TERRAFINA

2021 Integrated Annual Report

Consistency in action creating sustainable value

Table of **contents**

"With confidence in the present, we evolve towards a sustainable future."

Message from our **CEO** 2-22, 2-23

Terrafina's 2021 operating and financial results were in line with our expectations. Throughout the year, we witnessed different macroeconomic challenges. However, we took advantage of a positive scenario for the industrial real estate sector by actively participating in the development and asset sales, supporting our capital recycling strategy.

Nearshoring trends in the manufacturing industry were reinforced by the global supply chain impacts that were seen throughout the pandemic. Companies adjusted their risk management models and favored greater availability of raw materials and production processes close to the final points of sale. We expect that Mexico will be benefited by these trends, as well as Terrafina in capturing some of this incremental demand.

Our focus during 2021 was on the development and continued execution of our three-year growth plan, which will generate value creation focused on the development of new properties located in strategic markets. This plan, in addition to positioning us on a more dynamic trajectory, is aligned with our sustainability strategy through our property certification program. We are committed to certifying 100% of our new developments under sustainable standards, and remain committed to best practices that benefit our stakeholders and business value, while maintaining our responsibility for ESG impacts.

During the year we achieved significant improvements in our ESG ratings, having been recognized as an Industry Mover and included in the S&P's Sustainability Yearbook for the first time.

We also made progress in our human rights efforts by working on risk analyses and the development of an action plan. With this, we have been defining and implementing a due diligence process in accordance with international recommendations.

In our main operating highlights, leasing activity continued to be solid throughout the year. A clear example of this was the signing of one of the most representative contracts with Amazon for an industrial building in Tijuana, a key market for the e-commerce and logistics segment. We believe that the addition of these types of projects with world-class tenants and in segments with high growth potential, such as e-commerce and logistics, demonstrates the strength of Terrafina's business model.

> "We are committed to certifying 100% of our new developments under sustainable standards, being aligned with best practices that benefit our stakeholders, as well as taking responsibility for the environmental and social impacts of our business."

"Our main ESG focus is on optimizing the sustainability of our entire value chain by improving our processes every day."

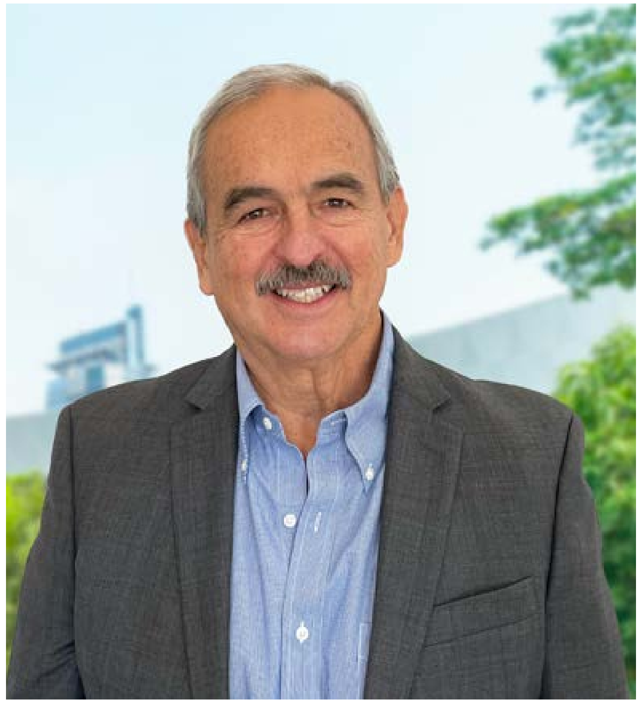
Our main ESG focus is on optimizing the sustainability of our entire value chain by improving our processes every day. We will continue our commitment to align our work with the achievement of the Sustainable Development Goals and the 10 Global Compact principles.

I am very pleased with the progress we have made with Terrafina's governance mechanisms. The Technical Committee and especially the ESG Committee recognize the importance of maintaining close oversight in the management of material ESG issues, and we are confident that our initiatives will be executed in accordance with best practices. As a result, this will allow us to consistently move closer towards our goals and commitments. During 2021, the ESG Committee focused on optimizing our climate change strategy, which we prioritize as one of the most critical challenges we face today. We will continue to analyze best practices on these issues that could impact our business and ensure that Terrafina generates sustainable value over time.

We begin 2022 with an encouraging outlook, working towards the continued development of our objectives. We are convinced that thanks to our growth plan and ESG strategy, we will be able to achieve good results that will benefit Terrafina's performance and our stakeholders today and in the future.

Sincerely,

Alberto Chretin
Chief Executive Officer and Chairman of the Technical Committee



Figures and **relevant events**

At Terrafina, **we are implementing international best practices in risk analysis and ESG strategies.**

100%
of new developments with sustainable certification

399 thousand
square feet certified under LEED standards

1st
time recognized as an Industry Mover and S&P Sustainability Yearbook Member

5th
consecutive year participating in GRESB

10.0 million
square feet leased during 2021

930.0 thousand
square feet sold, keeping the portfolio young and within the main markets with the greatest stability in occupancy and rents

85%
overall satisfaction, Kingsley survey

1st
sustainability-linked credit facility issued in 2021

+1 million
new square feet developed as part of three-year growth strategy

88%
of renewals and early renewals as of the year-end

46%
of states where Terrafina is present had social impact projects

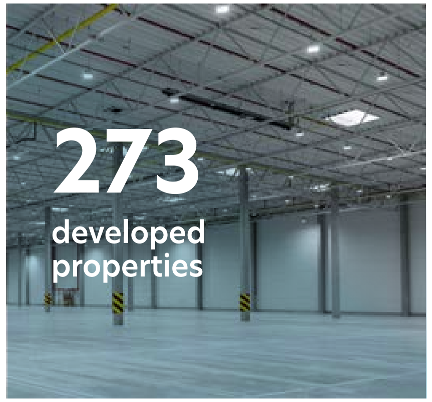
About **Terrafina** 2-1, 2-6, 2-23

We are a Mexican Real Estate Investment Trust (REIT) focused on the management, leasing, acquisition, and development of real estate in the industrial segment.

We have a history of nine years in operation as an investment vehicle listed in the Mexican stock market. We are internally managed by qualified industry specialists with extensive knowledge of operational and financial aspects of the portfolio and the market. At the same time, we are externally advised by PGIM Real Estate, one of the largest real estate managers in the world. This combination translates into extensive knowledge of the industrial real estate sector as well as a strong corporate governance structure aimed at business success.

As of December 31st, 2021, our portfolio consisted of 278 properties (273 developed and five land reserves) located in 32 cities and 15 states in Mexico. In total, we manage 38.6 million square feet of Gross Leasable Area (GLA). We are primarily focused in providing light manufacturing, logistics, and distribution space to multinational tenants, who look to us for our portfolio's quality (mostly Class-A properties) and presence in key regions. As a result, we have great stability in our operating cash flows, with 97% of our rents in dollars and triple-net leases. This is how we drive Terrafina's growth and promote the growth and development of industrial activity in the country.

Our portfolio



38.6 million
square feet of Gross Leasable Area (GLA)

13.8
years average age of assets

Presence in more than **15** states and **32** cities in Mexico

Our Values

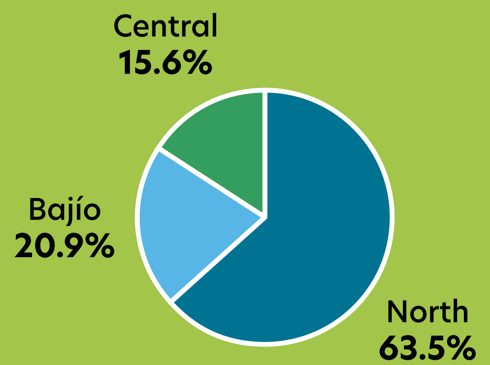
Passion · Innovation · Trust · Resilience · Teamwork · Conviction

> "We have extensive industrial real estate expertise and a strong corporate governance structure."

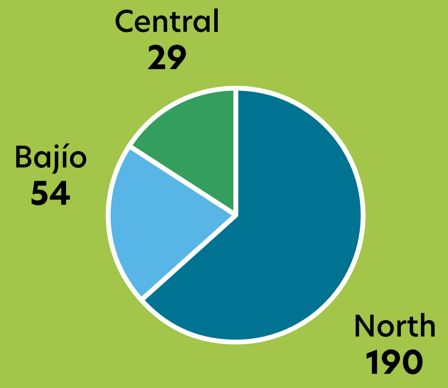
Our **presence** and **properties** 2-1, 2-6

Properties by region

% of Gross Leasable Area (GLA)



Number of properties



Breakdown of the number of properties and % GLA by state

Terrafina in numbers 2-6

Throughout 2021, Terrafina maintained stability in its financial and operating results, demonstrating the strength of its high-quality portfolio of world-class tenants.

Discussion and analysis of **2021 results**

Comparative Basis

For the comparison with 2021, it is important to consider that 2020's results include the contribution of an industrial portfolio comprised of three million square feet that were sold by Terrafina at the end of 2020 for a total amount of US$127 million.

Through these capital recycling transactions, Terrafina seeks to improve its position in operating and financial indicators that foster greater portfolio stability over the long term.

However, as a result of the asset sale, rental income decreased by US$11.7 million in 2021, or 5.9% from 2020.

Revenue recognition based on collections

In order to align revenue accounting with cash generation, it is worth mentioning that starting in 2020, the effect of collections is included in the company's revenue calculation. Thus, uncollected invoiced revenues are subtracted from revenues, and the recovery of collections from previous quarters is included in the quarter's revenues.

This measure had a negative effect on 2020 results as a consequence of COVID-19 deferrals granted, totaling US$700,000, which were fully recovered at the beginning of 2021.

Additionally, this methodology will continue to be used by Terrafina for the calculation of indicators that are a reference in the industrial real estate sector such as: Net Operating Income (NOI), Earnings Before Interest Expenses, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO).

It is also relevant to mention that, as of 2021, Terrafina did not present deferrals in its collections throughout the year.

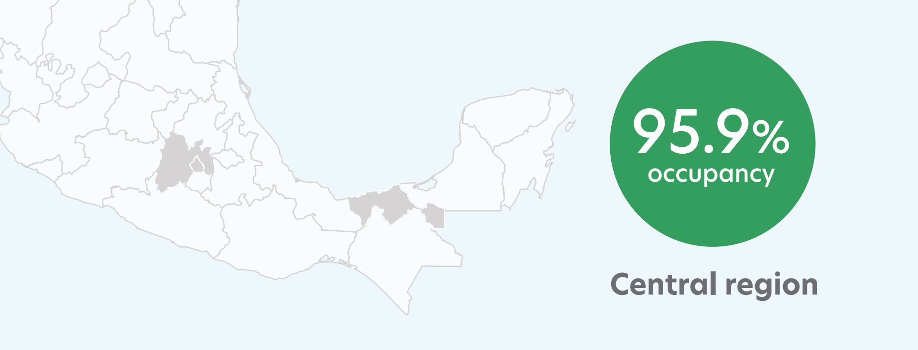
Operating results

	2018	2019	2020	2021	Variation (2021-2020)
Number of Developed Properties	287	289	274	273	-1 property
Gross Leasable Area (GLA) (msf*)	41.1	42.3	39.2	38.6	-0.7 msf
Land Reserve (msf*)	6.06	5.66	5.51	5.51	0.0 msf
Occupancy Rate (year-end)[1]	95.30%	96.50%	95.20%	94.90%	-30 bps
Rental Income (millions of dollars)	191.0	191.1	199.1	187.4	-5.88%
Average Rent/Square Foot (dollars)	5.15	5.19	5.28	5.40	US$0.12
Average Remaining Rent Term (years) (year-end)	3.37	3.85	3.75	3.75	0.0%
Renewal Rate (annual average)	90.80%	91.30%	86.8%	88.1%	-180 bps

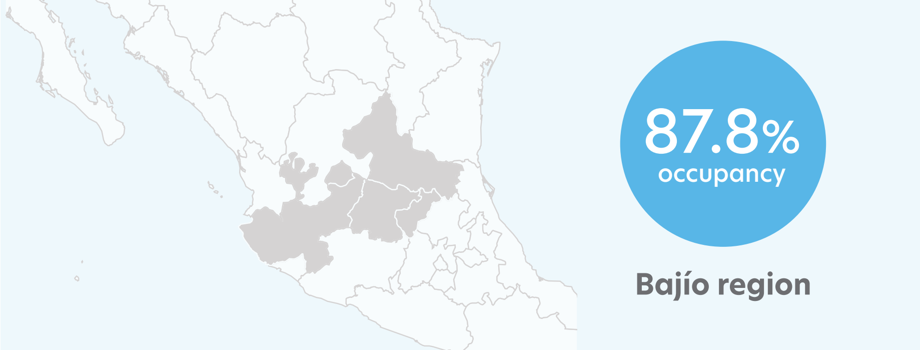
*msf: million square feet.

[1] Indicates the average renewal rate for the contract year including early renewals.

The northern region demonstrated the most dynamic leasing activity, representing 54% of all leases, led by **Ciudad Juárez, Chihuahua, Ramos Arizpe, and Tijuana**. These markets recorded an **average occupancy rate of 96.9% and an average annual rent of US$5.3 per square foot**. Manufacturing activity predominated, being the region of choice for multinational companies to establish their operations. We expect this region's strong performance to continue through 2022, with incremental demand favoring new industrial developments.



The central region, highlighted by the Cuautitlán Izcalli and Toluca markets, maintained an **average occupancy rate of 95.9%** with an average annual rent of **US$5.8 per square foot**. Logistics and distribution activities played a key role in those good results, as there is currently high sector demand with limited space availability.



The Bajío region accounted for 20% of leasing activity. **The Querétaro, Silao, and San Luis Potosí markets stood out, with 87.8% occupancy and an average annual rent of US$5.3 per square foot.** These figures showed a gradual recovery, and we will continue to focus our efforts to increase leasing activity in this region.

273 properties

At year-end 2021, Terrafina had a total of 273 properties, of which **74% are engaged in manufacturing and 26% to logistics and distribution.**

10 msf

Leasing activity

Additionally, Terrafina had leasing activity totaling **10.0 msf**, of which **20.0%** corresponded to new leases (including expansions), **54.9%** corresponded to lease renewals, and **25.1%** to **early renewals**.

Two sales

The sale of two properties located in the Ramos Arizpe and Ciudad Acuña markets **was completed** for **0.9 million square feet**, as well as a land reserve in Hermosillo for 0.7 million square feet.

94.9% occupancy

2021 occupancy at year-end was 94.9%, remaining within the expected range of occupancy levels for the year of 94% to 95%

Financial Results

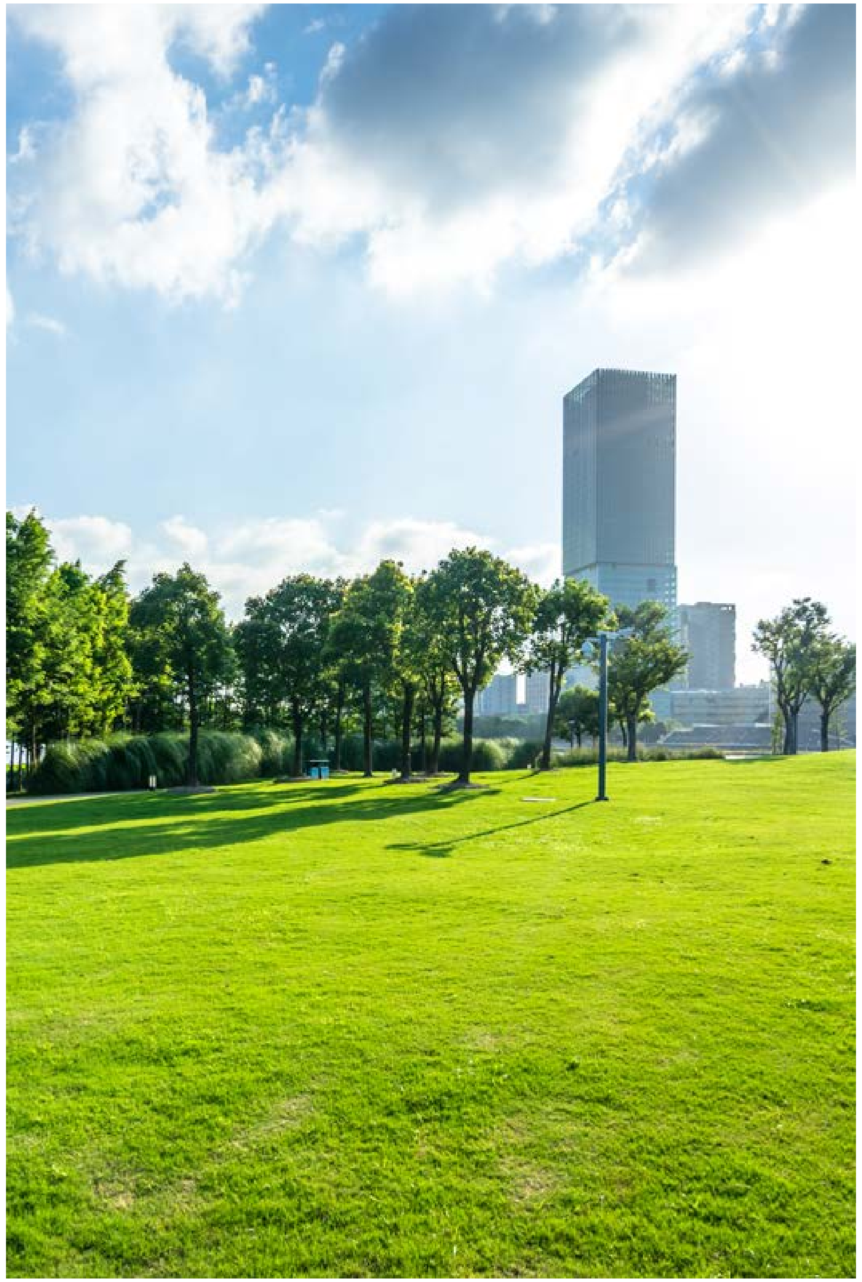
Accumulated Financial	Dec. 2021	Dec. 2020	Var.	Dec. 2021	Dec. 2020	Var.
				fx 20.2773	21.4834	
		(millions of pesos)			(millions of dollars)	
Net Collections[1]	3,844.0	4,178.8	-8.0%	189.6	194.7	-2.6%
Rental Revenues[2]	3,798.9	4,278.2	-11.2%	187.4	199.1	-5.9%
Other Operating Income	144.7	128.8	12.3%	7.1	6.0	17.5%
Cash-basis income[3]	3,936.8	4,293.1	-8.3%	194.1	200.0	-2.9%
Cash-basis income +Tenant Improvement Reimbursements[4]	3,952.4	4,331.2	-8.7%	194.9	201.8	-3.4%
Net Revenues	3,975.1	4,362.8	-8.9%	196.0	202.9	-3.4%
Net Operating Income (NOI)*	3,692.4	4,037.8	-8.6%	182.1	188.1	-3.2%
NOI Margin	93.8%	94.0%	-25 bps	93.8%	94.0%	-25 bps
EBITDA[5]*	3,271.0	3,609.3	-9.4%	161.3	168.5	-4.3%
EBITDA Margin	83.1%	84.3%	-115 bps	83.1%	84.3%	-115 bps
Funds from Operations (FFO)*	2,433.5	2,565.0	-5.1%	120.0	120.1	-0.1%
FFO Margin	61.8%	60.1%	177 bps	61.8%	60.1%	177 bps
Adjusted Funds from Operations (AFFO)*	2,074.4	2,197.3	-5.6%	102.3	103.0	-0.6%
AFFO Margin	52.5%	51.0%	150 bps	52.5%	51.0%	150 bps
Distributions	1,452.1	1,867.7	-22.3%	71.6	87.5	-18.1%
Distributions per CBFI[6]	1.9441	2.3624	-17.7%	0.0959	0.1107	-13.4%

1. Net Collections equal rental income minus uncollected income for the quarter plus collected income for the previous quarter.
2. Excluding accrued income as it is a non-cash item.
3. Net collections + reimbursable expenses + profit from JVs. This figures is used as a denominator for NOI, EBITDA, and FFO margin calculations.
4. Cash-basis income (as defined in note 3) + tenant improvement reimbursements used as the denominator for the AFFO margin calculation.
5. Earnings before interest expense, taxes, depreciation and amortization.
6. Real Estate Trust Certificates (*Certificados Bursátiles Fiduciarios Inmobiliarios*).

