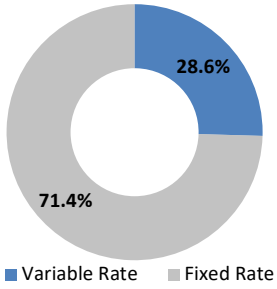
(As of March 31st, 2020)	Currency	Millions of pesos	Millions of dollars	Interest Rate	Terms	Maturity	Extension Option	Derivatives
Long Term Debt								
Citibank [1]	Dollars	2,489.3	105.9	Libor + 2.45%	Interest Only	Jan 2023	-	US$150M cap[5]
Metlife	Dollars	3,526.8	150.0	4.75%	Interest Only	Jan 2027	-	-
Banamex [2]	Dollars	4,391.5	186.8	Libor + 2.45%	Interest Only	Oct 2022	-	US$105M swap[6]
Senior Notes (2022) [3]	Dollars	2,275.9	96.8	5.25%	Interest Only	Nov 2022	-	-
Senior Notes (2029) [4]	Dollars	11,404.6	485.1	4.962%	Interest Only	Jul 2029	-	-
Total Debt		**24,088.1**	**1,024.5**					
Net Cash		**1,188.9**	**50.6**					
Net Debt		**22,899.2**	**973.9**					

(1)Unsecured syndicated revolving credit facility. (2) Unsecured syndicated term loan facility; interest only for the first three years. (3) Value at Cost: US$425 million / Ps.8,388 million. (4) Value at Cost: US$500 million / Ps.9,818 million (5)Strike price Cap: 2.75%. (6) Interest rate Swap fixed rate: 1.768%

Source: PGIM Real Estate - Fund Accounting and Transactions

Interest Rate Breakdown

(as of March 31st, 2020)



The following tables show leverage and debt service coverage as requested by the Mexican Banking and Securities Exchange Commission (CNBV) as of March 31st, 2020 as well as Terrafina's projections for the following six quarters:

Loan-to-Value (LTV)

(as of March 31st, 2020)	*(millions of pesos)*	*(millions of dollars)*
Total Assets	60,341.3	2,566.4
Total Debt	24,088.1	1,024.5
Loan-to-Value (LTV)[1]		**39.9%**

(1) Total Debt divided by Total Assets as defined by the National Securities and Banking Commission (CNBV)
Source: PGIM Real Estate - Fund Accounting and Capital Markets

Debt Service Coverage Ratio (DSCR)

	period	*(millions of pesos)*	*(millions of dollars)*
Cash & Cash Equivalents	March 31st, 2020	1,188.9	50.6
Recoverable Taxes	Σ next 6 quarters	115.8	4.9
EBIT[1] After Distributions	Σ next 6 quarters	2,243.9	113.0
Available Credit Line	March 31st, 2020	4,589.6	231.1

	period	*(millions of pesos)*	*(millions of dollars)*
Interest Payments	Σ next 6 quarters	1,753.0	74.6
Principal Payments	Σ next 6 quarters	248.3	10.6
Recurring CAPEX	Σ next 6 quarters	235.0	10.0
Development Expenses	Σ next 6 quarters	399.7	17.0
Debt Service Coverage Ratio (DSCR)[2]			**3.1x**

(1) Earnings Before Interest and Taxes
(2) (Cash & Cash Equivalents + Recoverable Taxes + EBIT After Distributions + Available Credit Line) / (Interest Payments + Principal Payments + Recurring CAPEX + Development Expenses)
Source: PGIM Real Estate - Fund Accounting and Capital Markets

Additionally, as of March 31st, 2020, Terrafina was in full compliance with its debt covenants related to the bond issuances maturing in 2022 and 2029 as follows:

Unsecured Bond Covenants

(as of March 31, 2020)	Terrafina	Bond Covenants
Loan-to-Value (LTV) [1]	40.2%	≤ 60%
Debt Service Coverage Ratio (DSCR) [2]	3.4x	≥ 1.5x
Secured Debt to Gross Assets Limitation	5.9%	≤ 40%
Unencumbered Assets to Unsecured Debt Limitation	249.6%	≥ 150%