* An adjustment is made at the income and expense level for the calculation of these metrics. Income Statement data in dollars were converted using the average exchange rate for the period. Balance sheet data in U.S. Balance Sheet data in dollars were converted to pesos using the period-end exchange rate.

Source: PGIM Real Estate - Asset Management and Fund Accounting.

Income Statement	2021 (thousands of pesos)	2021 (thousands of dollars)
Rental revenues	3,830,394	188,897
Other operating income	144,711	7,098
Real estate operating expenses	-624,299	-30,767
Other operating expenses related to investment properties	-122,644	-6,073
Fees and other expenses	-437,668	-21,574
Realized gain (loss) on real estate sales	23,848	1,205
Net gain (loss) from fair value adjustment on investment properties	2,900,478	141,176
Net gain (loss) from fair value adjustment on borrowings	1,334,470	64,575
Net gain (loss) unrealized from fair value on financial derivate instruments	33,148	1,621
Realized gain (loss) on financial derivate instruments	-32,539	-1,619
Foreign exchange (loss) gain	4,986	266
Operating profit	**7,054,885**	**344,805**
Finance income	2,487	123
Finance cost	-980,717	-48,415
Net Finance cost	-978,230	-48,293
Share of profit from equity accounted investments	98,894	4,846
Net Profit for the period	**6,175,549**	**301,359**
Exchange rate gain (loss) from functional to reporting currency	900,199	0
Changes in the fair value adjustment on loans at fair value through other comprehensive income	-817,903	-40,597
Total Comprehensive income for the period	**6,257,845**	**260,762**



Income Statement

Collections

Net collections in 2021 totaled US$189.6 million, a decrease of 2.6% compared to the previous year, due to the aforementioned asset sales. It is important to note that, although revenues decreased by 5.9%, the impact on collections was lower due to the recovery of deferred rent payments in 2020 and other accounts receivable.

Revenues

Rental income for the year was US$187.4 million, a decrease of 5.9% compared to 2020. It is relevant to mention that these revenues remained stable throughout each quarter largely due to the rental of industrial properties located in markets with high demand for industrial space, as well as the good performance of renovation activity and new leases signed during 2021.

Net income, which includes rental income and other income (income from reimbursements made by tenants for property taxes, maintenance, and repairs, as well as insurance derived from triple net contracts) was US$196.0 million, a decrease of 3.4% compared to 2020. Other income amounted to US$7.1 million, an increase of 17.5% compared to the previous year.

Net operating income (NOI)

NOI for 2021 was US$182.1 million, a decrease of 2.8% compared to the previous year.

It is important to highlight that operating expenses remained stable in 2021 (US$12.0 million in 2021 compared to US$11.9 million in 2020), so the variation in NOI is due to the decrease in rental income generation from the sale of properties recorded in 2020.

As a result, the NOI margin increased 14 basis points to 93.8%.

EBITDA

EBITDA in 2021 decreased 3.8% to US$161.3 million as a result of a lower rental income base, as well as an increase in administrative expenses of US$1 million compared to the prior year.

The EBITDA margin for the year was 83.1%, a decrease of 76 basis points compared to the 2020 margin.

Financial Costs

Net financial costs totaled US$41.4 million in 2021, compared to US$48.3 million in 2020.

The main reason for this decrease was the payment of US$145 million of the revolving credit facility. As a reminder, this amount had been kept in cash as a precautionary measure given the context generated by the COVID-19 pandemic. Due to Terrafina's good collection performance, it was decided to repay the resources at the end of 2020.

In addition, with the total proceeds from the sale of assets, the entire balance of the revolving credit facility was repaid. This helped to further reduce financial expenses and achieve a lower level of leverage in the structure.

In the second quarter of 2021, two credit facilities were renegotiated. The US$300 million revolving credit facility and a US$179 million credit facility were replaced by a sustainable credit facility in the amount of US$485 million, with a lower interest rate. This change, together with those mentioned above, resulted in a lower interest expense for 2021.

Funds from Operations (FFO)

FFO increased 0.6% to US$120.0 million for the year, as lower financial expenses partially offset the decrease in revenues generated by the aforementioned asset sales. As a result, the FFO margin increased 170 basis points to 61.8%, compared to 60.1% in 2020.

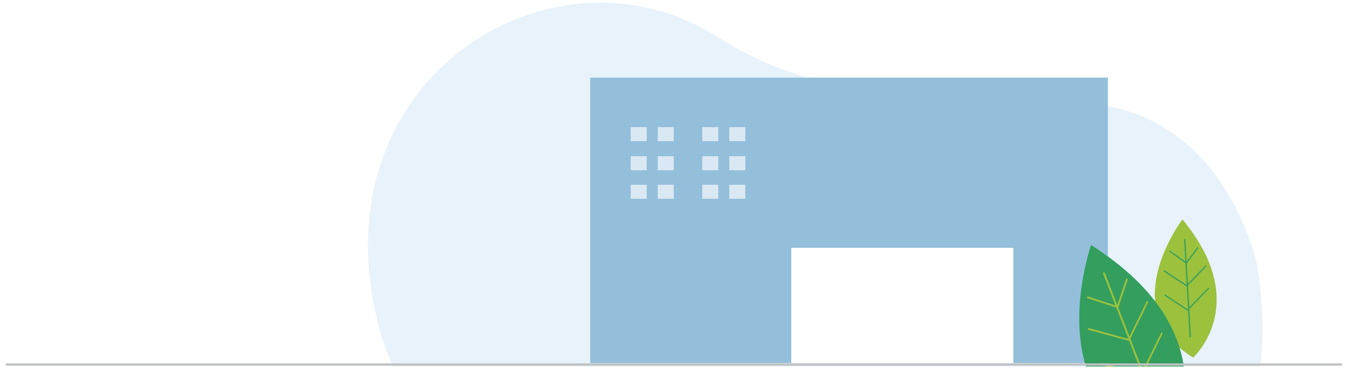
Adjusted Funds From Operations (AFFO)

AFFO in 2021 was US$102.3 million, increasing 0.2% versus 2020. This is explained by a lower level of tenant improvement expenses during the year.

The AFFO margin was 52.5%, implying an increase of 191 basis points, compared to the margin achieved in 2020.

Balance Sheet	**Dec. 31st 2021** (thousands of pesos)	**Dec. 31st 2021** (thousands of dollars)
Assets		
Non-current assets		
Investment properties	50,812,050	2,468,582
(Cost: 31/12/2021 - Ps.41,661,924, US$2,024,044)		
Investments in joint venture	889,741	43,226
Deferred rents receivable	287,220	13,954
Other accounts receivable	139,350	6,770
Restricted cash	32,356	1,572
Current assets		
Other accounts receivable	188,977	9,181
Recoverable taxes	97,095	4,717
Prepaid expenses	32,318	1,570
Deferred charges receivable	3,217	156
Accounts receivable	118,049	5,735
(Net of allowance for doubtful accounts: 31/12/2021 - Ps.113,779, US$5,528)		
Cash and cash equivalents	1,834,691	89,134
Total assets	**54,435,064**	**2,644,597**
Net assets attributable to Investors		
Net contributions	18,650,342	1,553,644
Retained earnings	4,089,202	62,845
Currency translation adjustment	10,319,798	-
Own credit risk reserve	157,219	-2,741
Total net assets (Net Equity)	**33,216,561**	**1,613,747**

	Dec. 31st 2021 (thousands of pesos)	**Dec. 31st 2021** (thousands of dollars)
Liabilities		
Non-current liabilities		
Loans	18,052,862	877,055
(Cost: 31/12/2021 - Ps.17,187,222, US$834,999)		
Financial derivative instruments	0	0
Tenant deposits	323,797	15,731
Accounts payable	137,233	6,667
Current liabilities		
Trade and other payables	476,868	23,167
Loans	2,151,050	104,504
(Cost: 31/12/2021 - Ps.2,097,769, US$101,915)		
Tenant deposits	76,693	3,726
Total liabilities (excluding net assets attributable to the Investors)	**21,218,503**	**1,030,850**
Total net assets and liabilities	**54,435,064**	**2,644,597**



Balance Sheet

Investment Properties

In the Balance Sheet there was an increase in the market value of investment properties of US$132 million to US$2,468.6 million. This is an increase of 5.7% compared to 2020, mainly due to the increase in the appraisal of properties that were completed in 2021, as well as an increase in the value of properties located in primary markets.

The land reserve at year-end 2021 was recorded at US$46.4 million, positively impacting valuations. The revaluation of the reserve is explained by the location in strategic markets whose demand increased during the year.

Finally, total assets presented an increase of 6.4% versus 2020, reaching US$2,644.6 million. This is mainly explained by all the aforementioned revaluations.

Banks

Cash was US$89.1 million, an increase of 23.2% compared to 2020. This increase was mainly explained by the property sales during the year.

Net Assets

Within net assets, we highlight that the repurchase fund activity was reactivated for an amount of US$2.4 million in 2021. This, together with the results for the year, accumulated total net contributions of US$1,553.6 million at the end of 2021.

Liabilities

Total liabilities decreased 1.6% to US$1,030.9 million compared to 2020. This variation is explained by a 2.5% lower debt level, which closed the year at US$981.6 million. Net debt at year-end was US$892.4 million, decreasing 4.5% year-over-year due to the reduction in total debt mentioned above.

+5.7%
investment properties' market value vs. 2020

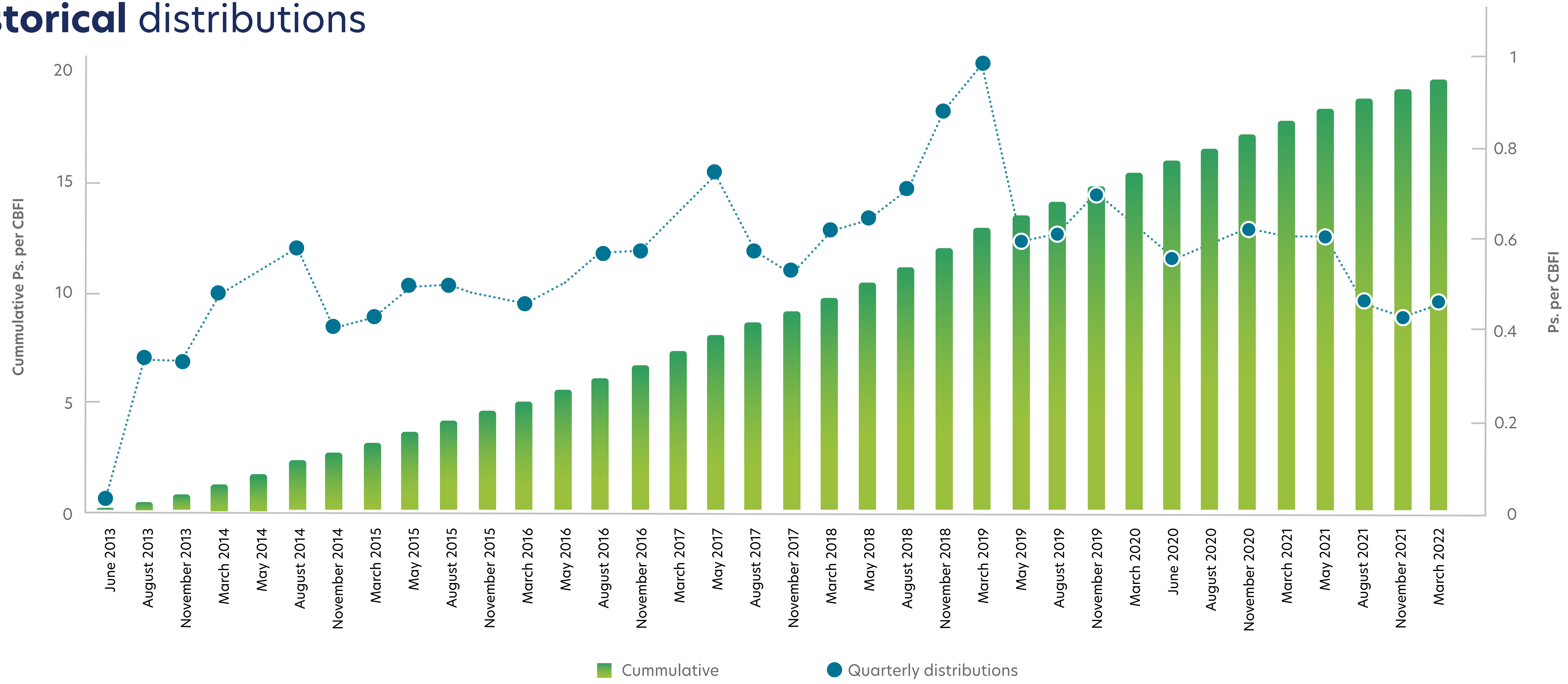
US$89.1 million
cash on hand, increasing by 23.3% vs. 2020

Total liabilities decreased
1.6%
to US$1,030.9 million

Cash Flow Statement	**Dec. 31st 2021** (thousands of pesos)	**Dec. 31st 2021** (thousands of dollars)
Cash flows from operating activities		
Profit (loss) for the period	6,175,549	111,577
Adjustments:		
Net loss (gain) unrealized from fair value adjustment on investment properties	-2,900,478	-72,537
Net loss (gain) realized from fair value adjustment on loans	-1,334,470	-13,362
Net loss (gain) unrealized from fair value adjustment on financial derivative instruments	-33,148	-388
Net loss (gain) realized from disposal of investment properties	-23,848	309
Bad debt expenses	1,047	-680
Interest expenses on loans	872,073	10,476
Interest income on bank accounts	-2,487	-17
Share of profit from equity accounted investments	-98,894	-2,181
Decrease (increase) deferred rents receivable	-39,768	-904
Decrease (increase) in accounts receivable	3,598	-1,190
Decrease (increase) in recoverable taxes	-90,238	-1,017
Decrease (increase) in recoverable value added tax	91,136	949
Decrease (increase) in prepaid expenses	-1,647	18
Decrease (increase) in other assets	-113,627	821
Decrease (increase) in tenant deposits	2,169	-597
(Decrease) in accounts payable	218,892	3,144

	Dec. 31st 2021 (thousands of pesos)	**Dec. 31st 2021** (thousands of dollars)
Net cash (used in) generated from operating activities	**2,725,859**	**34,422**
Cash flows from investing activities		
Acquisition of investment properties	-254,748	-8,095
Improvements of investment properties	-528,446	44,764
Dispositions of investment properties	986,495	-
Interest income on bank accounts	2,487	17
Investments in joint venture	37,426	346
Net cash (used in) generated from investing activities	**243,214**	**37,031**
Cash flows from financing activities		
Received payments	3,735,280	-
Principal payments on loans	-3,774,393	-
Interest payments on loans	-864,319	-5,421
Distributions to investors	-1,655,013	-16,479
Certificate repurchases	-50,876	-2,449
Net cash (used in) generated from financing activities	**-2,609,321**	**-24,349**
Net (decrease) in cash and cash equivalents	359,752	47,105
Cash and cash equivalents at the beginning of the period	1,443,720	42,029
Exchange effects on cash and cash equivalents	31,219	-
Cash and cash equivalents at the end of the period	**1,834,691**	**89,134**

Historical distributions



2021 Distributions

Terrafina paid a total of US$75.8 million in distributions during the year. This is a decrease of 13.4% year-over-year, derived from the change in the distribution policy announced as of the second quarter of 2021, which decreased the ratio of distribution payments to total AFFO generation from 85% to 70%.

Distributions per CBFI for 2021 reached US$0.0959 on an average base of 790.1 million CBFIs outstanding.

Economic value generated and distributed 3-3, 201-1

Value generation is focused on offering our tenants a high-quality portfolio, supported by expert industrial property management and safeguarding the company's stability with sound financial management.

Category	Breakdown	2021		2020		2019		Variation
		Exchange rate: 20.5835		Exchange rate: 21.4834		Exchange rate: 19.2684		2021 vs 2020
		Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars	
Economic value generated (EVG)		**3,975.11**	**196.04**	**4,355.12**	**214.78**	**3,927.63**	**182.82**	**-8.7%**
Rental revenue		3,830.39	188.90	4,233.95	208.80	3,829.56	178.26	-9.5%
Other income		144.71	7.14	121.17	5.98	98.07	4.57	19.4%
Economic value distributed (EVD)		**939.98**	**46.36**	**-3,387.84**	**-167.08**	**-3,516.40**	**-163.68**	**-127.7%**
Operating Expenses	Repairs and maintenance	-225.51	-10.97	-278.61	-13.74	-263.42	-12.26	-20.1%
	Electricity	-6.89	-0.34	-8.26	-0.41	-46.29	-2.15	-16.6%
	Other expenses	-18.71	-0.92	-13.04	-0.64	-20.42	-0.95	43.5%
	Property management fees	-76.08	-3.75	-82.55	-4.07	-73.85	-3.44	-7.8%
Administrative Expenses	Broker fees	-135.30	-6.67	-105.72	-5.21	-152.29	-7.09	28.0%
	Insurance	-35.67	-1.76	-29.42	-1.45	-14.70	-0.68	21.2%
	Taxes	-104.10	-5.13	-94.67	-4.67	-77.74	-3.62	10.0%
Corporate Expenses	External advisor fees (PGIM Real Estate)	-248.79	-12.27	-268.57	-13.24	-232.89	-10.84	-7.4%
	Other supplier payments	-147.68	-7.28	-136.02	-6.71	-111.09	-5.17	8.6%
	Payroll and collaborator compensation	-37.37	-1.84	-41.51	-2.05	-32.9	-1.53	-10.0%
Distributions (payments to CBFI holders)		1,452.08	71.61	-1,867.66	-92.11	-1,996.11	-92.91	-177.7%
Capital expenses for new developments		521.00	25.69	-461.80	-22.77	-494.80	-23.03	-212.8%
Property acquisitions		0.00	0.00	0.00	0.00	0.00	0.00	0
Economic value retained (EVR)		**3,035.12**	**149.68**	**7,742.95**	**381.85**	**7,444.03**	**346.50**	**-60.8%**

The exchange rate is taken into account according to the consolidated financial statements document.

Relevant **ESG** events 2-24. 2-28

2019

- Sustainability diagnosis and benchmark
- **First materiality study**

2020

- Creation of Terrafina's ESG division. Systemic understanding of sustainability and establishment of ESG strategy
- Development of **ESG Policy**
- ESG section on website
- Publication of first ESG report
- First participation in S&P Global's CSA Tenant satisfaction assessment including ESG aspects
- Consolidation of the ESG Committee as the highest leading ESG governance body
- Adherence as participants of the United Nations Global Compact
- **Social Impact Policy (Available in Spanish only)**
- **Human Rights Statement**
- Participation in the United Nations SDG Ambition program
- First satisfaction survey for 100% of collaborators
- Establishment of ESG targets and KPIs aligned with the general business strategy
- Technical Committee's first self-assessment
- Diagnosis and resilience assessment of the entire portfolio
- Climate change risk analysis
- Sustainability report aligned with standards and recommendations such as GRI, TCFD and SASB

2021

- Issuance of first sustainability-linked credit facility
- Incorporation of ESG components in the due diligence process for new developments and new acquisitions
- Climate change risks workshop for collaborators and key partners
- Environmental best practices training for property managers and tenants
- SmartBlue® update
- Partnership with Civil Society Organization for Forest Conservation Project
- Human rights risk assessment
- Recognition as a member of the S&P Sustainability Yearbook and named an Industry Mover

Our vision of **sustainability** 2-12, 2-23, 2-28, 2-29, 3-3

At Terrafina, we conducted our **first materiality analysis in 2019.**

To define the material issues in this analysis, we followed a three-step process (1. Identification, 2. Prioritization, and 3. Validation). In the first step, we identified a list of potentially material factors for the organization through a study of global and sectoral standards (including GRI standards), as well as internal documents. In the second, we prioritized and measured the impact of these issues on our operations by surveying our various stakeholders to understand their priorities. In the third step, we validated and reviewed the results of the previous step in a matrix that allowed us to visualize the materiality of the different topics.

We based our approach on the dual materiality perspective, considering financial, environmental, and social materiality. By this we mean that **our view of sustainability considers the impact of the company on environmental, social, and governance aspects, as well as the impact of ESG factors on the company**. In this way, we understand Terrafina's development, results, and status, as well as our activities' impacts.