(1) Total Debt divided by Total Assets (without accounts receivable). (2) (Net Income/Loss + Interest on Debt + Unrealized Gain /Loss of fair value changes) / (all interest and principal payments on Debt)
Source: PGIM Real Estate - Capital Markets

Guidance

Terrafina reiterates its full year guidance for 2020 as follows:

2020 Guidance

Year end occupancy	95% - 96%
Distribution payout ratio[1]	85%
Annual distribution per CBFI	$0.1150 US cents - $0.1170 US cents
CAPEX per square foot (Total GLA)	$0.26 US cents - $0.29 US cents

(1) Relative to 2020 Adjusted Funds from Operations (AFFO)

Analyst Coverage

The following is a list of banks and institutions that regularly publish research reports on Terrafina:

- Barclays
- BBVA Bancomer
- Bradesco
- BofA
- BTG Pactual
- BX+
- Citi Banamex
- Credit Suisse
- GBM
- HSBC
- Interacciones
- Invex
- Itaú BBA
- JPMorgan
- Monex
- Morgan Stanley
- NAU Securities
- Scotiabank
- Santander

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

Terrafina owns 300 real estate properties, including 289 developed industrial facilities with a collective GLA of approximately 42.3 million square feet and 11 land reserve parcels, designed to preserve the organic growth capability of the portfolio. Terrafina's objective is to provide attractive risk-adjusted returns for the holders of its certificates through stable distributions and capital appreciations. Terrafina aims to achieve this objective through a successful performance of its industrial real estate and complementary properties, strategic acquisitions, access to a high level of institutional support, and an effective management and corporate governance structure. For more information, please visit www.terrafina.mx

About PGIM Real Estate

As one of the largest real estate managers in the world with $179.2 billion in gross assets under management and administration[1], PGIM Real Estate strives to deliver exceptional outcomes for investors and borrowers through a range of real estate equity and debt solutions across the risk-return spectrum. PGIM Real Estate is a business of PGIM, the $1.3 trillion global asset management business of Prudential Financial, Inc. (NYSE: PRU).

PGIM Real Estate's rigorous risk management, seamless execution, and extensive industry insights are backed by a 50-year legacy of investing in commercial real estate, a 140-year history of real estate financing[2], and the deep local expertise of professionals in 31 cities globally. Through its investment, financing, asset management, and talent management approach, PGIM Real Estate engages in practices that ignite positive environmental and social impact, while pursuing activities that strengthen communities around the world. For more information visit www.pgimrealestate.com.

[1]As of December 31, 2019. Includes US$37.1 billion in AUA.
[2]Includes legacy lending through PGIM's parent company, PFI.

About PGIM and Prudential Financial, Inc.

PGIM, the global asset management business of Prudential Financial, Inc. (NYSE: PRU), ranks among the top 10 largest asset managers in the world[1] with more than $1.5 trillion in assets under management as of Dec. 31, 2019. With offices in 16 countries, PGIM's businesses offer a range of investment solutions for retail and institutional investors around the world across a broad range of asset classes, including public fixed income, private fixed income, fundamental equity, quantitative equity, real estate and alternatives. For more information about PGIM, visit pgim.com.

Prudential's additional businesses offer a variety of products and services, including life insurance, annuities and retirement-related services. For more information about Prudential, please visit news.prudential.com.

Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

[1]As ranked in Pensions & Investments' Top Money Managers list, 27 May 2019; based on PFI total worldwide institutional assets under management as of 31 Dec. 2018. Assets under management (AUM) are based on company estimates and are subject to change.

Forward Looking Statements

This document may include forward-looking statements that may imply risks and uncertainties. Terms such as "estimate", "project", "plan", "believe", "expect", "anticipate", "intend", and other similar expressions could be construed as previsions or estimates. Terrafina warns readers that declarations and estimates mentioned in this document, or realized by Terrafina's management imply risks and uncertainties that could change in function of various factors that are out of Terrafina's control. Future expectations reflect Terrafina's judgment at the date of this document. Terrafina reserves the right or obligation to update the information contained in this document or derived from this document. Past or present performance is not an indicator to anticipate future performance.