In line with our commitment to keep our sustainability strategy up to date, **we are committed to update and/or review materiality every two to three years** to stay focused on the most material issues for the business and our stakeholders.

Based on this analysis's results, in 2021 we followed up on our efforts to strengthen the strategy for the 21 material topics that were chosen. We continue to lead this effort by aligning ourselves with the most significant sustainability standards and recommendations (including GRI, SASB, TCFD, among others), as well as global industry best practices.

As a result, we were able to define key indicators to monitor and measure our performance, setting ambitious targets aligned with the UN[1] Sustainable Development Goals (SDGs).

> "We based our approach on the dual materiality perspective, considering financial, environmental, and social materiality."

1. United Nations

Our way of creating **sustainable value** 2-29

Integrating the ESG aspects most relevant to our stakeholders and the business is a key step in the value creation process. For us, creating sustainable value means:

1. Value growth: **quality**.
2. Stabilized approach: **prevent, control, and mitigate risks.**
3. Positive impact: **greater return for the long-term sustainability** of the business.

Likewise, to achieve our purpose, it is essential to have a close **integration and relationship with our stakeholders**. In this way, we can create synergies to accelerate positive impact.

The ESG Strategy is based on three transversal axes: **Anticorruption and Ethics, Commitment and Transparency, and Resilience**. These axes are the basis for Terrafina's performance and are supported by five essential pillars for our operation and our stakeholders: **Planet, Portfolio, Economy, Talent and Community.** In this way, we promote sustainability and achieve our purpose of creating sustainable value together for a better future.

Transversal Axes

- Anticorruption and ethics
- Engagement and transparency
- Resilience

Purpose

Experience

Create sustainable value

Alliances

Planet Pillar

Value created: Caring for our planet through sustainable industrial developments to reduce our water and carbon footprint.

Portfolio Pillar

Value created: Drive the country's industrial progress by offering comprehensive real estate solutions that contribute to our value chain's growth.

Economy Pillar

Value created: Generate returns for our investors under guiding principles and strong corporate governance.

Talent Pillar

Value created: To value and care for our talent, fostering a work environment that promotes the well-being, professional, and personal development of our team and value chain.

Community Pillar

Value created: Respect and promote human rights and generate alliances and initiatives that favor of our communities' quality of life.

Stakeholders

- Holders
- Tenants
- Collaborators
- Suppliers PGIM Real Estate
- Communities and CSOs
- Authorities
- Industry associations
- Academia

Our **ESG KPIs** and their targets for action and positive impact 2-23, 3-3

At Terrafina, we uphold our commitments and goals related to material issues, and to the sustainability-linked credit facility.

Some of the main environmental, social, and corporate governance commitments are:

Energy
Reduce 20% energy intensity by 2030

Sustainable operation
15% of GLA with sustainable certification by 2030

Water
Reduce 20% water intensity by 2030

Green certifications
100% of new developments certified as sustainable

Emissions
Reduce 20% GHG emission intensity by 2030

Biodiversity
Forest conservation of 120 hectares by 2025

Community impact
50% of states with community social projects by 2025

For more detailed commitments and progress on all our material issues, please refer to the:
2021 Progress Report

Focus on **sustainability** 2-24

2021 was a year focused mainly on analyzing how we do our work. We redefined our day-to-day operations with an innovative and resilient vision, incorporating ESG aspects into our business model in a more integral way. **As a result: "we are more aware of the impacts that social and environmental factors have on our operations."**

Progress on our 2021 goals

Goal	Progress
Release Supplier Code of Ethics in 2021	The scope of our Code of Ethics was adapted and shared with our suppliers so that they could understand the interactions and relationships we maintain with them. We have also managed to share it with 100% of suppliers in the annual renewal process.
Apply a portfolio resilience assessment by 2021	The resilience assessment was carried out with a response rate of 98% at the portfolio level.
Analyze and develop vulnerability maps on Climate Change effects 2021-2022	Climate change vulnerability levels were mapped for the entire portfolio with an analysis by Four Twenty Seven, Inc. (Moody's affiliate).
Share health and safety best practices content for property managers and tenants 2021-2022	Continued to share health and safety best practices, including progress on COVID-19 issues.
Update the Corporate Governance best practices manual 2021	The best practices manual is still being developed, and we expect to complete its update during 2022.
Update ESG due diligence on new acquisitions and developments by 2021	Adaptations were made and a due diligence process with environmental, social, and corporate governance risk categorization was developed for new developments and acquisitions.
Promote ESG training for Technical Committee members	Training on climate change risks provided to the ESG Committee.

For more detailed commitments and progress on all our material issues, please refer to the:
2021 Progress Report

We are aligned with **global objectives** 2-23, 2-24, 2-28

We understand Terrafina's great responsibility as one of the leading organizations in the industrial real estate segment. We are committed to our environment and our stakeholders. Therefore, our main strategic actions add to the fulfillment of the United Nations 2030 Agenda through our contribution to 11 of the 17 Sustainable Development Goals (SDGs).

During 2021, to further deepen our ESG strategy, we kept our emphasis on aligning it with the SDGs. We joined the Global Compact in 2020 to reflect our commitment to join efforts to achieve these goals, especially those related to our sector. For this reason, together with a group of large companies leading in sustainability, we are part of the first generation of **SDG Ambition** and the **Climate Ambition Accelerator**. These initiatives aim to accelerate the integration of the SDGs. We worked on this initiative during 2021 and were able to set more ambitious targets. We also participated in the Sustainable Cities Agenda 2030 working group (SDG 11), seeking to deepen our impact in line with our philosophy of joining efforts with different sectors and companies committed to making a change. With this, we were able to publish the **Sustainable Cities Business Guide** together with other companies, coordinating the development of the Climate Change subgroup.

The Sustainable Cities Working Group (GTA2030 | CS) is made up of companies, international organizations, academia members, and civil society organizations, who understand the importance of advancing in the fulfillment of the SDG 11's goals. Its purpose is to identify ways to contribute to the construction of inclusive, safe, healthy, resilient, and sustainable cities.

We joined the Global Compact in 2020 to reflect our commitment to join efforts to achieve these goals, especially those related to our sector.

UN GLOBAL COMPACT

We joined the Global Compact in 2020

SDG AMBITION

We are part of the first generation of SDG Ambition

11 SUSTAINABLE CITIES AND COMMUNITIES

We participate in the Sustainable Cities workgroup

CLIMATE AMBITION ACCELERATOR

Part of the first generation of the Climate Ambition Accelerator program

2-28

SDGs	Goals	Focus	Strategic Actions	Pillars
3 GOOD HEALTH AND WELL-BEING	3	Satisfaction of and commitment to our collaborators and tenants	• We safeguard our tenant's health and safety by offering them an operating environment in line with health and safety standards.	Talent Pillar
			• We provide benefits such as insurance and external medical services including mental health services for Terrafina's collaborators.	Portfolio Pillar
4 QUALITY EDUCATION	4.4	Social commitment through education with our community	• We support communities, particularly vulnerable populations, by facilitating access to technology in rural and urban public schools.	Community Pillar
6 CLEAN WATER AND SANITATION	6.3 6.4	Infrastructure efficiency and sustainability	• We seek efficiency in the infrastructure of each of our assets with measures to save water consumption, such as replacing sanitary fixtures with low consumption fixtures, using treated water for gardening, and gardens with xerophytic plants.	Planet Pillar Portfolio Pillar
7 AFFORDABLE AND CLEAN ENERGY	7.3		• We include projects to replace lighting fixtures with LEDs that improve energy efficiency in our portfolio.	Planet Pillar
			• We analyze opportunities for the inclusion of renewable energy in the properties.	Portfolio Pillar
8 DECENT WORK AND ECONOMIC GROWTH	8.3 8.8	Social commitment to our talent and community	• We support the community by offering decent job opportunities, improving their quality of life and purchasing power, as well as helping them through social investment projects.	Community Pillar
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.2	Tenant strength and positioning	• We establish environmental and social criteria for the selection and diversification of assets, supported by the world-class experience of our Advisor, PGIM Real Estate, and collaborating with innovative industries that generate jobs.	Planet Pillar Portfolio Pillar
			• We participate in the Global Compact's Sustainable Cities Working Group, which promotes the incorporation of best sustainable practices in Mexican companies.	Community Pillar

2-28

SDGs	Goals	Focus	Strategic Actions	Pillars
11 SUSTAINABLE CITIES AND COMMUNITIES	11.6 11.a	Social and environmental criteria in selection and development	• We assess our properties' resource consumption to determine their performance levels and include them in the certification plan.	Planet Pillar
			• We incorporate sustainable clauses in leases and Green Leases for new LEED-certified developments.	Portfolio Pillar
			• We develop all our new properties with the highest sustainable standards in accordance with international certifications such as LEED and Smart Blue® criteria.	Community Pillar
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 12.6	Infrastructure efficiency and sustainability	• We strive to ensure that the materials and resources implemented in the development of our properties are sustainably sourced and managed. • We implement waste audits in new constructions as part of our certification processes..	Planet Pillar Portfolio Pillar
13 CLIMATE ACTION	13.1 13.2		• We have commitments and targets for 20% reduction in GHG emissions intensity, water, and energy by 2030. • We promote the strengthening of resilience and adaptation to the effects of climate change and natural disasters through training, evaluations, and audits.	Planet Pillar
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	16.5 16.6 17.17	Strength and adaptability of our business model going forward Solid corporate governance	• We safeguard the company's stability and look after the holders' interests, basing our decisions on solid business arguments. • Our Technical Committee has a majority of independent members and ample experience to recognize the needs, risks and opportunities of the business for the optimal exercise of the industrial activity. • We are externally advised by a company with extensive international experience, PGIM Real Estate, in best practices, risk management and ESG opportunities.	Portfolio Pillar Economy Pillar

Transversal axes

We seek to build corporate governance that safeguards the integrity of the company, accompanied by high standards, and an entrepreneurial culture.

Transversal axes relevant figures 205-1, 205-2, 205-3

100%
of assets in operation and new developments undergo due diligence processes that include anticorruption aspects

100%
of Terrafina's suppliers received the Code of Ethics in renewals and new contracts

zero
corruption cases related to our activities, as in previous years

Anticorruption, ethics, and conduct

Anticorruption 2-24, 205-1, 205-2, 205-3, 3-3

Terrafina operates in a market with global participants. As a public company in an emerging market, we understand the potential risks posed by our business model in its different operational phases.

Good management of our anticorruption policy is essential to safeguard Terrafina's reputation. Failure to do so could have material financial and reputational consequences. In turn, we understand the importance of complying with the highest ethical and moral standards, as we have been aligned with continuous improvement in global practices since our inception.

The Anticorruption Policy contains procedures and requirements designed to prevent, detect, and deter violations of the ABC (Anti-Bribery & Corruption) Policy and other applicable anticorruption laws. This includes requirements related to payments, gifts, entertainment, political contributions, and governmental payments. Terrafina prohibits the use of company funds to make political contributions to Government Officials.

Payments or donations made by Terrafina or by individuals and legal entities subject to the anticorruption policy, to government agencies and organizations or to public international organizations must be approved in advance by PGIM Real Estate Latin America's Regulatory Compliance Area. Any interaction with government officials must undergo detailed oversight by our outside counsel's Regulatory and Compliance area and must be approved by that area. In doing so, we monitor compliance with anticorruption legislation and company policies.

We also consider procedural requirements such as anticorruption due diligence, contract processes, training, certifications, and anticorruption oversight, including adherence to the Foreign Corrupt Practices Act (FCPA).

> "The Anticorruption Policy contains procedures and requirements designed to prevent, detect, and deter violations of the ABC (Anti-Bribery & Corruption) Policy and other applicable anticorruption laws."

We keep our goal of zero tolerance towards corruption. To achieve this, we are committed to strengthening anticorruption controls throughout our operations. A key part of this is our Integrity and Compliance Manual, which addresses issues related to the prevention of conflicts of interest, money laundering, and anticorruption practices in detail. It includes the guidelines, procedures, and monitoring that govern our operations.

Terrafina's Integrity and Compliance Manual

Labor Conduct

- Code of Ethics
- Fraud Policy
- Insider Trading Policy
- Personal Stock Operations Policy
- Gifts and Entertainment Policy
- Conflict of Policy
- Discipline and Sanctions Policy
  - Company's Policy
  - Investigation Proceedings
- Privacy Policy

Operating Policies

- Business Continuity Plan

Regulatory Requirements

- Book and Record Keeping Policies and Procedures Manual
- Anticorruption Policy
- Money Laundering Prevention Policy

Communication with External Parties

- Regulatory Inquiries and Audit Policy
- Customer Complaint Policy
- Advertisements and Marketing Materials Policy
- E-mails and Electronic Communication Systems Policy
- Internet Access Policy

Miscellaneous Policies

- Proprietary Confidential Information Management Policy

The supplier record is reviewed annually, and the customer record is reviewed at each renewal. We therefore consider that our transactions with them, between reviews, meet our anticorruption and anti-money laundering criteria.

As part of our efforts to combat corruption, we have identified the main risks related to corruption in our operations:

> All our suppliers and customers go through a due diligence process where, among other things, a corruption and money laundering risk review is conducted.

With suppliers

a. Development: permits and licenses

b. Safety: contact with authorities in case of an emergency

c. Consultants: reports to authorities for approval

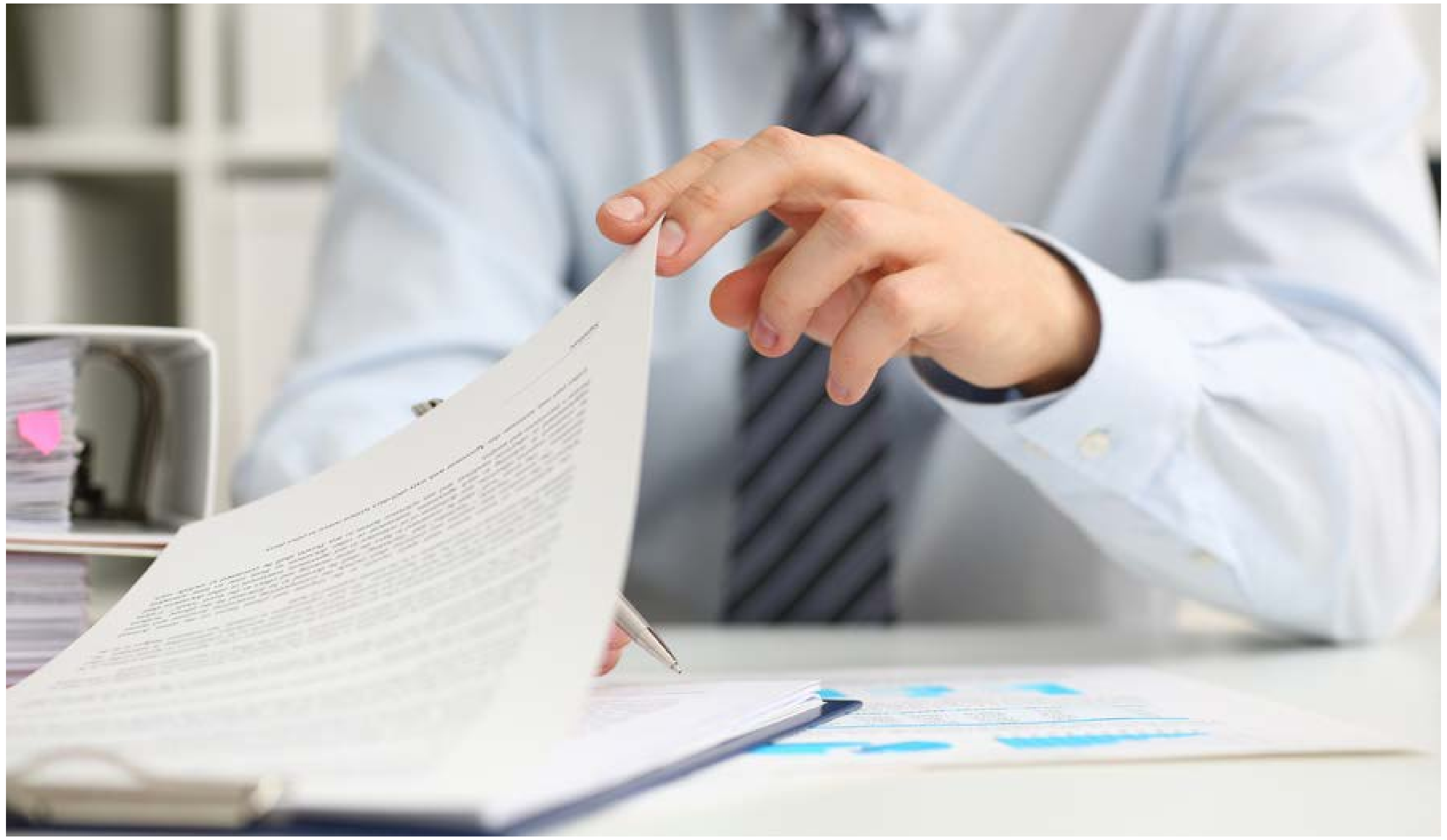
In real estate acquisitions/ dispositions

a. Resources of illicit origin

On an ongoing basis in our operations

a. Conflicts of interest

b. Gifts and entertainment



Ongoing training 2-24, 205-2

Since the beginning of Terrafina's operations, training on the Code of Ethics and anticorruption has been included in the induction process and on an annual basis.

100%
of Technical Committee members are aware of anticorruption policies and procedures

100%
of collaborators are aware of and have been trained on anticorruption policies and procedures

"As of 2020, and adapting to the situation caused by the pandemic, training has been conducted online, taking advantage of digital platforms that facilitate understanding and awareness with practical application cases."

100%
of business partners are aware of and have been trained on anticorruption policies and procedures

As contracts with suppliers have been renewed, they have been asked to sign a statement of awareness of our policies, including **anticorruption policies**

Ethics and conduct 2-23, 2-24, 2-26, 3-3, 404-1

In addition to focusing on anticorruption management, at Terrafina we align ourselves with the highest standards of ethics and conduct. We developed policies and procedures in conjunction with our Advisor, PGIM Real Estate, who shares global best practices with us for the monitoring and strengthening of our compliance culture. Among these practices we have:

- Integrity and Compliance Manual
- Code of Ethics
- Training and commitment program for collaborators, Technical Committee, suppliers, and others
- Process and channels to report and deal with non-compliance

In 2021, 100% of our collaborators read, understood, and accepted the Code of Ethics. They also participated in courses on the Code of Ethics and related policies, as in 2020. **Ethics training per person was 1.6 hours during the year**. It is also important to consider that all our collaborators receive training as part of their induction when they join the company. Likewise, we also train property managers.

To always be in line with global best practices, our Code of Ethics and Integrity and Compliance Manual are constantly being reviewed and updated. We continuously monitor the United Nations' SDGs, the UN PRI's (United Nations Principles for Responsible Investment) recommendations, the communication and recommendations of the Global Compact, and suggestions from other organizations that promote best corporate practices. In addition, our External Advisor has a robust ethical framework and is considered one of the most ethical companies in the world. We consult legal firms for the implementation of best practices or in specific cases that require greater expertise on the subject.

> "In 2021, 100% of our collaborators read, understood, and accepted the Code of Ethics."

As part of Terrafina's continuous improvement strategy, the Code of Ethics was adapted and shared with all our suppliers. As part of the supplier update process, the Code of Ethics has been shared with 100% of our suppliers, and a signing process during renewals was carried out to confirm their acknowledgement. To date, 61% of our suppliers have signed our policies.

At Terrafina, we establish that ethical concerns may be reported without fear of reprisal, and we strictly prohibit any threat or harassment against any collaborator for reporting unethical or illegal activities in good faith, or for participating in a report's investigation.

In the event that a non-compliance case is found, it will be evaluated by the External Advisor's Standards Group, and passed to the Audit Committee and the Technical Committee. With this, we seek to ensure transparency in the handling of cases, while safeguarding our compliance culture. Cases detected through the whistleblower hotline are complemented by findings that may be obtained from external audits, if necessary. To date, there have been no reports of non-compliance with the Code of Ethics.

> "To date, there have been no complaints of non-compliance with the Code of Ethics."