Conference Call

Terrafina
(BMV: TERRA13)
Cordially invites you to participate in its
First Quarter 2020 Conference Call

Friday, June 12, 2020
11:00 a.m. Eastern Time
10:00 a.m. Central Time

***

To access the call, please dial:
from within the U.S. +1-877-407-8031
from outside the U.S. +1-201-689-8031
from Mexico (toll free) 01-800-522-0034

Audio Webcast Link https://www.webcaster4.com/Webcast/Page/2133/34411

To access the conference replay please dial:
U.S. +1-877-481-4010
International (outside the US) +1-919-882-2331
Passcode: 34411

Appendix

Appendix 1 – Revenues

Terrafina's revenues are mainly classified as rental revenues and other operating reimbursable revenues.

Additionally, there are accounting revenues that must be registered according to IFRS; however, these are considered non-cash items and therefore are excluded from the principal calculations.

Reimbursable tenant improvements are included in the tenant improvement expenses for the AFFO calculation.

Revenues

		1Q20	1Q19	1Q20	1Q19
		(millions of pesos)		*(millions of dollars)*	
NOI calculation	**Net Collections** [1]	**966.9**	**864.5**	**48.7**	**45.0**
NOI calculation	Rental Revenue	998.2	958.3	50.3	49.9
NOI calculation	Uncollected Revenue from the Quarter	-31.3	-93.8	-1.6	-4.9
Non-cash	Accrued Income [2]	12.3	26.1	0.6	1.4
	Other Operating Revenues	**25.6**	**109.9**	**1.3**	**5.7**
NOI calculation	Reimbursable Expenses as Revenues [3]	15.1	99.5	0.7	5.2
AFFO calculation	Reimbursable Tenant Improvements	10.0	9.2	0.5	0.5
Non-cash	Other non-cash income	0.5	1.2	0.0	0.1
	Net Revenue	**1,036.1**	**1,094.2**	**52.2**	**53.9**
NOI calculation	Share of Profit from Equity Accounted Investments [4]	12.8	8.1	0.6	0.4

(1) Net collections = rental revenue - uncollected revenue from the quarter. (2) Straight line rent adjustment. (3) Triple net leases expenses reimbursed to Terrafina from its tenants. (4) Profit from Joint-venture developments.
Source: PGIM Real Estate - Fund Accounting

Appendix 2 – Real Estate Expenses

Real estate expenses are comprised of recurring figures related to operations (used for the Net Operating Profit calculation) as well as non-recurring figures used for the calculation of metrics such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), and Adjusted Funds from Operations (AFFO).

The following table presents the breakdown of real estate expenses, which are used for the calculation of several metrics.

Real Estate Expenses

		1Q20	1Q19	1Q20	1Q19
		(million of pesos)		*(million of dollars)*	
	Repair and Maintenance	-65.8	-60.9	-3.2	-3.2
NOI calculation AFFO calculation	Recurring	-3.6	-9.4	-0.2	-0.5
	Non-recurring	-62.2	-51.4	-3.0	-2.7
	Property Taxes	-23.1	-79.0	-1.2	-4.1
NOI calculation	Operating	-21.8	-77.6	-1.1	-4.0
Non-cash	Non-operating	-1.3	-1.4	-0.1	-0.1
NOI calculation	Property Management Fees	-19.0	-17.9	-1.0	-0.9
NOI calculation	Electricity	-2.5	-8.1	-0.1	-0.4
NOI calculation AFFO calculation	Brokers Fees	-20.4	-35.1	-0.9	-1.8
	Property Insurance	-6.5	-3.2	-0.3	-0.2
NOI calculation EBITDA calculation	Operating	-5.6	-2.4	-0.3	-0.1
	Administrative	-0.9	-0.8	0.0	0.0
NOI calculation	Security	-2.9	-4.3	-0.1	-0.2
EBITDA calculation	Advertising	0.0	-0.5	0.0	0.0
	Other Expenses	-22.6	-22.9	-1.1	-1.2
NOI calculation	Operational-related	-2.2	-8.3	-0.1	-0.4
Non-cash	Non-operational Related	-16.3	-10.4	-0.8	-0.5
EBITDA calculation	Administrative	-4.0	-4.2	-0.2	-0.2
Non-cash	Bad Debt Expense	-4.7	-12.3	-0.2	-0.6
	Total Real Estate Expenses	**-167.5**	**-244.1**	**-8.2**	**-12.7**

Source: PGIM Real Estate - Fund Accounting

Appendix 3 – Fees and Administrative Expenses

Fees and administrative expenses include figures used for the calculation of metrics such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO), Adjusted Funds from Operations (AFFO).

Terrafina's fees and administrative expenses breakdown is available in the following table and indicates the figures used for the calculation of these metrics:

Fees and Administrative Expenses

		1Q20	1Q19	1Q20	1Q19
		(million of pesos)		*(million of dollars)*	
EBITDA calculation	External Advisor Fees	-67.5	-55.9	-3.1	-2.9
	Legal Fees	-7.4	-2.1	-0.3	-0.1
EBITDA calculation	Recurring	0.0	-0.3	0.0	0.0
AFFO calculation	Non Recurring	-7.4	-1.8	-0.3	-0.1
	Other Professional Fees	-4.7	-8.0	-0.3	-0.4
EBITDA calculation	Recurring	-2.7	-5.7	-0.2	-0.3
AFFO calculation	Non Recurring	-2.0	-2.4	-0.1	-0.1
	Administrative Fees	-17.1	-28.0	-0.9	-1.5
EBITDA calculation	Recurring	-14.6	-13.2	-0.7	-0.7
Non operational related	Non recurring [1]	-2.5	-14.8	-0.1	-0.8
EBITDA calculation	Payroll	-12.6	-8.8	-0.6	-0.5
EBITDA calculation	Trustee Fees	-1.4	-2.4	-0.1	-0.1
EBITDA calculation	Other Expenses	-1.3	-1.9	0.0	-0.1
	Total Fees and Admin. Expenses	**-112.0**	**-107.1**	**-5.3**	**-5.6**

(1) Non operational related administrative fees.
Source: PGIM Real Estate - Fund Accounting

Appendix 4 – Reconciliation

Reconciliation of Net Profit (Loss) to FFO, EBITDA and NOI	1Q20 *(millions of pesos)*	1Q20 *(millions of dollars)*
Comprehensive Income (Loss)	**8,198.4**	**60.7**
Add (deduct) Currency Translation Adjustment:		
Currency Translation Adjustment	-6,798.1	0.0
Changes in the Fair Value Adjustment on Loans through Other Comprehensive Income	-2,034.2	-86.5
Add (deduct) Cost of Financing Adjustment:		
Non-recurring Borrowing Expenses	7.3	0.4
Add (deduct) Non-Cash Adjustment:		
Foreign Exchange Adjustments	29.4	1.3
Realized gain (loss) on Financial Derivative Instruments	-1.1	-0.1
Fair Value Adjustment on Borrowings	1,098.5	50.0
Fair Value Adjustment on Financial Derivative Instruments	40.2	1.8
Fair Value Adjustment on Investment Properties	-17.6	-0.8
Gain (Loss) from Sales of Real Estate Properties	0.0	0.0
Add (deduct) Expenses Adjustment:		
Non-recurring Repair and Maintenance	62.2	3.2
Non-operating Property Taxes	1.3	0.0
Brokers Fees	20.4	1.1
Bad Debt Expense	4.7	0.2
Other Non-operational Related Expenses	16.3	0.8
Non Recurring Legal Fees	7.4	0.3
Non-recurring Other Professional Fees	2.0	0.1
Add (deduct) Revenues Adjustment:	0.0	0.0
Uncollected Revenue from the Quarter	-31.3	-1.6
Fair Value on Investment Properties JVs		
Accrued Income	-12.3	-0.6
Other Non-cash Income	-0.5	-0.1
Reimbursable Tenant Improvements	-10.0	-0.5
Add (deduct) Non-operational Administrative Fees		
Non-administrative Fees	2.5	0.1
FFO	**596.6**	**30.3**
Add (deduct) Cost of Financing Adjustment:		
Interest Paid	236.3	11.9
Recurring Borrowing Expenses	0.0	0.0
Interest Income	-0.9	0.0
EBITDA	**832.0**	**42.2**
Add (deduct) Expenses Adjustment:		
External Advisor Fees	67.5	3.4
Recurring Legal Fees	0.0	0.0
Other Recurring Professional Fees	2.7	0.1
Administrative Fees	14.6	0.7
Payroll	12.6	0.6
Trustee Fees	1.4	0.1
Other Expenses	1.3	0.1
Advertising	0.0	0.0
Administrative Property insurance	0.9	0.0
Other Administrative Expenses	4.0	0.2
NOI	**937.1**	**47.1**
Add (deduct) Expenses Adjustment:		
Recurring Repair and Maintenance	3.6	0.2
Operating Property Taxes	21.8	1.1
Property Management Fees	19.0	1.0
Electricity	2.5	0.1
Property Operating Insurance	5.6	0.3
Security	2.9	0.1
Other Operational Expenses	2.2	0.1
Add (deduct) Revenues Adjustment:		
Other Non-Cash Income	0.5	0.0
Accrued Income	12.3	0.6
Uncollected Revenue from the Quarter	31.3	1.6
Reimbursable Tenant Improvements	10.0	0.5
Share of Profit from Equity Accounted Investments	-12.8	-0.6
Net Revenue	**1,036.1**	**52.2**