In case of any concerns related to Ethics issues, we have different communication channels such as meetings, calls, or forums at our stakeholders' disposal. To identify and communicate any non-compliance with the Code of Ethics, our policies or the applicable external regulations, **we make the Whistleblower Hotline (integridad@terrafina.mx)** available to our stakeholders, where PGIM Real Estate manages, with a fair and professional treatment, the cases that may arise.

Commitment and **transparency** 2-12, 2-16, 2-23, 2-25, 2-29, 3-3, 308-1, 414-1

In 2020 at Terrafina we defined our stakeholder engagement program, TERRA SE (Stakeholder Engagement). This program is based on the AA1000SES and establishes how we identify, select, and relate to our main stakeholders. We also define the engagement process for identifying, understanding, and responding to sustainability concerns and potential issues. We create value through the commitment of our alliances and stakeholders.

At Terrafina, developing and maintaining long-term relationships with our stakeholders is fundamental. We continually analyze whether our communication channels are robust enough to generate trust and commitment with all of them. During 2021, we will continue to conduct quarterly perception studies with our investors and analysts.

The consultation processes are delegated to the ESG department in conjunction with other areas that maintain closer contact with the various stakeholders, under supervision of the highest governance body, which approves ESG initiatives in ESG Committee sessions. In our satisfaction surveys we consider relevant ESG issues, which have provided us with valuable information for decision-making in our strategy. We have also implemented other questionnaires and assessments to our tenants on resilience, waste management, energy, water, and social issues such as transportation, and community projects.

Given Terrafina's structure, the relationship with our main stakeholders is key to achieving our ESG objectives. For this reason, this year we conducted our first supplier ESG evaluation to identify risks and opportunities in sustainable matters within our business relationship with them. During 2022-2023, we will analyze the results and develop a supply chain action plan to promote the adoption of sustainable practices.

"Terra SE" helps us manage and build stronger, mutually beneficial relationships with individuals and entities that are relevant to the effective management of the Trust.

> "This year we conducted our first supplier ESG assessment to identify sustainability risks and opportunities within our business relationship with our suppliers. During 2022-2023, we will analyze the results and develop a supply chain action plan to promote the adoption of sustainable practices."

Next, we point out the relationship with our stakeholders, focused on addressing key issues and offering them different communication channels with Terrafina:

Stakeholder group	Value proposition	Communication channels	Topics and key concerns
Holders	• Maximizing value, minimizing risk • Transparency • Responsible investment (ESG) • Strong business ethics	• Holders' meetings • Annual report to the BMV* and CNBV** • Quarterly reports and calls • Relevant events • Sustainability report • Investor forums • Web page • Emails or calls with the management team • Perception studies • Certifications and accreditations	• Company's financial situation • Composition of the Technical Committee and corporate governance structure • Holders' rights • Succession plan • Financial performance • Portfolio quality • Articulation and functioning of corporate governance • Incorporation of ESG criteria in the choice of the portfolio
Tenants	• Increase satisfaction and retention • Location combined with high quality, sustainable and resilient properties • Optimize operational efficiency, decrease carbon and water footprint • Partnerships to achieve common goals (regulation, resilience, community)	• Follow-up by Property Managers (visits, meetings, calls) • Follow-up by PGIM Real Estate's Asset Management and Portfolio Management team. • Satisfaction survey • Third party relationship (maintenance suppliers, risk assessment, etc.) • Sustainability report • Participation in industry events • Property visits	• Efficient and environmentally friendly real estate solutions • Environmental and carbon footprint data collection (energy, waste, water) • Joint social programs
Collaborators	• Promote the motivation and satisfaction of our collaborators, teamwork, and leadership. • Establish equity, equality, and diversity • Work-life balance, fair compensation, personal and professional growth	• Spaces for participation (forums and trainings) • Presentation of company results • Ethical whistleblower hotline • Continuous training	• Business results, including ESG issues • Personal and professional growth and development • Occupational health and safety • Relationship with other stakeholders

*Mexican Stock Exchange (Bolsa Mexicana de Valores)
**National Banking and Securities Commission (Comisión Nacional Bancaria de Valores)

2-28

Stakeholder group	Value proposition	Communication channels	Topics and key concerns
Suppliers, PGIM Real Estate	• Strengthen professional alliances to improve our service quality. • Implement ESG solutions for clients • Growing by supporting stakeholder needs • Preventing and mitigating real estate risks	With suppliers • Selection and contracting processes • Ongoing operational meetings • Annual quality assessments • Annual training • Ethical whistleblower hotline With PGIM Real Estate • Coordination meetings • Quarterly Technical Committee meetings • Internal performance documents • Ethical whistleblower hotline	With All • ESG topics • Business ethics • Product and service procurement standards With suppliers • Financial stability • Business performance With PGIM Real Estate • Operational efficiency • Portfolio quality and strength
Communities and CSOs	• Diagnose socio-economic impacts and needs. • Improve quality of life and well-being • Enhancing and exchanging knowledge, skills, and experience • Partnerships for common objectives	• Participation in industry forums • Meetings with local authorities and/or leaders • Collaboration with Civil Society Organizations (CSOs) • Consultations and interaction during the development of social projects	• Implementation of social projects to promote their development • Creation of employment opportunities
Authorities	• Regulatory compliance • Approach to a common global agenda	• Meetings with authorities (for requirements or projects) • Other consultations • Participation in sectoral forums	• Legal compliance at the federal, state, and municipal levels in operations • Tax compliance • Regulatory changes • Compliance with obligations as a public company
Associations, industry, academia	• Active, transparent, and credible participation to solve common objectives • Sharing best practices for continuous ESG improvement	• Participation in association and industry committees on an ongoing basis. • Participation in forums, trainings, and events on an ongoing basis • Participation in industry certifications and accreditations on an annual basis	• Support of projects with common purposes • Shared best practices • Regulatory changes

We are an active member of several industry associations. Terrafina is a founding member of the **Mexican Association of Real Estate FIBRAs** (AMEFIBRA). In 2021 we continued our participation in **AMEFIBRA's ESG Committee**, actively promoting sustainability practices in the sector. We are also part of the Mexican Association of Private Industrial Parks (AMPIP) and participate in the **Global Compact** working groups and practices with other international organizations to promote the adoption of best practices in Mexican companies, as well as in countries around the world.

Resilience and **risk management** 2-23, 2-24, 2-26, 2-27, 3-3, 201-2, 205-1, 403-3, CRE8

100% of Terrafina's assets in operation and new developments are assessed for ESG risks.

As an organization, we are interested in knowing and understanding our risks to develop appropriate management systems and policies to prevent and counteract them, generating greater resilience in our results. Our risk analysis processes include a detailed analysis of all properties (both pre-acquisition or development, as well as operating properties), our tenants and suppliers (potential and current), and any entity with which we develop a working relationship. We consider financial, operational and sustainability factors in our due diligence processes. In doing so, we ensure that decision making is as robust as possible to generate a portfolio that generates value for all our stakeholders in the long term.

As part of the management system and continuous improvement, **we have identified the opportunity to include social assessments in new developments' processes.** This is to make more informed investment decisions and to know the measures to be taken to prevent and/ or mitigate social risks, as well as compensating for the possible impacts identified. Along with these assessments, we will support social projects in the communities where we will be present. **The inclusion of social projects in the construction process is also part of the SmartBlue® criteria, which we use in Terrafina's development and further expansions.**

> "As part of the management and continuous improvement system, we have identified the opportunity to include social diagnostics in the new developments' processes."

Properties ESG Risks Management

1. In Investments Evaluation

Technical Due Diligence:
- Phase I
- Phase II

Social assessment for new developments

ESG Due Diligence (includes climate change risk analysis - 427®)
- New acquisitions
- New developments

Compliance Due Diligence, legal and fiscal

Supervision:

Transactions, Asset Management, Porfolio, Compliance, Legal

PGIM Real Estate Investment Committee

Purchase

2. In Construction/Acquisition

Sustainability Criteria
- LEED Certification
- Smart Blue® Certification

Implementation of risk mitigation recommendations resulting from ESG Due Diligence

Implementation of a community social project

Supervision:

Contractors, Developers, Property Managers + Social Consultant, Compliance, Legal

PGIM Real Estate Development + PGIM Asset Management + Environmental Consultant + Terrafina ESG

3. In Operation

Green clause:
- SSOG (Sustainable Standard Operating Guidelines)
- Tenant tips

Gap Analysis

Sustainability criteria
- LEED O+M Certification
- ARC Skoru rating

Risk analysis by property (physical and climate change)

Asset level Work Plan

Audits (energy, water, and waste) + Resilience

Improvement projects (energy, water, and waste)

Engagement activities (informative campaigns, education, others)

Data monitoring platform (Measurabl®)

Climate Change Scenario Analysis (TCFD)

Supervision:

Tenants, Property Managers, Risk Consultants

PGIM Real Estate Asset Management + Environmental Consultant + Terrafina ESG

Compliance and legal policies and procedures are included during all phases (tenants, suppliers, contractors), such as: FCPA, KYC, anti-bribery certificate, Code of Ethics awareness and others.

Below is an updated analysis of the main risks we have identified:

Category	Risk	Description
Operational	• Portfolio's concentration in the industrial manufacturing export sector	• Economic slowdown in the manufacturing sector • High dependence on the United States' and Mexico's political and economic conditions • High exposure to the automotive and industrial goods sector
	• Increases in development and operating costs	• Contingencies in construction and in obtaining permits and licenses • Costs derived from insurance payments, services, taxes, repairs, or periodic renewals, among others
	• Energy supply and cost issues	• Lack of reliable energy supply or increased energy costs for tenants, which may result in a capital flight leaving the country • Regulatory uncertainty and slow transition to renewable energy in Mexico
	• Non-compliance with tenant payments • Tenant non-compliance with laws and regulations	• Delays in rent payments or uncollectible rents from tenants with operational problems • Legal and reputational issues for Terrafina in the process of clarifying responsibilities
	• Rent renewal calendar • Complications in global supply chains	• Delays in the lease signing/renewal process, non-renewal of leases • Operational problems for tenants leading to loss of business
Financial	• Exchange rate fluctuations	• Financial losses related to our dollar-denominated leases
	• Limitations in funding availability	• Difficulties in accessing necessary capital or financing sources
	• Interest rate hikes	• Increased financial expenses
	• Reduced asset liquidity	• Difficulty in closing asset sale transactions
	• Macroeconomic conditions	• Global and local economic slowdown • Tensions due to regulatory changes or conflicts in trade agreements

Category	Risk	Description
Market	• Competition	• Companies with similar models in the same locations and with riskier strategies that generate disruption in the market
	• Relationship with the Advisor	• Lack of exclusivity and potential conflicts of interest
Regulatory	• Financial losses due to illegal acts	• Extinction of properties ownership or fines for regulatory offenses
	• New tax provisions	• Adverse legislative or regulatory reforms in tax matters
	• New regulations	• New environmental and safety regulations
Emerging	• Social context	• Social instability movements
	• Cybersecurity	• Risk of cyber-attacks • Data leaks
	• Climate change effects	• Impacts on future real estate leasing conditions • Climate change risks identified in regions where we are present
	• Transition to a low-carbon economy	• Energy supply regulations • Tenant requests for more efficient infrastructure (energy and water) and renewable supply
	• Evolution of the COVID-19 pandemic	• Uncertain extent of impact on the economy, industry, and company operations as economies reopen and vaccination plans progress.

ESG Risk Factors

The ESG Committee is the highest governance body that directly evaluates the effectiveness of the organization's risk management processes in environmental, social, and corporate governance issues. It is composed of three independent members of the Technical Committee: Eduardo Solís, as chairman; Carmina Abad and José Luis Barraza, who, with their broad experience and academic and professional backgrounds, supervise and promote the adoption of best practices to mitigate and convert risks into opportunities.

This Committee meets at least semi-annually and makes recommendations to improve or deepen projects based on evaluation results, analysis processes, and the best national and international practices. The ESG Committee reports to the Technical Committee, so the Technical Committee (our highest corporate governance body) also oversees the organization's ESG strategy indirectly.

At Terrafina we work with our Advisor, PGIM Real Estate, who has a risk analysis structure comprised of the investment risk and operational risk teams, which work hand in hand with the Asset Management and Portfolio Management teams.

The investment risk team is comprised of a global investment risk director and a team of regional directors who manage and lead the Investment Committee processes, as well as the allocation processes. They are responsible for identifying, assessing, and monitoring risks that may affect the funds' performance. In addition, the operational risk team supports the business with operational risk management advice that focuses primarily in the auditing, internal controls, risk assessments, and new product development areas.

The various issues are analyzed based on their complexity and are communicated to the highest governance body in regular meetings. This communication is formal and analyzes the various aspects of each situation to make any decision in an objective and transparent manner. Our Technical Committee has extensive experience in risk and audits, which facilitates good risk management at all levels.

Crisis Management Program 2-27

Risk Management - Governance

Due diligence processes are carried out at the beginning of any contractual relationship, as well as reviews and updates of suppliers, collaborators, and committee members on an annual basis. Through this verification process, we analyze risks related to the legal requirements of all applicable laws in force related to anticorruption, anti-bribery, ethical business conduct, prevention of money laundering, political contributions, gifts and gratuities or legitimate expenses for any person, among others. For tenants, the aforementioned verification process is performed at each renewal, and **in 2021 the contractual language was updated to include sustainable clauses.**

In addition, for all critical suppliers, our Advisor's Risk Management team conducts annual reviews to evaluate various aspects of the operation. Aspects to be evaluated include, among others, Business Continuity Planning (BCP) issues, documentation management, cyber security, facility security, human resources issues, privacy, etc.

Risk Management - Environmental and Social

The environmental risk analysis is focused on:

- Monitoring all environmental, health, and safety issues throughout the life cycle of the property until the required outcome has been produced and properly documented.
- Providing technical and commercial support to resolve all environmental issues and incidents.
- Overseeing procurement due diligence and property operations.
- Evaluating the activities of potential tenants in relation to potential environmental risks.
- Providing support for regulatory negotiations.
- Developing and providing support to institute best management practices to mitigate environmental risks.
- Providing support in claims management and environmental insurance acquisitions.
- Reviewing any water intrusion issues.

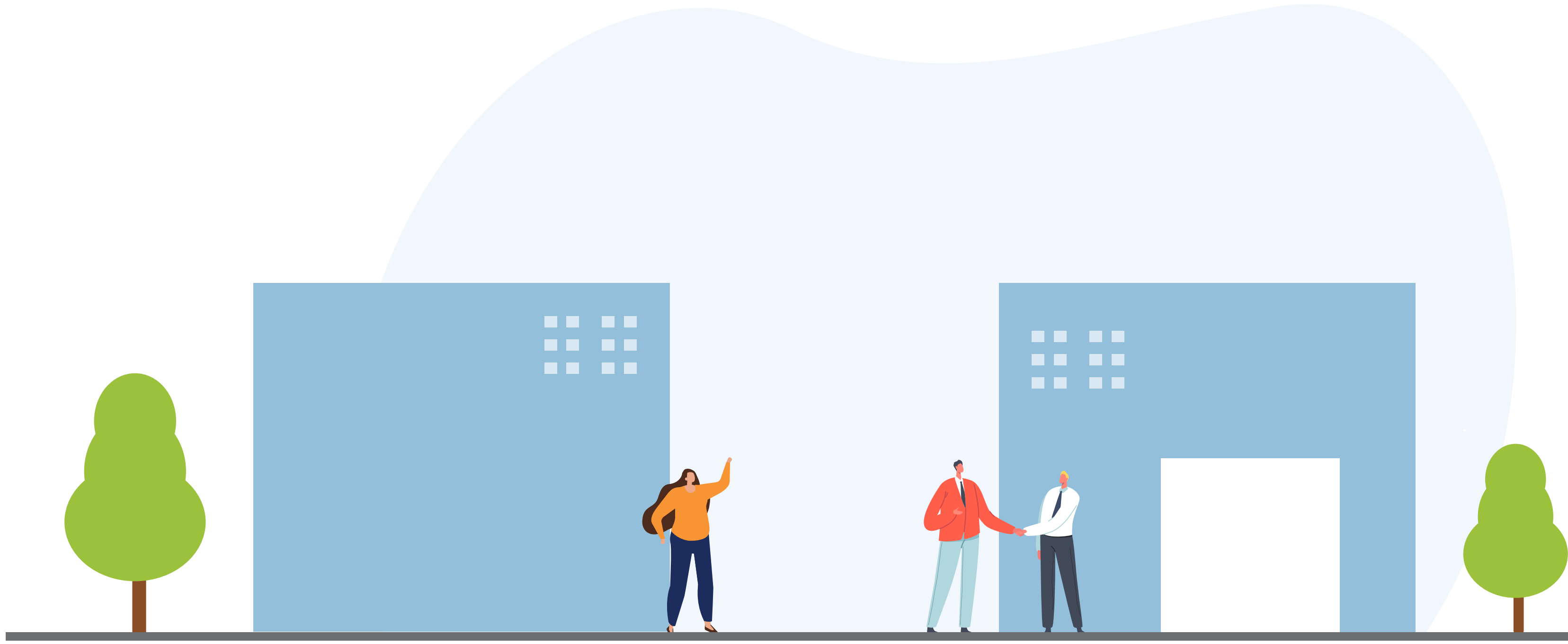
As part of integrated risk management, environmental and social assessments are conducted annually for all properties in the portfolio by an external and independent consultant. It is responsible for risk management and prevention, loss adjustment, environmental risk management and sustainability through inspection and reengineering programs, as well as modification and improvement projects. According to the analysis, the degree of risk is categorized, depending on the type of company and/or industry. Our properties are in locations that often have heterogeneous characteristics and therefore must be monitored for various ESG risks. Our property managers are trained to recognize this and act according to the specific needs of each location.

Environmental monitoring is aimed at having a better knowledge and understanding of the environmental conditions of the sites that are part of the portfolio, reducing potential problems and impacts, documenting the proper conditions of the properties to increase their rental or sale value, as well as helping tenants and partners in environmental awareness. In doing so, we seek to promote best practices that allow stakeholders to seek recognition opportunities and thus contribute to the objectives that are the focus of Terrafina's ESG Policy.

All new development, expansion and remodeling processes include an ESG risk analysis and are reviewed against a sustainability criteria checklist that requires evidence of compliance in all phases: planning, design, pre-construction and construction of the project. With this, properties must achieve all environmental and social criteria of the internal certification (SmartBlue®) which is used by PGIM Real Estate as a tool to ensure compliance with sustainable processes and criteria aligned to international certifications. In case of any non-compliance, the Property Managers and/or tenant representatives, together with the environmental consultant, determine if any type of penalty should proceed.

During 2021, the internal certification (SmartBlue®) was updated. It re-established necessary and desirable criteria for properties, bringing it even more in line with global best practices.

> "As part of the integral risk management, environmental and social evaluations are conducted annually to all properties in the portfolio by an external and independent consultant."



Seguimos las mejores prácticas de gestión de riesgos:

- **Tenant contracts include sustainability clauses**
- **We perform climate change risk analyses**
- **We align ourselves with best practice recommendations**
- **We follow international standards in our different processes**
- **We follow a due diligence process for all organizations with which we interact**
- **We have a whistleblower hotline that allows us to recognize any irregularity or violation that puts the company or its stakeholders at risk**

Currently, cyber risks have increased their relevance due to the pandemic and remote work. In Terrafina we have a cybersecurity manual, and we provide training to collaborators on the subject. It is also important to mention that our Advisor establishes strong security controls and procedures based on policies, codes, and guidelines. Likewise, it carries out mandatory training for its collaborators that include incident response scenarios, thus preventing any type of attack and risk to Terrafina's sensitive information.

In the event of any crisis, there is a protocol to follow. Depending on the nature of the crisis, it is sometimes necessary to hire experts in the problem. We are committed to always seek the best long-term solution for our stakeholders.

> "In the event of any crisis, there is a protocol to follow. We are committed to always seek the best long-term solution for our stakeholders."

Management **System** 2-13 2-23, 3-3

Knowing and understanding the importance of sustainability will enable us to better manage ESG risks and opportunities.

During 2020, we focused our efforts on the first phase of the action plan: awareness and language standardization. In 2021, we continued to work on improving our communication with the areas involved, as well as on raising awareness and training on sustainability issues, so that each person within the organization can act as an agent of change in accordance with his or her area of expertise. In this way, we aim to foster a culture of ESG risk prevention and opportunity detection.

Having defined our ESG strategy, in 2021 we made sure to follow up on the key performance indicators (KPIs) that were established last year as benchmarks of our progress on each of our material issues. To this end, we analyzed the best internationally recognized sustainability standards for the industry and our global competitors' best practices. We will continuously monitor these indicators, always seeking to improve our results and thus optimize our impact on all our stakeholders.

During 2021, training was offered to collaborators with organizations such as the Global Compact, WRI, and other international organizations and external consultants to discuss the relevance of sustainability issues in the business and the potential impact of climate change. Property managers and tenants were provided with videos on relevant environmental topics with evaluations to confirm understanding of the training.

Terrafina's commitment to sustainability management is based on maximizing the positive impact on society and the environment, while maintaining business profitability. With this vision, we designed our ESG Policy, which strengthens the management of our portfolio and, above all, the collaborative work with our stakeholders.

Our focus and direction in our **ESG Policy** includes:

- Reducing environmental impacts, protecting biodiversity. We apply the principle of environmental preservation in all our operations, considering the impact we may have on the environment during the due diligence process to avoid serious or irreversible damage.
- Mitigate climate change impacts
- Contribute to social development in the surroundings of our properties
- Respect and defend the fulfillment of human rights
- Safeguard the well-being of our stakeholders
- Promote transparency
- Strengthen the ethics and compliance culture

The environmental measures included in our policy seek greater efficiency in energy and water consumption, as well as in waste management. To this end, we have actively involved the relevant stakeholders, being the most exposed to the issue being our property managers and tenants. We interact with each of them as follows:

Property managers

- Sustainable Operation Standards (list of 75 aspects that are evaluated annually in each of the properties managed)
- Monitoring of property conditions to identify and mitigate non-compliance with our environmental guidelines
- Collection and tracking of environmental data
- Training and dissemination of ESG information

Tenants

- Sustainable Operating Standards (list of 75 aspects that are evaluated annually in each of the managed properties)
- Tenant Tips, which group best practices aligned with the progress of their environmental performance
- Satisfaction survey with environmental and social items

2021 Training / Property managers

- Resilience Conference
- Training on various sustainability issues related to properties
- ARC Skoru methodology and routing system training
- Feasibility analysis training
- SmartBlue® 2021 update, in which our Advisor's owner representatives, contractors, partners, Development, and Asset Management participated
- Training on human rights risks

2021 Training / Property managers and tenants

- Earth Day and Earth Hour campaigns
- Informative capsules and forms on the best use of energy, water, and waste management

Diagnosis

Identify our current situation (strengths and areas of opportunity) in accordance with ESG best practices and sector requirements, with the purpose of maintaining our leading position.

Materiality

Identification of material topics and linking them to the 2020-2025 ESG Strategy (incorporate extraordinary risks). We will seek to update our materiality analysis in 2022.

2020 ESG Strategy

The ESG Strategy is focused on the strengthening of the actions that have been taken in accordance with best practices by our Advisor, PGIM Real Estate, and the alignment and incorporation of strategic initiatives with Terrafina's business model. Its main focal points are: resilience, commitment and transparency, anticorruption and ethics.

ESG Committee

Consolidation of the supervising organ – The ESG Committee. Strategy and action plan presentation and approval.

Level 1

Governance

- Determination of prioritized and valuable activities
- Create efficient tools for the management and administration of ESG issues

Level 2

Implementation

- Application and communication of best practices aligned with the interests of Terrafina's stakeholders

Level 3

Evaluation

- Design and application of monitoring and internal evaluation mechanisms
- Verification and audit of external information

Action Plan

1. Awareness of the importance of ESG in the business model and in collaborative work
2. Homologation of language and indicators, organization, and communication of objectives
3. Identification of stakeholder necessities and interests to co-create initiatives with a win-win focus
4. Linking ESG initiatives
5. Implementation of initiatives
6. Monitoring and evaluation
7. Continuous improvement

Planet

Contributing to sustainable development through industrial developments that reduce our environmental footprint and mitigate climate change risks.

Planet pillar's relevant figures

More than
60%
of GLA with energy data coverage

32.6%
of all tenant leases include a green lease clause

Resilience assessment applied
to **98%**
of the portfolio

100%
of the portfolio is annually evaluated in social and environmental risks

Second
ESG report aligned to TCFD recommendations

100%
portfolio with physical risk analysis

Climate Change (TCFD) 2-24, 3-3, 201-2

At Terrafina, aware of the global climate emergency, we are implementing international best practices in terms of risk analysis and ESG strategies.

ESG and Climate Change Risks

At Terrafina, we analyze ESG risks and opportunities as carefully as we analyze other risk factors such as operational, financial and market risks. Climate risks include physical and transition risks. Physical risks are those that will be caused in the environment due to extreme weather variations. These can result in fires, water stress, and extreme temperatures. Transition risks include market and regulatory risks as the main challenges to be faced.

We have developed strategies to minimize the impact of these risks on our assets by mapping the transition to a low-carbon economy, considering the political and social context, cybersecurity, as well as the COVID-19 pandemic's impacts. These factors are identified by aligning our operations with international standards and criteria, such as ARC Skoru and LEED certifications. This will be the second year where we are reporting in accordance with the Task Force on Climate Related Financial Disclosures (TCFD)'s recommendations and using the Sustainability Accounting Standards Board (SASB)'s sector materiality indicators, as well as carrying out our reporting processes with GRESB and CSA.

Terrafina joins best practices for reporting results: TCFD report

The TCFD, Task Force on Climate Related Financial Disclosures, is a working group set up by the Financial Sustainability Board with the mission of maintaining stability in the financial sector. Its main objective is to analyze the risks that climate change will generate, as well as its impacts on the financial sector.

Terrafina joins the best reporting practices in accordance with TCFD recommendations. Since 2020, we started to include these recommendations in our reports, which are structured in four thematic areas that represent its core elements: governance, strategy, risk management, and metrics and objectives. In this way, the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning are identified and managed.

> "At Terrafina, we analyze ESG risks and opportunities as carefully as we analyze other risk factors such as operational, financial and market risks."

TCFD Report

Governance: The organization's governance of climate-related risks and opportunities.

a. Board oversight of climate-related risks and opportunities

The Technical Committee (TC), Terrafina's highest governance body, oversees Terrafina's strategy and management. This includes financial, regulatory, market, operational and climate change risks, and other environmental, social, and corporate governance issues, as well as strategic opportunities.

Five subcommittees report to this body, including the ESG Committee, which is composed of three independent directors with extensive risk and industry experience. This committee meets at least twice a year and reports to the Technical Committee sessions describing its progress.

The ESG Committee is responsible for approving and overseeing the progress of the ESG strategy, including material environmental issues such as climate change, emissions, energy, water, sustainable infrastructure, among others. To this end, it is supported by the general management, Terrafina's sustainability area, and our Advisor, PGIM Real Estate's team. They all support the committee by identifying risks, developing appropriate action plans, and performing and presenting the measurement of the metrics' and objectives' progress established in conjunction with the other strategic departments of Terrafina and our Advisor.

The budget for ESG activities is presented and approved annually. This budget includes the necessary investments for the climate strategy. The budget's application in the portfolio is led by the ESG area and PGIM Real Estate, who oversees the investment process and operation of the portfolio. PGIM Real Estate also has an ESG governance structure to oversee the program's progress, as well as climate-related risks and opportunities at the regional level. This PGIM-level structure is advised by international environmental experts.

b. Management's role in assessing and managing climate-related risks and opportunities.

The general management and the sustainability area support the ESG Committee by analyzing risks and opportunities to align the long-term sustainability and business strategy. In addition, ESG management is responsible for continuously monitoring the risks related to climate change and the implementation of the company's sustainability program with professional experts in the field.

TCFD recommendations

> "The ESG Committee is responsible for approving and overseeing the progress of the ESG strategy, including material environmental issues such as climate change, emissions, energy, water, sustainable infrastructure, among others."

The progress of initiatives related to the climate change strategy and the application of resources is monitored monthly by the general management along with other business developments. This strategy is implemented in conjunction with the management of Terrafina's operational areas and our advisor, PGIM Real Estate (Legal, Development, Asset Management, and Portfolio Management). All these areas' representatives in turn participate in monthly sessions of PGIM Real Estate's LATAM ESG Committee, which lands a global strategy complementing Terrafina's specific strategy. These sessions propose and follow up on international best practice initiatives in the portfolio such as: physical risk analysis, certifications, resilience assessments, water audits, energy in the portfolio, budgeting according to the needs detected by property, engagement program, among others.

Terrafina's ESG area follows the management system and constantly analyzes the sector's best practices to develop an ambitious climate strategy. It also seeks to prevent, reduce, or mitigate any identified risks.

Terrafina participates in different international and national assessments, which constantly show us areas for the strategy's improvement. Based on this, opportunity-focused programs are included in the ESG strategy on a recurring basis.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning.

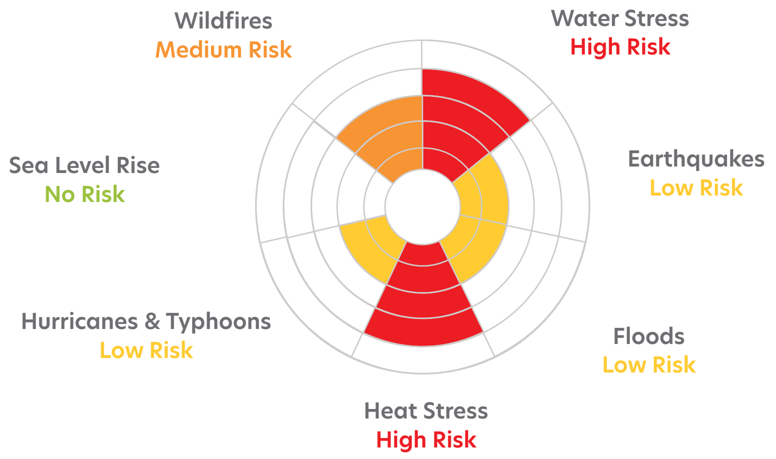
a. Description of risks and opportunities

At Terrafina we have followed a strategy to identify physical and transition risks aligned with our Advisor, PGIM Real Estate's strategy, who during 2021 led together with the support of property managers, the application of a resilience assessment to 98% of the portfolio. This assessment contemplates various climate change risk indicators including physical, transition, and social risks, aligned with TCFD recommendations. An inventory of the portfolio was made identifying critical risks and vulnerabilities, as well as an analysis of physical risk scenarios.

In addition, we used the 427® risk platform, affiliated with Moody's, on all properties in the portfolio. Under this methodology, we analyze the medium and high chance risks faced by our properties, as explained ahead.

Water stress and heat wave risks are the most relevant risks for the portfolio, so our actions have focused on addressing these risks.

Overall Physical Risk Exposure



72% of our properties (197 out of 273) are located in areas at high risk of water stress.

2% (5 out of 273) are located in medium water stress risk zones.

68% of our properties (186 out of 273) are in areas with high risk of heat waves.

30% (83 out of 273) have a medium risk of heat waves.

67% of our properties (185 out of 273) are in areas with medium risk of fires.

32% (87 out of 273) have a high risk of fires.

24% of our properties (65 out of 273) are in areas with medium risk of hurricanes and weather events.

22% of our properties (58 out of 273) are located in areas with medium flood risk. 5.5% (15 properties) with high risk.

16% of our properties (44 out of 273) are located in medium earthquake risk zones.

Once the most relevant risks have been identified, the strategy is to work with the asset management team and property managers to create an action plan per property. This action plan includes further assessment of the risks identified in the field and the development of the budget to implement resiliency strategies to mitigate these risks. Also, for new acquisitions and new developments, we include a 427® physical and resilience risk analysis as part of the due diligence, which is part of our Advisor's process.

For transition risks, our Advisor continuously analyzes and communicates the risks identified to the Terrafina team through climate-related risk assessments across the portfolio. This includes potential changes in regulations, best practices in property certifications, energy and carbon-related requirements, among others. We are also part of industry associations that communicate relevant changes in laws and regulations, allowing us to stay informed of potential risks and opportunities in the sector.

Additionally, as part of the transition risk identification process, we work with our environmental consultancy. Through this process we have identified that risks related to regulatory changes and changes in the global market, as well as value chain disruptions, are the most relevant. This has forced us to be innovative and apply practices that allow us to prevent impacts while adequately managing our stakeholders' expectations.

b. Description of the these risks and opportunities' impacts on the business model, strategy, and financial planning.

- *Our properties could be physically affected by extreme weather events and natural disasters, which may affect operations and have a negative effect on results and financial conditions.*

  The vulnerability of the portfolio depends on the geographic location of the properties, which defines the climate risk to which they may be exposed. The main risks include events derived from extreme weather variations such as: heat waves, water stress, forest fires, and floods. These events can cause damage to infrastructure resulting in temporary closure, partial or total loss of the property, causing impacts on tenants' operation, and in turn, financial losses for the business due to repair costs.

"Once the most relevant risks have been identified, the strategy is to work with the asset management team and property managers to create an action plan per property."

- *Regulatory and policy change due to climate change's emergency could have an adverse effect on the business.*

Even if all countries meet their greenhouse gas (GHG) reduction targets, the latest scientific reports from the IPCC state that we will not be able to avoid the impacts of climate change. The emergency of climate change may influence stricter regulations resulting in increased costs or taxes. This could affect tenant operations or the development process. On the other hand, the current government's modifications to the national electricity industry could change, once again, the dynamics of this sector by discouraging the generation and supply of electricity from the current wholesale electricity market. This could negatively affect electricity prices and therefore our tenants' operating costs, as well as their investment decisions.

- *Lack of engagement and alignment of our key stakeholders on environmental, social, and corporate governance issues could result in failure to achieve sustainability commitments.*

The achievement of our ESG strategy assumes the alignment and participation of key stakeholders, as well as compliance with sustainability clauses in lease agreements. However, failure to adopt ESG best practices by our tenants and suppliers could result in non-compliance with carbon footprint reduction commitments and other ESG goals. This in turn could affect Terrafina's perception and reputation.

Description of physical and transitional risks in the short, medium, and long term

Climate Risks	Possible Risks	Impact	Long term (2050)	Mitigation and adaptation
Physical	Water stress	• Lack of water availability • Increase in the price of water supply • Shift in tenant preference to other regions	**High** risk level	Water-saving actions • Incorporation of water-saving devices • Wastewater treatment and reuse • Installation of advanced metering systems • Use of efficient irrigation systems • Preference for native and low water-demand plants • Rainwater harvesting and reuse • Adaptive landscaping
	Heatwaves	• Increased demand for air conditioning equipment • Increase in energy demand for air conditioning and ventilation	**Medium and high** risk level	• Provision of thermal insulation in roofs and/or walls • Installation of air conditioning systems and efficient equipment
	Fires	• Damage to utility infrastructure (electricity, water, air conditioning, etc.) • Temporary closure of the property due to damage. • Partial or total loss of the property	**Medium** risk level	• Safeguarding of goods and information • Training • Availability of fire prevention and firefighting infrastructure
	Hurricanes and external extreme meteorological events	• Damage to utility infrastructure (electricity, water, air conditioning, etc.) • Temporary closure of the property due to damage • Partial or total loss of the property	**Medium** risk level	• Flood prevention projects (described in more detail below)

Oportunities and transition risks

Climate risks	Specific risks	Short term (0-3 years)	Medium Term (2030)	Long Term (2050)	Actions and opportunities to address risk
Regulatory Regulatory changes that generate uncertainty and increases in investment costs.	Tax rates on products and materials used by Terrafina and its tenants with higher carbon intensity in their production.	Regulatory changes that increase construction and operating costs. **Medium** risk level	Changes in building codes. **Medium** risk level		Supply chain analysis to look for alternatives (suppliers and materials).
Financial Potential increase in the cost of capital in investments considered adverse to the fight against climate change.	Investors not interested in assets that are not aligned with its climate change strategy.	Afores obliged to analyze the ESG performance of their investments (CONSAR). Higher interest rates on financing resulting from a poor ESG rating. **Low** risk level	Lack of access to capital or debt markets. **Low** risk level	Lack of growth due to lack of funding. **Low** risk level	Alignment with expectations of climate actions and market climate reporting. Analysis of continuous improvement in ESG projects and initiatives. Participation in international evaluations that make ESG progress transparent. Modify, if necessary, business goals to be aligned with global best practices.
Market Uncertainty in the behavior of the raw materials market.	Variation in raw material costs.	Lower returns on development projects. **Medium** risk level	Increase in the cost or lack of electric power and/or gas. Shortage, delay and increase of materials for maintenance and construction. **Medium** risk level	Lack of development projects due to depressed returns on investment costs. **Medium** risk level	Efficiency in energy use. Promoting the incorporation of renewable energy.
Technological Uncertainty associated with technological development and integration of new technologies.	Need to adapt to new technologies.	Costs of having to change technology to manage environmental issues in assets (solar panels, air conditioners, etc.) **Medium** risk level	Impact on tenant demand if they do not adapt to new technologies quickly. **Medium** risk level	Increased maintenance and development costs due to having to adopt different technologies. **Medium** risk level	Suppliers' manual with options for cutting-edge technologies. Technology impact analysis by year.
Reputational Reputational impact of climate change issues.	Terrafina's image affected by not meeting any objectives or not being aligned with what are considered best practices.	Low ESG assessment results. **Low** risk level	Difficulty in accessing the debt or capital market due to poor perception of ESG performance. **Medium** risk level	Lack of growth due to lack of funding. **Low** risk level	Development of an ambitious strategy aligned with international practices and oversight of the ESG Committee. Green clauses in contracts with tenants. Value chain engagement strategy

Having identified the climate risks of each property, strategies have been developed to reduce their vulnerability. Certification targets have been established for the properties and the efficiency costs required for implementation have been included in the budgets. Terrafina is constantly advising tenants to adopt strategies aligned with the Sustainable Standard Operating Guidelines (SSOGs) that establish guidelines for the efficient management of water, energy, lighting, temperature settings, and air conditioning systems.

c. Description of the resilience of the strategy considering different climate scenarios.

Climate risk identification, resilience and adaptation are priorities for Terrafina.

Physical and transitional risk analysis; possible scenarios

Terrafina has defined the following scenarios and timelines for its action planning and climate policy. Climate change is undoubtedly the greatest environmental challenge we face today. The three main scenarios presented by science, according to the Intergovernmental Panel on Climate Change (IPCC), are:

I) The first based on RCP 8.5 considers that there will be no successful changes towards decarbonization and that we will continue in the BAU (business as usual) shift and reach a 4ºC increase in the earth's average temperature by 2100. Under this scenario, we expect significant impacts in Mexico, which will mainly generate increases in forest fires, greater water stress, and heat waves or very extreme temperatures by 2100.

The preventive actions we are taking as of now are:

- Building with cool roofs with increased insulation in all new constructions
- Analysis of the real probability of fire in each of our assets where this risk exists
- Development of the water stress program under analysis and budgeting process
- Resilience analysis at each of our assets
- Catastrophic insurance analysis

II) The second scenario we analyzed is RCP 4.5, which foresees an intermediate scenario aligned with the Paris Agreement Goals, where the temperature increase is around 2ºC by 2100.

In this scenario, in addition to the preventive actions of the first scenario, we must prepare for the impacts of possible regulatory changes, including the cost of energy and the possible development of a carbon price. To this end, at Terrafina we have a risk identification system and action program that consists of maximizing the energy efficiency of each of our properties in their regular operation.

> "Terrafina is constantly advising tenants to adopt strategies aligned with the Sustainable Standard Operating Guidelines (SSOGs)."

III) In the third scenario, RCP2.6, it is expected that more radical actions to halve emissions by 2050 to less than a 2°C increase in the earth's average temperature by 2100. Under this scenario, major regulatory changes and transition impacts are expected, as well as a significant increase in energy prices.

At Terrafina we anticipate that although this scenario is not very feasible, the most important thing is to work on our self-generation capacity, most likely with solar panels. More than 8 suppliers have been evaluated and we already have a pilot program to implement solar panels. This would allow us to have alternatives to support our tenants facing energy price increases. To this end, we are conducting analyses of extreme events, possible adaptations to the facilities, a self-supply program, and promoting the installation of solar panels.

These scenarios are based on the projections presented in the most recent IPCC report.

During 2021 our tenants increased their ESG data emptying into the Measurabl® system by almost 20%, going from a coverage of 42.8% of them to 60.7%. With this information we can develop better climate change strategies. This system is associated with the 427® system powered by Moody's, which will allow us to have a better understanding of the potential impact of climate risks such as water stress, heat waves and forest fires on our assets.