Reconciliation of Net Profit (Loss) to AFFO

	1Q20 *(millions of pesos)*	1Q20 *(millions of dollars)*
Comprehensive Income (Loss)	**8,198.4**	**60.7**
Add (deduct) Cost of Financing Adjustment:		
Exchange Rate Adjustments	-6,798.1	0.0
Changes in the Fair Value Adjustment on Loans from Other Comprehensive Income Results	-2,034.2	-86.5
Add (deduct) Cost of Financing Adjustment:		
Non-recurring Borrowing Expenses	7.3	0.4
Add (deduct) Non-cash Adjustment:		
Foreign Exchange Adjustments	29.4	1.3
Realized gain (loss) on Financial Derivative Instruments	-1.1	-0.1
Fair Value Adjustment on Borrowings	1098.5	50.0
Fair Value Adjustment on Financial Derivative Instruments	40.2	1.8
Fair Value Adjustment on Investment Properties	-17.6	-0.8
Gain (Loss) from Real Estate Sales	0.0	0.0
Add (deduct) Expenses Adjustment:		
Non-operating Property Taxes	1.3	0.1
Bad Debt Expense	4.7	0.2
Other Non-operational Expenses	16.3	0.8
Add (deduct) Revenues Adjustment:		
Uncollected Revenue from the Quarter		
Fair Value on Investment Properties JVs		
Accrued Income	-12.3	-0.6
Other Non-cash Income	-0.5	0.0
Add (deduct) Non-operational Administrative Fees		
Non-administrative Fees	2.5	0.1
AFFO	**514.6**	**26.5**

Appendix 5 – Implied Capitalization Rate Calculation

Implied cap rate and under NAV (Net Asset Value) calculation are shown in the following tables:

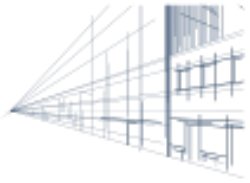
Implied Cap Rate	
1Q20 Average Price (dollars)[1]	1.49
(x) CBFIs (million certificates)	790.6
(=) Market Capitalization	1,174.5
(+) Total Debt	1,024.5
(-) Cash	50.6
(=) Enterprise Value	**2,148.4**
(-) Landbank	43.2
(=) Implied Operating Real Estate Value	**2,105.2**
Net Operating Income (NOI) 2020e	192.0
Implied Cap Rate	**9.1%**

1Q20 Average Price (dollars)[1]

(1) Average share price of Ps.29.50; and average exchange rate of Ps. *19.86*

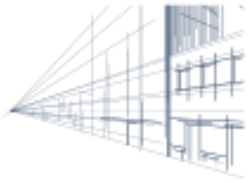
Cap Rate Calculation with NAV	
(+) Investment Properties (excluding landbank)	2,438.3
(+) Land	43.2
(+) Cash	50.6
(-) Total Liabilities	1,024.5
(=) NAV[1]	**1,507.6**
(/) CBFIs (million certificates)	790.6
(=) NAV per CBFI (dollars)	**1.9**