Terrafina intends to align with Science Based Targets (SBT) for its climate strategy, and the goals set since 2019 are in line with Mexico's commitments in the Paris Agreement on emissions and energy.

Results of the 2021 resilience analysis

According to the resilience analysis we conducted 32.4% implemented a flood and cyclone resistant landscape design. We sought an appropriate selection of plants based on the properties' climate zones and looking for a drought-tolerant set of plants (including xeriscaping practices in some cases where we seek to reduce or eliminate the need for irrigation).

We are also analyzing the following actions to prevent flooding in case of extreme events:

- Use of permeable pavement in parking lots to improve groundwater infiltration and reduce stormwater runoff.
- Use of underground storage tanks for emergency water supply and irrigation.
- Site grading to reduce runoff and improve infiltration.
- Use of retention and detention ponds on site to collect stormwater and prevent flooding.
- Regular drainage improvements and maintenance. Sediment and debris removal.
- Use of sustainable drainage and other vegetated on-site water capture systems.
- Implementation of watertight closures and flood shields.
- Protection of sidewalks and outdoor spaces against flooding (e.g., temporary installation of dry flood-proof sandbags, gates, etc.).

Risk Management: The processes used by the organization to identify, assess and manage climate-related risks. Terrafina includes climate risk analysis within the business risk analysis.

a. Description of risk identification, assessment, and management processes.

As part of the comprehensive risk management, environmental assessments are performed on all properties in the portfolio at least once a year. These assessments are based primarily on physical inspections, the main objective of which is to identify potential risks at each property. We categorize the degree of risk at each site by tenant type and industry. When a condition representing a significant risk is detected, we coordinate an appropriate response to the identified risk with our strategic partners and suppliers using international standards, always respecting local, state, and federal regulations.

During this process we also identify other environmental actions that could positively affect the value of the property. When necessary, we continue this process with studies that further analyze site conditions until the property reaches the optimal level of environmental performance.

During 2020 we conducted a resilience analysis of our 273 properties focused on advancing actions that increase our resilience to major climate risks. As a result of this analysis, in 2021 we developed resilience activity programs addressing the most important climate risks and developed an action plan to adapt and increase our properties' resilience.

b. Describe the organization's processes for managing climate-related risks.

To track weather-related risks, we use tracking and monitoring tools to analyze changes over time. We are also in constant communication with all key stakeholders such as our property managers, suppliers, and tenants. The company's environmental monitoring aims to improve knowledge and understanding our portolio's sites' environmental conditions, reduce potential negative effects, document ideal rental conditions and disposition value, assist tenants and partners in their environmental awareness, and support environmental best practices that contribute to achieving the objectives of Terrafina's ESG Policy.

Each property has conducted an analysis to identify the climate risks to which it is exposed, as well as a building and site vulnerability analysis. With this information, the ESG area has developed a strategy to identify and manage the risks and vulnerabilities of the entire operation. As mentioned earlier, Terrafina provides ongoing advice to its tenants and property managers so that they can include these strategies in their operations. The action plan has been mapped and we work with tenants on its implementation.

c. Describe how the processes for identifying, assessing and managing climate risks are integrated into the organization's risk management.

Climate risks are analyzed by our advisors, discussed at the level of PGIM Real Estate's ASG LATAM Committee and with the key areas for the climate change strategy. These are presented to general management, which helps in the evaluation process and prioritizes the actions associated with the company's risks. Once evaluated, the associated budget is presented and approved.

> "As part of the comprehensive risk management, environmental assessments are performed on all properties in the portfolio at least once a year."

Metrics and Objectives: The metrics and targets used to assess and manage climate-related risks and opportunities.

a. Report the metrics used by the organization to assess climate risks and opportunities in line with its strategy and risk management process.

The metrics and objectives we have set to measure our progress and contribute to the Paris Agreement are as follows:

Topic	Energy efficiency	Emissions	Water consumption efficiency	Certifications
Objective	Implement programs with our partners and tenants to enable more effective and environmentally friendly energy management processes.	Support and encourage the transition to a low-carbon economy.	Implement programs with our partners and tenants to enable more effective and environmentally friendly water management processes.	Manage a leading portfolio in international sustainable best practices and in relation to market expectations.
Goal	Reduce energy intensity* 20% by 2030, with 2018 as the base year.	Reduce GHG emissions intensity* 20% by 2030, with 2019 as the base year.	Reduce water intensity* 20% by 2030, with 2019 as the base year.	Achieve 15% of GLA certified as sustainable building by 2030. 100% of new developments certified as sustainable.
Indicator	Energy consumption (kWh). Energy intensity (kWh/sqft.)*. Variation in consumption (kWh) and (kWh/sqft).	Total emissions (tCO_2e). Emissions intensity: Scope 2 and 3[1] ($tC0_2e$/sq ft)*. Variation in emissions: Scope 2 and 3[1] (tCO_2e) and ($tC0_2e$/sqft).	Water use (withdrawal) (m^3). Water intensity: (m^3/sqft.)*. Variation in use: (m^3) and (m^3/sqft.).	Percentage of GLA with ARC Skoru performance certification. Certified square feet. Number of certified properties.
Contribution to the SDGs	6 Clean water and sanitation 7 Affordable and clean energy	9 Industry, innovation and infrastructure 12 Responsible consumption and production	13 Climate action	17 Partnerships for the goals

* The goal was set according to comparable (like-for-like) data

1. Aligned with the GRESB report.

We know that the main source of energy consumption is derived from the way tenants operate the properties in the portfolio, and these are not under our operational control. We are aware of the challenge we face in achieving our goal and mitigating the impact of climate change. We work with conviction to achieve the best results, which is why we seek to generate strong partnerships with our tenants and jointly reduce Scope 2 and 3 emissions.

Next steps

During 2021 the ESG Committee held two meetings to review the ESG and climate change strategy's progress. One of these meetings included external training on TCFD recommendations and progress. Likewise, work was done on the generation of climate scenarios and the financial estimation of possible risks. During 2022, training on climate change issues for board members will continue just as the rest of the work team, as well as the financial estimation of climate risks, and opportunities will be further developed.

Topic	Goal	Strategic actions
GHG emissions	**20% reduction** in GHG emissions intensity by 2030	• Support and drive the transition to a low-carbon economy. • Drive greater engagement and transparency with our business partners and tenants through training, management, and best practice tools. • Achieve efficiency in electricity and water consumption and waste reduction. • Generate efficiency in property infrastructure through sustainable audits and certifications. • Seek strategies to scale up natural carbon dioxide removal. • Support the use of best practices in the reduction of personnel transportation through operation and maintenance certifications.
Energy efficiency	**20% reduction** in energy intensity by 2030	• Replace and/or install LED lighting fixtures. • Take advantage of natural lighting. • Install advanced systems to measure and control electric consumption. • Provide thermal insulation in ceilings and/or walls. • Install air conditioning systems and efficient equipment. • Generate synergies for the installation of photovoltaic panels. • Conduct ASHRAE level 1 energy audits for tenants with the highest consumption. • Implement the GREEN DUE DILIGENCE Program to identify improvements in key tenants. • Install automated metering systems.
Water consumption efficiency	**20% reduction** in water intensity by 2030	• Drive greater engagement and transparency with our business partners and tenants through training, management, and best practice tools. • Improve water efficiency at properties. • Incorporate water-saving devices. • Treat and reuse wastewater. • Install advanced metering systems. • Use efficient irrigation systems. • Prefer native and low water-demanding plants. • Capture and reuse rainwater.
Certifications	**100% of new developments** certified as sustainable	• Promote a greater commitment with our business partners and tenants on sustainability issues. • Generate alliances with international and national certifiers. • Analyze and select assets under development and in operation to be certified. • Incorporate technologies to measure and rate the performance of properties. • Use international energy rating systems (Energy Ratings).

Emissions 3-3, 305-1, 305-2, 305-3, 305-4, 305-5

Our goal of reducing greenhouse gas (GHG) emissions by 20% by 2030 is in line with the global effort to mitigate climate change.

We understand the industrial real estate industry's responsibility for carbon emissions. We are aware of our responsibility to contribute to improving the world's climate conditions, and we are focused on making a difference by setting ambitious emissions reduction targets.

Our long-term strategy is to work with our tenants to achieve a 20% reduction in GHG emissions by 2030.

To achieve these targets, we require strong collaboration with our tenants and property management team as we have no operational control. This ranges from homologation in understanding the importance of consumption behavior in the properties, to collaboration in implementing joint targets and initiatives.

During 2021, we focused on increasing the scope and quality of data to monitor energy consumption to incorporate automation mechanisms and set even more ambitious targets and initiatives in the future.

The main strategies to achieve this goal include:

- efforts to improve efficiency in our properties aligned with our sustainable property certification strategy.
- strategies to scale up natural carbon dioxide removal (e.g. afforestation and reforestation)
- integration of solar panels with different renewable energy suppliers and technologies, as well as investment and profitability models.

As part of our environmental impact monitoring, we calculate the Greenhouse Gas (GHG) emissions associated with our properties and implement concrete actions to reduce them. We present the total emissions, and emissions by scope, as follows:

Total emissions 2018-2021

	2018	2019	2020*	2021
Total emissions* (tCO_2e)	213,016	194,300	192,204	304,804

Measurabl® Data

*2020 Sustainability Report.

Total reported emissions represent 42.8% of the GLA for 2020 and 48.5% for 2021 (132 properties totaling 18,721,954 sqft), this is 76% scope 3 and 24% scope 2.

The increase in 2020-2021 emissions is largely due to two factors: the economic reactivation after the COVID-19 pandemic shutdown and the increase in data coverage from 42.8% to 48.5%.

Like-for-like Emissions Scope 2 and 3

	2020		2021		
	Emissions (tCO_2e)	Intensity ($tC0_2e/sqft$)	Emissions (tCO_2e)	Intensity ($tC0_2e/sqft$)	Variation in intensity ($tC0_2e/sqft$)
Like-for-like Emissions Scope 2	31,286	0.0091	31,527	0.0092	1.09%
Like-for-like Emissions Scope 3	106,764	0.0134	112,408	0.0141	5.22%

Measurabl Data®

Scope 1: fuel consumption controlled or owned by Terrafina, office and vehicles. (During 2021 all 5 collaborators worked remotely), we have no scope 1 emissions.

Scope 2: corresponds to electricity paid by Terrafina (common areas and leased areas in some types of contract), 18 properties representing 8.9% of the GLA (3,440,325/38,555,044 sqft).

Scope 3: corresponds to fuel use and electricity paid by tenants. 54 properties representing 20.7% of the GLA (7,977,444/38,555,044 sqft).

Information management

Property performance information is managed through Measurabl®, a platform where energy, water and waste consumption data are uploaded. By 2021, 34 properties used a feature called Utility Sync, where data is automatically updated in connection with CFE *(Comisión Federal de Electricidad)* and the water companies in each state. The data for the other properties is updated as the property managers upload the information. It is important to highlight the effort made by tenants, property managers, and Terrafina to increase the percentage of properties with ESG data registration. In 2020 data coverage encompassed 42.8% of our GLA (electric data coverage). This rose to 63.9% by 2021. Regarding water, we had data coverage of 39.2% of the GLA in 2020, which rose to 53.1% in 2021. All this data is constantly being updated throughout the year.

To analyze the data on a like-for-like basis[1] and provide consistency in reporting, the following criteria* were used:

- Properties that have complete reports within the last 24 months. That is, January through December 2020 and January through December 2021.
- Properties that are 100% owned by Fibra Terrafina.
- Properties that have not changed occupancy in 2020 or 2021.
- Properties whose annual aggregate data variation is equal to or less than 25%.

The quality of the information is reviewed by an independent third party.

*Criteria used for comparable (like-for-like) water, emissions and energy data.

[1] Aligned to accepted GRESB reporting requirements.

Biodiversity 2-24, 3-3

Actions derived from the ESG policy approved in 2020 include, among other things, caring for biodiversity and the ecosystems where we are located. Terrafina is committed to protecting the habitat and the environment, as well as preserving biodiversity. These commitments are included in our **Biodiversity Commitment Statement**.

In 2021, **our biodiversity efforts focused on integrating biodiversity protection into our SmartBlue® criteria.** Our actions include respecting national regulations. That is, avoiding the use of endangered species, threatened or subject to special protection; a plant waste management plan; respect for existing trees, and in case of removing any, we promote the replanting of 10% more trees than what is indicated by the authorities' remediation. The flora to be installed in each asset should preferably be native vegetation supporting the biodiversity of each location. It is one of the company's priorities to invest in developments and properties with green certifications, which include strict site selection criteria and not to develop in previously green areas.

We aim to collaborate with other stakeholders to generate strategies to improve biodiversity through restoration and conservation activities. **Therefore, we have established a long-term alliance with a Forest Conservation program.** The project will be implemented in different stages, and forest conservation activities will be carried out in a total area of 120 hectares distributed in 5 states across the country (State of Mexico, Jalisco, Guanajuato, Nuevo León, Coahuila) during 5 years. The area proposed for intervention in each of the entities is derived from the average CO_2e emissions reported by Terrafina. This intervention project seeks to maintain the generation and provision of environmental goods and services, such as the capture of atmospheric carbon, soil protection against erosion, oxygen production, the increase in rainwater capture, and infiltration into the soil, hence the maintenance of biological diversity.

In terms of atmospheric carbon sequestration, forest conservation helps trees and associated vegetation to continue fixing carbon in their trunks, branches, roots and in the soil itself through the processes of photosynthesis and the elements' cycles.

We also support, together with our Advisor and property managers, reforestation projects near the areas where we have a presence, and which are most in need due to the fires that have occurred.

During 2021, **an evaluation was carried out for 100% of the portfolio to ensure that none of our properties were located within Protected Natural Areas.**

> “In 2021, our biodiversity efforts focused on integrating biodiversity protection into our SmartBlue® criteria.”

Materials 3-3, 301-1, 301-2

We know that the waste problem is a priority, not only in Mexico, but worldwide. At Terrafina we have a long-term strategy that will allow us to properly manage all our waste.

To this end, we are working with a group of tenants on waste audits, management plans, composting policies, and agreements with companies to recycle their waste. This is a pilot program that will be evaluated for future implementation of these practices in the portfolio.

With ARC Skoru's strategy, we increased our consumption data percentage and identified 26 tenants with exemplary waste management, representing 12.1% of our GLA.

We will continue to make progress in this area, seeking to increase the percentage of tenants involved, as well as the quantity and quality of data.

Total waste in the portfolio

Year	2020	2021	Variation
Tons	19,285	16,397.9	-15%

Measurabl Data®

Total waste reported represents 10.5% of the GLA for 2020 (24 properties totaling 4,031,895 sqft) and 12.3% for 2021 (33 properties totaling 4,729,576 sqft).

Water consumption **efficiency** 3-3, 303-3, 303-4, 303-5, 306-1, 306-5

Water saving initiatives will enable us to reduce water consumption by at least 20% by 2030.

We developed various strategies for the optimal use of water in our properties, starting with implementation audits and verifications of actions such as: efficient water use with efficient toilets and faucets, use of on-site treatment plants, designs including native vegetation with low water consumption, and efficient irrigation and reuse of rainwater and treated water. All these actions have already been implemented in new buildings developed since 2018. Additionally, the SmartBlue® certification and commitment to LEED NC certification for new developments include operating water efficiency standards where the above strategies are included.

During 2021 we increased the number of properties measuring and reporting their water consumption on the Measurabl® system from 39.2% to 53.1% of the GLA. A 3.52% increase in comparable intensity water use from 2020 to 2021 was reported. In the LEED O+M certification processes that we started in 2021, a water audit is included, where we are looking for improvements and efficiencies suitable for tenants. This is a program that we will continue to implement.

Establishment of goals and objectives

One of the main risks recognized for our properties is water stress. 72% of the portfolio is located in areas with high water stress risk. Therefore, in 2021 we continued with the strategy focused on making water consumption more efficient with the installation of water treatment plants and the use of treated water in different processes, among other strategies.

With the following water efficiency initiatives in the properties, Terrafina seeks to reduce water consumption by more than 20% by 2030:

- Incorporation of water saving devices.
- Wastewater treatment and reuse.
- Installation of advanced metering systems.
- Use of efficient irrigation systems.
- Preference for native vegetation and low water demand.
- Rainwater harvesting and reuse.
- Use of efficient technology.
- Advanced metering systems.

Total water use

	2020*		2021	
	Usage (m^3)	Intensity (m^3/sqft)	Usage (m^3)	Intensity (m^3/sqft)
Water	2,091,141	0.053	1,718,751	0.084

Measurabl Data®
*Sustainability report 2020. The data represents a coverage of 39.2% of the GLA.
The 2021 water data corresponds to 129 properties representing 53.1% of the GLA (20,475,349/38,555,044 sqft).

Like-for-like water use

	2020		2021		
	Usage (m^3)	Intensity (m^3/sqft)	Usage (m^3)	Intensity (m^3/sqft)	Intensity Variation (m^3/sqft)
Water	637,866	0.085	653,076	0.088	3.52%

Measurabl Data®
Comparable data reported for water are 36 properties, representing 19.3% of the GLA (7,457,230/38,555,044 sqft).

“These initiatives are already a reality in all our new developments and are being implemented in existing properties according to their priority in terms of climate risks.”

Energy **efficiency** 3-3, 302-1, 302-2, 302-3, 302-4

In 2021, we continued to invest nearly US$3 million in ESG strategies. This included energy efficiency initiatives, being our main investment in environmental issues. This will enable us to make progress towards our goal of reducing energy consumption by at least 20% by 2030.

The properties and common areas' energy consumption is managed and monitored by the property managers. As part of the most relevant information regarding consumption and intensity, we present the following tables:

Total energy consumption

	2018		2019		2020*		2021	
	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)
Energy consumption	406,626,263	9.61	376,374,328	8.77	397,350,490	10.12	560,003,403	22.70

Measurabl Data®
*Sustainability report 2020. Data reported for energy consumption corresponds to 42.8% of the GLA.
In 2021, 166 properties reported their electricity consumption representing 63.9% of the GLA (24,669,658/38,555,044 sqft).

Like-for-like energy consumption

	2020		2021		
	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	Variation in intensity (kWh/sqft)
Electricity consumption	303,559,967	26.71	316,417,230	27.84	4.23%

Measurabl Data®
Like-for-like data reported for energy consumption come from 75 properties representing 29.47% of the GLA (11,363,999/38,555,044 sqft).

"Our initiatives will enable us to make progress toward our goal of reducing energy consumption by at least 20% by 2030."

Comparable energy intensity consumption increased 4.23% during 2021. This is largely due to the post-pandemic economic revival and increased data coverage.

Terrafina has an ongoing property review program whereby large consumers are monitored to then be able to support them with energy and water audits. In 2021, 8 energy audits were conducted to find synergies to lower consumption through low-cost efficiencies. We also selected 8 more properties for LEED O+M certification.

We are implementing the following energy efficiency initiatives at the properties:

- Replacement and/or Installation of LED lighting fixtures.
- Taking advantage of natural lighting.
- Installation of advanced systems to measure and control electric consumption (e.g., motion and lighting sensors).
- Provision of thermal insulation in ceilings.
- Installation of air conditioning systems and efficient equipment.
- Synergy for photovoltaic panels installation.
- Commissioning and retro-commissioning of refrigeration, ventilation, and lighting systems.

All new properties achieved compliance with ASHRAE 2010's 90.1 standard with savings of 22% over this standard. All the efficiency initiatives have already been implemented in new developments and are demonstrating the savings achieved with their implementation.

“All new properties achieved compliance with ASHRAE 2010's 90.1 standard with savings of 22% over this standard.”

Portfolio

To drive the country's industrial progress and sustainable cities by offering comprehensive and efficient real estate solutions that contribute to our value chain's growth.

Portfolio pillar's relevant figures

129
properties obtained the Kingsley distinctive

7%
of the portfolio's GLA is certified as sustainable

106
ARC Skoru performance certified properties

4.2
million square feet with 3 ARC Skoru certificates

67%
annual tenant satisfaction response rate

71%
of tenants with ESG practices

Tenant **satisfaction** 3-3

At Terrafina we are committed to the satisfaction of our tenants.