CBFI Price (NAV calculation)	1.9
(x) CBFIs (million certificates)	790.6
(=) Market Cap	**1,507.6**
(+) Total Debt and Liabilities	1,024.5
(-) Cash	50.6
(=) Enterprise Value	**2,481.5**
(-) Landbank	43.2
(=) Implied Operating Real Estate Value	**2,438.3**
Net Operating Income (NOI) 2019e	192.0
Implied Cap Rate	**7.9%**



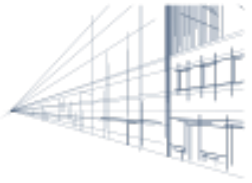
Financial Statements

Income Statement	1Q20 *(thousands of pesos)*	1Q20 *(thousands of dollars)*
Rental revenues	1,010,482	50,883
Other operating income	27,633	1,371
Real estate operating expenses	-169,507	-8,268
Fees and other expenses	-111,973	-5,279
Realized gain (loss) from disposal of investment properties	0	0
Net gain (loss) from fair value adjustment on investment properties	17,585	757
Net gain (loss) from fair value adjustment on borrowings	-1,098,451	-50,000
Net gain (loss) unrealized from fair value on financial derivate instruments	-40,236	-1,831
Realized gain (loss) on financial derivate instruments	1,105	59
Foreign exchange gain (loss)	-29,360	-1,327
Operating profit	**-392,722**	**-13,636**
Finance income	869	44
Finance cost	-243,571	-12,267
Net Finance cost	**-242,702**	**-12,224**
Share of profit from equity accounted investments	1,519	69
Net profit for the period	**-633,905**	**-25,791**
Exchange rate gain (loss) from functional to reporting currency	6,798,065	0
Changes in the fair value adjustment on loans at fair value through other comprehensive income	2,034,192	86,516
Total comprehensive income for the period	**8,198,352**	**60,725**



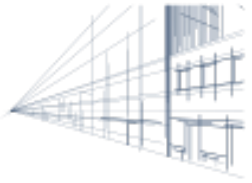
Financial Statements

Balance Sheet	Mar-31-20 *(thousands of pesos)*	Mar-31-20 *(thousands of dollars)*
Assets		
Non-current assets		
Investment properties	57,330,688	2,438,338
(Cost:31/03/2020 - Ps.43,994,806, US$2,333,219; 31/12/2019 - Ps.43,820,597, US$2,325,292)		
Investments in joint venture	796,624	33,881
Deferred rents receivable	298,664	12,702
Other accounts receivable	79,326	3,374
Restricted cash	36,959	1,572
Current assets		
Other accounts receivable	195,326	8,307
Recoverable taxes	115,783	4,924
Prepaid expenses	96,738	4,114
Deferred charges receivable	62,031	2,638
Accounts receivable	140,281	5,966
(Net of allowance for doubtful accounts: 31/03/2020 - Ps.92,982, US$5,296; 31/12/2019 - Ps.92,982, US$4,934)		
Cash and cash equivalents	1,188,889	50,565
Total assets	**60,341,309**	**2,566,383**
Net assets attributable to Investors		
Net contributions	18,701,218	1,556,093
Retained earnings	-718,823	-175,361
Currency conversion adjustment	14,581,756	-
Own credit risk reserve	2,703,585	119,244
Total net assets (Net Equity)	**35,267,736**	**1,499,976**
Liabilities		
Non-current liabilities		
Loans	23,802,411	1,012,343
(Cost: 31/03/2020 - Ps.24,134,763, US$1,026,478; 31/12/2019 - Ps.19,133,494, US$1,026,478)		
Financial derivative instruments	46,637	1,984
Tenant deposits	345,121	14,678
Suppliers and other accounts payable	7,203	306
Current liabilities		
Suppliers and other accounts payable	406,980	17,309
Loans	285,725	12,152
(Cost: 31/03/2020 - Ps.285,725, US$12,152;31/12/2019 - Ps.543,545, US$28,843)		
Tenant deposits	179,496	7,634
Total liabilities (excluding net assets attributable to Investors)	**25,073,573**	**1,066,407**
Total net assets and liabilities	**60,341,309**	**2,566,383**