Since our tenants are world-class companies, they share with us current concerns about the environment and mainly the effects of climate change. Most of them have ESG programs, so we actively seek to develop synergies. Among the indicators that we measure year after year, the following stand out:

Tenant satisfaction

Indicator	2020	2021
Annual response rate	61%	67%
Recommendation rate	73%	85%
Intention of renewal rate	69%	77%
General annual satisfaction rate	73%	73%
Percentage of clients with ESG practices	65%	71%

Out of 41 responses

We maintain a collaborative work model that allows us to learn about our tenants' concerns and operational needs. In line with our TerraSE (Stakeholder Engagement) program, **each year we conduct a tenant satisfaction survey that contains questions on the service level and attention provided by our property managers.** This survey is a fundamental tool to identify strengths and opportunities for portfolio improvements, as well as to strengthen communication channels with tenants. Additionally, in 2021, 129 properties obtained the Kingsley Excellence Award, which recognizes high customer satisfaction.

"In 2021, 129 properties obtained the Kingsley Excellence Award, which recognizes high customer satisfaction."

2022 TENANT SATISFACTION KINGSLEY EXCELLENCE Grace Hill | KingsleySurveys

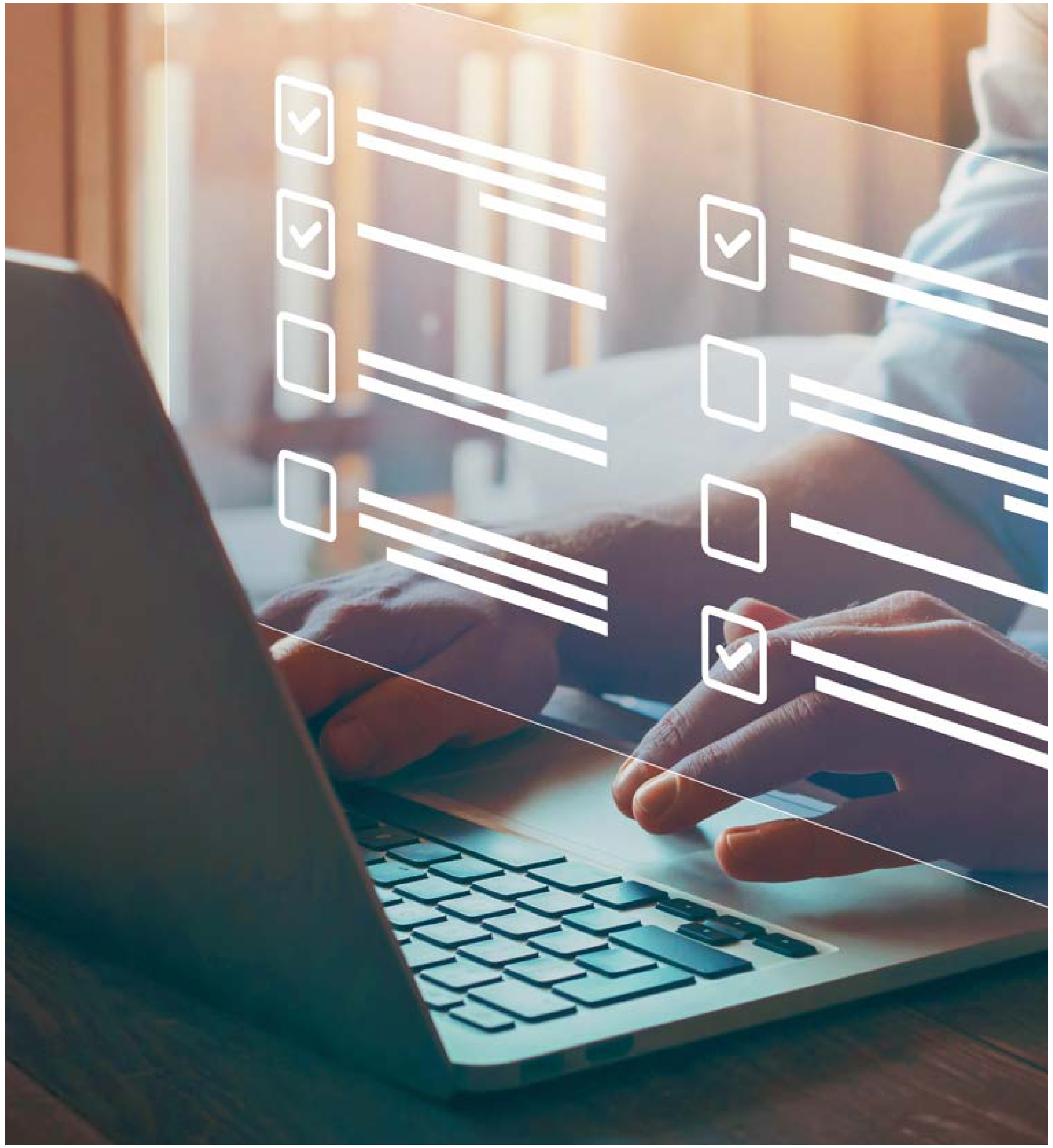
In 2021, sustainability-related questions were included to learn about tenants' ESG initiatives and their interests on the topic, such as:

- The implementation of sustainability policies.
- The existence of environmental initiatives to improve efficiencies in energy and water use, as well as waste management.
- Interest in expanding their participation in ESG initiatives.
- Interest in sustainability certifications of the operation.
- Interest in setting emission reduction targets
- Involvement in social initiatives, their scope and location.

Including questions related to ESG issues and initiatives that matter to us in these questionnaires will allow us to understand our tenants' level of engagement with them. This will help us generate clearer strategies and initiatives aligned with their interests, which we believe will make them more successful.

Likewise, a COVID-19 section was added, which considered satisfaction with the issue's management in terms of cleanliness, communication, the preventive response, and safety in dealing with the pandemic. Other aspects were also included with the objective of learning how our tenants managed this situation in their respective properties. This in order to understand the potential impacts on operations and revenues, and the efficiency of our property managers' management.

"Including questions related to ESG issues and initiatives that matter to us in these questionnaires will allow us to understand our tenants' level of engagement with them."



Occupational **Health** and **Safety** 3-3

Protecting the health and safety of our tenants is part of our service offering.

The properties tenants' health and safety is each tenant's responsibility, and liability insurance is required by contract for any claims.

On an annual basis, our external risk consultant monitors 100% of the properties for environmental and social issues. We supervise the building's maintenance, order, and cleanliness, as well as the programs and procedures in place to handle emergency situations. In case of detecting any opportunity areas, recommendations are given to the tenants. During these visits, the occupational safety risk level is evaluated, considering aspects such as industrial safety and civil protection. The company supervises the implementation of comprehensive safety procedures, including fire, evacuation, customer accidents, and flooding, among others. In addition, reports on accidents are made, if any do occur.

Health and safety in the construction process is monitored by contractors and reports are submitted to the Development area, a criterion that is part of SmartBlue®. See **Health and Safety (Talent Pillar).**

Although we believe our health and safety practices are adequate, we are always looking to do more. Therefore, we will be analyzing options to have more knowledge of our tenants' management and policies, such as monitoring accident and fatality data.

"We supervise the building's maintenance, order, and cleanliness, as well as the programs and procedures in place to handle emergency situations. In case of detecting any opportunity areas, recommendations are given to the tenants."

Sustainable Infrastructure 3-3, CRE8

We continue to grow by adding quality assets in strategic locations with world-class customers.

2021 was a turning point for stakeholder understanding, interest, and acceptance of the ESG strategy. As such, there was a greater number of implementation and certification efforts. In line with the three-year corporate development strategy, we sought to find synergies between Terrafina's organic growth as a company, and our efforts to have a sustainable and best-in-class portfolio of properties. Through asset recycling, investment, and development of new properties, Terrafina can offer its existing and potential tenants spaces that meet the highest sustainable standards, which in turn provide benefits to the clients' own operations as they inhabit them. Some of these include reduced resource consumption of energy and water, the implementation of technologies, and infrastructure that is safer and focused on tenants' well-being.

At Terrafina, we have ESG guidelines for properties' development and design to improve their performance and quality. Since we began operations, all our new constructions have sustainability certifications.

Some of the specific requirements requested by the certifications for new constructions are:

→ Energy management efficiency in all strategies recognized in ASHRAE's 2010 90.1

→ Cool roofs with insulation of at least R19

→ LED lighting

→ Retrofitting of all electrical systems

→ Use of energy efficient equipment

→ 5% daylighting in all new developments

The aspects seen in the ARC Skoru certification:

- Energy performance compared to the average use of the same buildings, giving a comparative efficiency level.
- Water performance with the same performance comparison process.
- Waste management performance compared to the average use of the same buildings, giving a comparative efficiency level.

> "In line with the three-year corporate development strategy, we sought to find synergies between Terrafina's organic growth as a company, and our efforts to have a sustainable and best-in-class portfolio of properties."

Historically, we have followed a certification process for new developments, expansions, and improvements, known as SmartBlue®, developed by PGIM Real Estate. With this we ensured compliance with international criteria and best practices in construction processes since the beginning of Terrafina's operations. However, as it has not been validated by an international third party, we have decided not to count SmartBlue® certified properties within the percentage of GLA certified as sustainable buildings for the purposes of monitoring this KPI.

During 2021, in conjunction with our advisor PGIM Real Estate and an environmental consultant, we updated the contents and standards included in SmartBlue®. **This internal PGIM Real Estate certification ensures that during the design and construction of all types of new buildings and major renovations, key aspects such as energy and water savings, waste reduction, and the use of appropriate materials for the execution of the works, social factors, and risks**, such as community impacts of constructions and human rights, are considered, in addition to the contents that already existed. With this, Terrafina's properties will be evaluated with much broader and more demanding ESG criteria. Going forward, this will help us ensure better performance from our properties, as well as their resilience to the physical risks of climate change. SmartBlue® is aligned with LEED v4 requirements, but also contemplates other important regulatory criteria for the sector and our country, as well as aspects relevant to Terrafina's ESG strategy.

To obtain this internal certification, it is mandatory to monitor each of the works' stages during construction, as well as the entire supply chain, general contractors, subcontractors, and administrators. These sustainability criteria are updated year after year and consider current environmental regulations, including resource-saving best practices during real estate operations.

The 5 categories included in the SmartBlue® certification are:

Energy

- Energy efficiency: materials and equipment
- Renewable energy supply assessment
- Bioclimatic architecture

Water

- Efficient technology use
- Installation of wastewater treatment plant
- Rainwater use
- Water reuse for irrigation and other uses
- Native vegetation use

Residual waste

- Waste separation
- Recycled materials used in construction

Quality of life and social responsibility

- Sustainability training in construction
- Local materials used in construction
- Biodegradable, recycled and/or reused materials used
- Green area inclusion
- Respect and protection of biodiversity
- Development of programs with neighboring communities

Risk prevention

- Compliance with standards related to fires, flooding and other events
- Safety and hygiene indicator monitoring for equipment in the construction phase

In terms of compliance three types of categories are considered:

Mandatory 1:
By law

Mandatory 2:
Best practice conditions required

Optional:
Best practices desirable (applicable by project)

The construction team follows all mandatory guidelines through reporting and various evidence documentation processes for validation.

Resilience

To prevent potential operational risks resulting from the effects of climate change, our portfolio's properties are monitored in conjunction with our property managers and a specialized risk and resilience advisor.

The following are the main actions we take to increase our portfolio's resilience to climate change:

- Portfolio risk assessment to identify future impacts on properties
- Development of recommendations for long-term prevention plans by property
- Design of emergency response plans by property and training for future implementation
- Consideration of property insurance risks
- Communicating our progress to stakeholders

The strategies we are implementing are:

1. Risk analysis by property with the support of the Measurabl® platform, managed by the 427® platform, which is supported by **Moody's Climate Analysis**.
2. Identification of the most at-risk properties and generation of budgets to address climate risks within 2 years.
3. Education and awareness efforts with tenants to create synergies when addressing their facilities resilience.

"To prevent potential operational risks resulting from the effects of climate change, our portfolio's properties are monitored in conjunction with our property managers and a specialized risk and resilience advisor."

Certifications and Accreditations CRE8

As of 2021, 7.0% of the portfolio's GLA is certified as sustainable

- 1.0% LEED certified
- 6.0% with three ARC Skoru certifications

Our properties are currently reporting their ESG results on the Measurabl® platform to have the necessary information at hand to make the best decisions on ESG risks and opportunities and achieve international certifications. The properties are also registered on the ARC Skoru platform to have a data management system that identifies the major consumers and the best tenants in terms of ESG within our properties. With this, we want to be able to recognize each of the advances and achievements we are making towards our ESG strategy at an active level.

From the beginning of construction, we use Smart Blue® criteria, and starting in 2020, we began a volume LEED NC certification program for new construction in accordance with our commitment to certify 100% of new developments with recognized sustainable certifications.

For operating properties, we have a LEED O+M (Operation and Maintenance) certification program that we started in 2021, and plan to conclude with the first 8 facilities in 2022.

Aligned with our certifications goal, one of our strategies is to obtain ARC Skoru performance certificates, where properties that achieve 3 certificates (≥40 score)* are considered certified properties in line with international recognition validated by GRESB and granted by the GBCI of the United States.

ARC Skoru allows us to identify our clients with the best environmental and social performance (water, energy, waste, transportation, and human experience). Likewise, we can set specific efficiency goals for each property and by area, hence validating their performance through a third-party analysis. This will also allow us to project the necessary investments in climate change mitigation and adaptation in a timelier manner.

We were able to award 106 properties with performance certificates thanks to the efforts of all property managers in collecting information. The certificates help us raise awareness and strengthen our relationship with our tenants on ESG strategies.

	ARC Energy	ARC Water	ARC Waste	3 ARC Certificates	LEED NC
# Certificates	83	48	20	16	2
Surface (sqft)	13,935,439	8,773,318	3,118,111	2,330,556	399,825
% GLA	36%	23%	8%	6.0%	1.0%

Property	Surface area (pc)	% GLA	Certification date
Carolina 01	122,283	0.3%	2019
Contec BTS	277,542	0.7%	2021

“Our properties are currently reporting their ESG results on the Measurabl® platform to have the necessary information to make the best decisions on ESG risks and opportunities and achieve international certifications.”

*A minimum score of 40 is needed to pursue LEED certification.

Since 2018 we have participated in the Global Real Estate Sustainability Benchmark (GRESB) rating process, which evaluates environmental, social, and corporate governance (ESG) performance and is considered the best standard for real estate platforms globally.

2021 LEED Volume Program

During 2021, a one-time effort, known as the "LEED NC Volume Program", was undertaken to standardize the processes and criteria required within Terrafina for the development and certification of new properties. This initiative has allowed new construction to be more efficient and faster to develop, as well as to obtain their certification.

The process begins with a prototype property that details several environmental strategies, gathering narratives, establishing quality control and verification parameters on implementation, and producing site reports that must be submitted prior to property construction.

The categories covered by the most stringent international standards are:

- Location and transportation
- Sustainable sites
- Energy efficiency
- Water efficiency
- Materials and waste management
- Air quality
- Indoor environment quality

> "During 2021, a one-time effort, known as the 'LEED NC Volume Program', was undertaken to standardize the processes and criteria required within Terrafina for the development and certification of new properties."

This prototype goes through a series of approvals before construction can begin. Once construction is complete, LEED requires periodic reviews of the property to ensure proper and efficient operation.

Given these new strategic measures, Terrafina's new tenants will have to meet certain prerequisites and follow certain policies to be admitted to the use of new developments. These specifications are found in the "GREEN LEASE" which are clauses in the contracts with tenants (both new and renewals of existing clients) that commit them to create synergies on these issues.

We seek that, with these certifications, and even recertifications of certain properties to higher and more demanding LEED levels, our properties will have an added value and be attractive in an increasingly competitive market. They will generate long-term savings and strengthen our stance on the sustainable development of the company's portfolio.

By reporting our actions with the highest standards on these different platforms, we recognize that these efforts make the difference between doing the bare minimum or leading our industry.

"By reporting our actions with the highest standards on these different platforms, we recognize that these efforts make the difference between doing the bare minimum or leading our industry."

Economy

Generate long-term returns for our investors by integrating ESG aspects into our business model and having strong corporate governance.

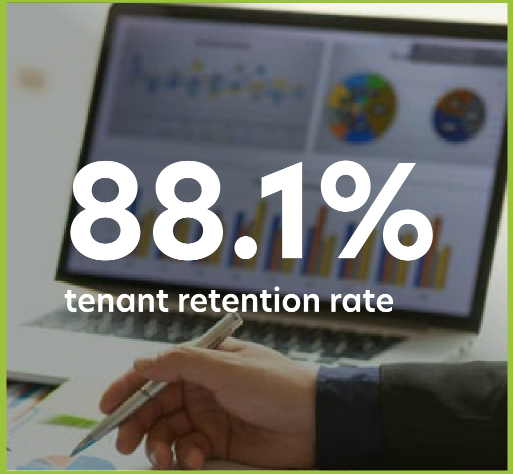
Economy pillar's relevant figures

6.1 years
average Board member service tenure

5
operating sub-committees, including the ESG Committee

75%
independent Board members

12.5%
female participation in the highest governance body



88.1%
tenant retention rate

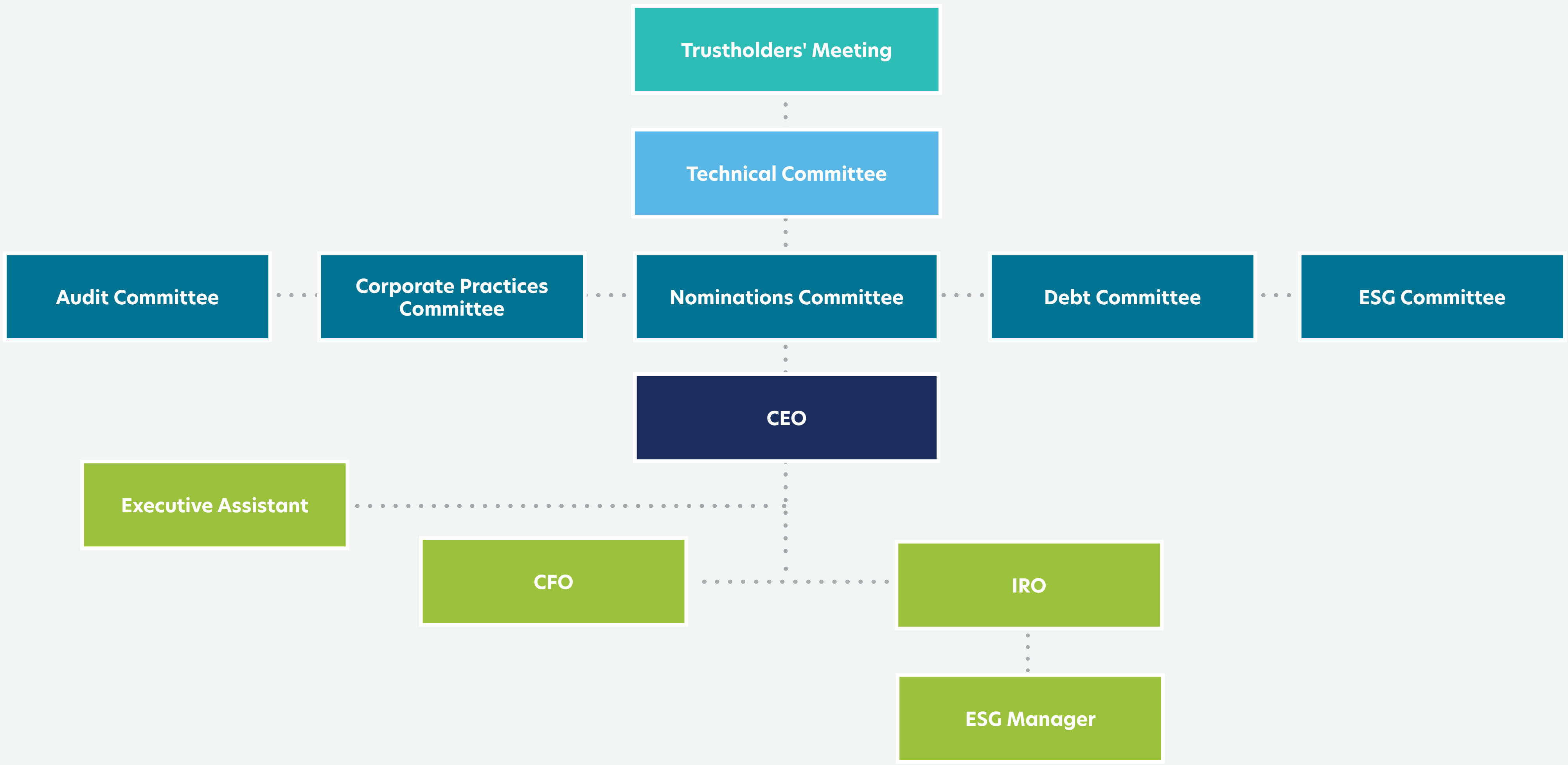
Sustainable credit facility for a total of
US$485 million

Corporate **Governance** 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-17, 2-18, 2-19, 2-20, 2-23, 2-24, 2-26, 3-3

Our corporate governance is designed following what we consider to be the best global practices for platforms such as ours.