Financial Statements

Cash Flow Statement	Mar-20 *(thousands of pesos)*	Mar-20 *(thousands of dollars)*
Cash flows from operating activities		
Profit (loss) for the period	-633,905	-25,791
Adjustments:		
Net loss (gain) unrealized from fair value adjustment on investment properties	-17,585	-757
Net loss (gain) unrealized from fair value adjustment on loanss	1,098,451	50,000
Net loss (gain) unrealized from fair value adjustment on financial derivative instruments	40,236	1,831
Gain realized from disposal of investment properties	-	-
Expected bad debt expenses	4,672	240
Interest expenses on loans	236,282	11,928
Interest income on bank accounts	-869	-44
Share of profit from equity accounted investments	-1,519	-69
Decrease (increase) deferred rents receivable	-82,654	-587
Decrease (increase) in accounts receivable	-50,612	-1,201
Decrease (increase) in recoverable taxes	-6,548	870
Decrease (increase) in recoverable value added tax	-3,058	-160
Decrease (increase) in prepaid expenses	-75,711	-2,999
Decrease (increase) in other assets	-53,020	79
Increase (decrease) in tenant deposits	142,804	2,052
Increase (decrease) in suppliers and other accounts payable	46,089	-1,917
Net cash (used in) generated from operating activities	**643,053**	**33,478**
Cash flows from investment activities		
Improvements of investment properties	-174,209	-7,930
Proceeds from the disposition of investment properties	-	-
Interest income on bank accounts	869	44
Investments in joint venture	-28,217	-1,431
Collections of loans receivable	-	-
Net cash (used in) generated from investing activities	**-201,557**	**-9,317**
Cash flows from financing activities		
Received loans	277,951	14,700
Principal payments on loans	-278,798	-14,745
Interest payments on loans	-298,989	-17,393
Restricted cash	-1,918	287
Distributions to investors	-499,105	-23,641
Net cash (used in) generated from financing activities	**-800,859**	**-40,791**
Net (decrease) increase in cash and cash equivalents	-359,363	-16,631
Cash and cash equivalents at the beginning of the period	1,266,322	67,196
Exchange rate effects on cash and cash equivalents	281,930	-
Cash and cash equivalents at the end of the period	**1,188,889**	**50,565**



Financial Statements

Statement of Changes in Equity

	Attributable to Investors				
	Net contributions	**Currency conversion adjustment**	**Personal credit risk reserve**	**Retained earnings**	**Total net assets**
(thousands of pesos)					
Balance at January 1st, 2019	18,701,218	7,783,691	669,393	414,187	27,568,489
Capital Contribution, Net of Issuing Costs	-	-	-	-	-
Distributions to Investors	-	-	-	-499,105	-499,105
Comprehensive Income					
Net income (loss) of the period	-	-	-	-633,905	-633,905
Other Comprehensive Income					
Currency conversion adjustments	-	6,798,065	-	-	6,798,065
Fair value loan adjustments	-		2,034,192	-	2,034,192
Total Comprehensive income (loss)	**-**	**6,798,065**	**2,034,192**	**-633,905**	**8,198,352**
Net Assets as of March 31st, 2020	**18,701,218**	**14,581,756**	**2,703,585**	**-718,823**	**35,267,736**
(thousands of dollars)					
Balance at January 1st, 2019	795,384	331,049	28,470	17,616	1,172,518
Capital Contribution, Net of Issuing Costs	-	-	-	-	-
Distributions to Investors	-	-	-	-21,227	-21,227
Comprehensive Income					
Net income (loss) of the period	-	-	-	-26,961	-26,961
Other Comprehensive Income					
Currency conversion adjustments	-	289,129	-	-	289,129
Fair value loan adjustments	-	-	86,516	-	86,516
Total Comprehensive income (loss)	**-**	**289,129**	**86,516**	**-48,188**	**327,458**
Net Assets (Net Worth) as of March 31st, 2020	**795,384**	**620,178**	**114,986**	**-30,572**	**1,499,976**