In the design process, we have thoroughly considered maintaining our values of ethics, integrity, and transparency by forming corporate governance bodies with a team of experts in various industries, which strengthens our decision-making process. The guidelines for their formation are detailed in our Trust.

The following organization chart illustrates all our governance bodies:



Trustholders' meeting

The holders of our *Certificados Bursátiles Fiduciarios Fiduciarios Inmobiliarios* (CBFIs) regularly participate in the Trustholders' Meeting. This meeting is held once a year, where financial results are approved and members of the Technical Committee are elected or ratified.

Technical Committee

The Technical Committee is our highest governing body. It is responsible for directing and monitoring the company's strategy, seeking to maximize profitability with a long-term focus. At year-end 2021, the Technical Committee was composed of eight proprietary members, six of whom are independent, including one woman. This means that 75% of our Technical Committee is independent, a level materially higher than that required by Mexican law. The members of the Committee were ratified by the Trustholders' Meeting in June 2021. It is important to mention that Alberto Chretin, our Chief Executive Officer, is also chairman of the Technical Committee.

405-1

Name	Gender	Service tenure	Independent	2021 Ratification
Alberto Chretin	M	8 years	No	Yes
Enrique Lavín	M	3 years	No	Yes
Eduardo Solís*	M	8 years	Yes	Yes
Arturo D'Acosta*	M	8 years	Yes	Yes
Carmina Abad*	F	5 years	Yes	Yes
José Luis Barraza*	M	8 years	Yes	Yes
Víctor Almeida*	M	8 years	Yes	Yes
Timothy Pire*	M	10 months	Yes	Yes

*Independent board member

Average Board member service tenure: 6.1 (2021)

"Average attendance at meetings: 97%, during 2021 an attendance of at least 75% was established as a requirement."

It is important to highlight the alignment of our committee's experience with ESG issues, having extensive experience in risks, social strategies and initiatives, and corporate governance, among other topics related to the integration of sustainability in the business.

Our Technical Committee members are selected for their integrity, reputation, and professional experience. **We seek to maintain a balance of expertise on topics that may be relevant to our operations in the real estate industry in our Technical Committee.** We believe this promotes discussion and strength in decision making. Diversity in the composition of the Committee is important to us, in terms of experience, skills, knowledge, abilities, ethnicity, age and gender. In addition, this professional experience is complemented by the information that the directors receive about the company's activity, industry trends, risk analysis, and other training in the Committees' training updates.

For Terrafina it is important to consider independence within the selection criteria of the Technical Committee. Independent members receive an economic consideration for their participation in the Committee sessions, which is established by the Nominating Committee and approved by the Trustholders' Meeting.

Finally, at Terrafina we implemented a biannual self-evaluation of the directors that considers the quality and efficiency of their work. In 2020, we obtained very positive results, taking into account variables such as their excellent understanding of Terrafina's mission, vision, and values, understanding of the business, clarity of responsibilities and roles, information and risk management, communication with stakeholders, among other issues that were particularly rated with a very high level of efficiency.
The results of this self-assessment are considered for our continuous improvement strategy.

"It is important to highlight the alignment of our committee's experience with ESG issues, having extensive experience in risks, social strategies and initiatives, and corporate governance, among other topics related to the integration of sustainability in the business."

Operating Committees 2-9, 2-12, 2-13, 2-27, 405-1

The Technical Committee is supported by different operating committees with defined mandates. We have an Audit Committee, a Corporate Practices Committee, a Nominating Committee, a Debt Committee and, starting in 2020, an ESG Committee. Their composition and functions are presented below, highlighting that they are comprised entirely of independent members:

Committee		Gender	Functions
Audit Committee **100%** independent **20%** female participation	Arturo D'Acosta (Chairman) Eduardo Solís Carmina Abad Victor Almeida Timothy J. Pire	M M F M M	• Ensuring that the company's audit and reporting obligations are met, including the evaluation of the external auditor's performance. • Issuing recommendations on the financial statements. • Overseeing the application of company policies and established internal controls.
Corporate Practices Committee **100%** independent No female participation	Victor Almeida (Chairman) Eduardo Solís José Luis Barraza	M M M	• Support corporate governance decision-making and ensure the absence of conflicts of interest.
Nominations Committee **100%** independent **33%** female participation	José Luis Barraza (Chairman) Carmina Abad Arturo D'Acosta	M F M	• Recommend candidates as independent members of the Technical Committee and to be CEO, as well as their compensation.
Debt Committee **100%** independent **25%** female participation	Carmina Abad (Chairman) Eduardo Solís Arturo D'Acosta Victor Almeida	F M M M	• Oversee compliance with the maximum level of indebtedness, leverage guidelines and debt coverage ratio.
ESG Committee 100% independent **33%** female participation	Eduardo Solís (Chairman) Carmina Abad José Luis Barraza	M F M	• Oversee the linkage of ESG aspects in Terrafina's strategy. • Recommend actions on the detection of strategic ESG risks and Opportunities. • Monitor compliance with ESG commitments and objectives in relation to national and international best practices and report to the Technical • Committee on the status and progress on ESG issues.

ESG Committee 2-9, 2-23

In 2020, we established a permanent internal governance body that consults and reports on our ESG strategy. It is fundamental to manage our ESG initiatives in an institutional manner and demonstrate the relevance of ESG issues in Terrafina's management and operation. With this, we want to share how the governance bodies look after the interests of the business and our stakeholders with an independent vision and stance. We believe that with this, we can continue to integrate sustainability as part of our business.

The ESG Committee approved the 2020-2030 ESG strategy, considering the risks and opportunities identified in our materiality analysis, as well as our stakeholders' interests and expectations.

The process of delegation of authority for environmental, social, and corporate governance issues flows from the highest governance body, supported by the ESG Committee, to the team executives, and permeates the rest of the organization. Terrafina has an ESG area that is responsible for presenting strategic initiatives for the Company to the ESG Committee, as well as following up on existing initiatives and working together with the different stakeholders to achieve the objectives. Finally, within the organization of our advisor, PGIM Real Estate, key people have been designated by area for ESG issues, such as the Compliance VP, Asset Management VP, Portfolio Management VP, Human Resources VP, and the Development VP, along with key people from their teams. They take the lead on strategy issues and initiatives, communicating objectives and progress to their teams. On a monthly basis, we participate in the meetings of the PGIM Real Estate Regional ESG Committee, where the global strategy is grounded at a regional level. The objective is to have synergy and combine the global vision with Terrafina's local vision. We believe that this will encourage collaborative work among the different stakeholders.

During 2021, **we were recognized as a member of the S&P Sustainability Yearbook and named an Industry Mover (2021). This resulted from being in the top 15% in Corporate Sustainability Assessment (CSA) scores and achieving the most significant industry advancement in Real Estate in 2021.** Only 716 of the 7,554 companies evaluated in the S&P Global CSA were selected to be included in the Sustainability Yearbook 2022, of which 10 Mexican companies were added to this year's Yearbook.

This recognition is a sign of the progress made in Terrafina's ESG strategy together with our advisor PGIM Real Estate. Thanks to the teamwork that has taken place and our ESG Committee's commitment, at Terrafina we have been able to oversee and drive the integration of ESG factors into the DNA of the business. We believe that the process of sustainability is continuous and constant, so we increasingly seek to adopt best practices and be more innovative on the road to sustainability.

“During 2021, we were recognized as a member of the S&P Sustainability Yearbook and named an Industry Mover (2021). This resulted from being in the top 15% in Corporate Sustainability Assessment (CSA) scores and achieving the most significant industry advancement in Real Estate in 2021.”

Sustainability Award
Industry Mover 2022
S&P Global

Sustainability Yearbook
Member 2022
S&P Global

Technical Committee
(Supervision of the ESG Committee on sustainability matters)

ESG Committee
(In charge of defining strategies and initiatives, as well as supervise results)

Terrafina ESG
(Propose strategies, initiatives, and coordinate execution)

PGIM Real Estate ESG Committee and key persons per area
(Help with the execution of the initiatives)

Senior Management 2-9, 2-11, 2-12, 2-13, 2-19, 2-20

We have a management team made up of experienced professionals in the real estate industry.

They oversee the execution of the strategy outlined by our Technical Committee, as well as the initiatives approved by the rest of our Committees. The appointment of the Chief Executive Officer and Chief Financial Officer is made by the Technical Committee.

Our executives have a fixed and variable compensation scheme. Both parts are defined according to the achievement of operational and business objectives and are delivered on an annual basis with long-term incentives. The latter is achieved through Nominal Certificates with a vesting period of three years. There is also a CBFI compensation for the CEO and CFO that depends on the compounded total return of our certificate with 3-year sale restrictions. The CEO's variable compensation is mainly based on the following operating indicators; occupancy rate, renewal rate, average rent, and financials; annualized NOI generation, NAV per CBFI, and FFO per CBFI. This is approved by the Nominations Committee.

It is also important to mention that according to the ESG strategy, the executive positions' objectives, depending on the position and role, including the CEO, establish objectives aligned with ESG commitments such as: climate change, social responsibility, and governance, among others.

Subsidiraria TF Administradora S. de R.L. de C.V.

Alberto Chretin Castillo

CEO and Chairman of the Technical Committee

Responsible for planning Terrafina's business strategy, the management and execution of its vision, goals, and business plan, as well as for the relationship management with our Advisor.

In his position, Alberto leads a team with great experience in all aspects of real estate management, marketing, leasing, acquisition, development, and financing.

Carlos Gómez Espinosa

Chief Financial Officer

Responsible for finance, accounting, treasury, tax and strategic planning functions.

Francisco Martínez García

Investor Relations Officer

Responsible for the corporate message and investment thesis that Terrafina communicates to a diverse audience of fixed income and equity investors.

Experts

Managers

Corporate Governance Practices 2-15, 2-17, 2-24

On conflicts of interest 2-15

The Integrity and Compliance Manual addresses in detail issues related to the prevention of conflicts of interest, of transactions with resources of illicit origin, and anticorruption practices. The manual includes the guidelines, procedures and monitoring that govern our operations. In addition, the Corporate Practices Committee supports decision-making on corporate governance to ensure the absence of conflicts of interest.

In the event of a conflict of interest, it would be disclosed through our normal communication channels.

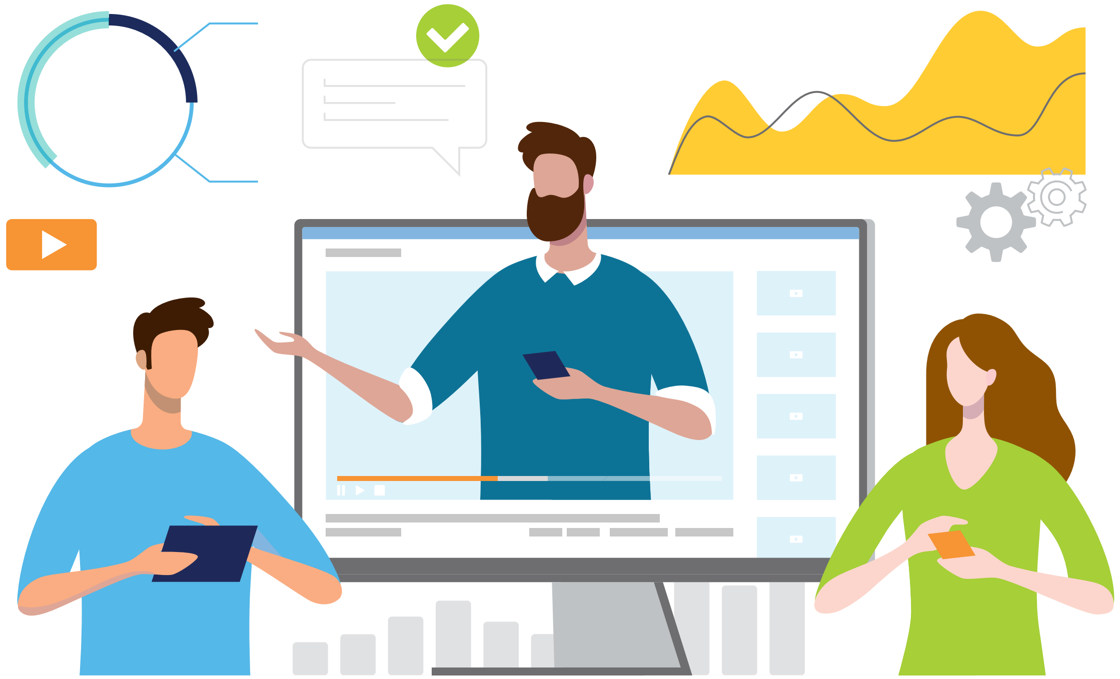
Our training on ESG and Corporate Governance issues 2-17

During 2021, 100% of our collaborators and property managers completed four courses on ethics and conflicts of interest, money laundering prevention, and anticorruption. Additionally, all our collaborators receive training as part of their induction when they join the company.

It is important to emphasize that our Advisor's collaborators receive continuous training through Axonify, a platform designed to provide information on an ongoing basis and train the PGIM Real Estate team regarding Code of Ethics, conflicts of interest, personal investments, information barriers, anti-corruption, prevention of money laundering, privacy, and cybersecurity, among others.

An initiative was established to create a training program for members of the Technical Committee on Terrafina's ESG material issues, which is in process and is expected to begin to be implemented during 2022. These trainings will cover topics such as human rights, responsible investment, climate change, among others, which will enhance the Committee members' knowledge and conscious decision making. Also, during 2021, a training on climate change risks was conducted for ESG Committee members.

“During 2021, 100% of our collaborators and property managers completed four courses on ethics and conflicts of interest, money laundering prevention and anticorruption.”



Presence and positioning 3-3

For Terrafina, the key is to have exposure to markets with the most strategic industrial sectors for the country's economy. Just as in 2020, in 2021 we continued to drive this through our capital recycling strategy.

- **The signing of a 7-year lease for a 210,000-square-foot industrial property in Tijuana.** This lease will generate an estimated US$1.6 million in NOI per year, starting in June 2022. The tenant specializes in the manufacturing and marketing of packaging for a diverse range of clients primarily in the e-commerce sector.

- **The signing of a 5-year contract with a leading e-commerce group for last-mile operations in Tijuana.** The repositioning of this 50,849-square-foot property will generate an annual NOI of US320,000.

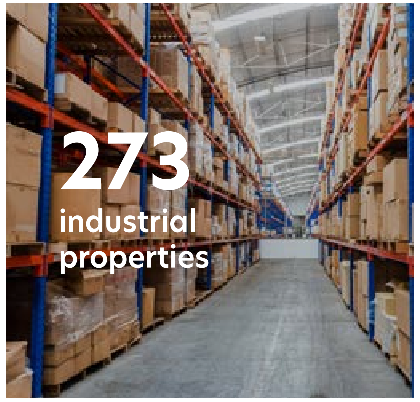
- **The initiation of the development of two new built-to-suit industrial properties in Ciudad Juárez and Monterrey with an estimated Gross Leasable Area (GLA) of 473,000 square feet.**

- **The construction of a 38,000 square-foot** expansion of an existing property in the growing electric automotive cluster.

The strategy we have defined for our portfolio is to maintain and evaluate opportunities increasing our exposure in key markets by strengthening our multinational tenant base.

The properties that comprise our portfolio were acquired or developed in major markets with positive long-term growth prospects, including favorable demographic and economic trends, robust infrastructure and communication networks, skilled labor, and competitive locations for light manufacturing and logistics and distribution processes.

Our portfolio at the end of the fourth quarter of 2021 has a strong presence in Mexico's most important industrial centers such as: Ciudad Juárez, Chihuahua, Cuautitlán Izcalli, Querétaro, Ramos Arizpe, Monterrey, Guadalajara, and Tijuana. Within these metropolitan areas, properties are distinguished by their location within well-located industrial parks, with proximity to airports, railroads, and highways. Additionally, the geographic diversification of our portfolio within Mexico reduces our dependence on any one economic area or region. Given that northern Mexico is predominantly home to manufacturing activities, and the central region is predominantly home to logistics and distribution activities, geographic diversification also reduces our exposure to a specific industrial sector.



38.6
million
square feet of GLA occupied

88.1%
year-over-year tenant retention rate in 2021

Percentage of portfolio by region:

63.5%	**20.9%**	**15.6%**
North	Bajío	Central

Sustainable **Financing**

During 2021 we issued a new sustainable credit facility totaling US$485 million, consisting of a US$300 million unsecured revolving credit facility and a US$185 million unsecured credit facility, maturing in July 2026. This new credit line replaced the current revolving credit line (US$300 million) as well as the credit line (US$179 million) with maturities in January 2023 and October 2022, respectively.

This achievement was the result of coordinated work with PGIM Real Estate to continue improving Terrafina's financing cost, while strengthening our creditor base, as well as our ESG position in the industrial real estate sector.

The new credit facility is tied to one of our sustainability performance indicators ("square feet certified as sustainable properties"), which is aligned with our recently announced ESG strategy target. This target implies that we will achieve the certification of 15% of our gross rentable portfolio area by 2030. As an additional benefit, this new credit facility has a lower debt cost (up to 45 basis points lower), as well as an increase in the weighted average term to maturity.

> “During 2021 we issued a new sustainable credit facility linked to one of our KPIs from the sustainability strategy, totaling US$485 million.”

Talent

Create value by nurturing our talent, providing a workspace that promotes the well-being and professional and personal development of our team and stakeholders.

Talent pillar's relevant figures

100%
of our collaborators receive periodic performance evaluations

100%
of suppliers were briefed on the Code of Ethics

76%
of invited suppliers responded to the pilot ESG assessment

Collaborator **health** and **well-being** 3-3, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1

We developed, promoted, and drove best support practices during the pandemic.

We conducted a satisfaction survey of 100% of our collaborators, looking at the performance of the organization in meeting their expectations as a good place to work during 2021.

We believe that our collaborators' physical and mental health are key to achieving our objectives. To promote it, we go beyond regulations, aligning ourselves with industry best practices. It is important for us to enable and promote a work-life balance.

> "We conducted a satisfaction survey of 100% of our collaborators, looking at the organization's performance in meeting their expectations as a good place to work during 2021."

In keeping with this purpose, our collaborators enjoy the following benefits:

- Flexible hours and the possibility of working remotely.
- Hotline offering emotional and psychological support.
- Major medical insurance for themselves and their dependents.
- Life insurance.
- Dental insurance.
- Vision insurance.
- Vaccinations for themselves and their dependents.
- Discounts on medical services.
- Health and safety training.
- A workplace aligned with all civil protection requirements, IMSS biosafety protocols, among other safety codes.

In conjunction with our Advisor, during the year we applied the NOM 035 survey on psychosocial factors. Based on the responses from this survey, a work plan was generated to address the issues identified and an internal monitoring committee was formed to follow up. It is important to say that no collaborator reported an event that required referral to a specialist. As stipulated in NOM 035, this survey will be conducted every two years.

There have been no occupational accidents in the company's history. However, the employee handbook includes the process to be followed for any notification of an occupational hazard or dangerous situation in case the need arises. In the event of an incident, it would initially be channeled to Human Resources, who would be responsible for involving the necessary areas depending on the nature of the incident. Given the size of the organization, and the safety performance we have had, to date we have not considered it necessary to create a formal worker-company health and safety committee.

Work-related Injuries and Diseases 403-9, 403-10

	Number	Rate
Fatalities resulting from a work-related injury	0	0%
Occupational injuries with major consequences (not including fatalities)	0	0%
Recordable occupational injuries	0	0%
Fatalities resulting from an occupational disease or illness	0	0%
Number of cases of occupational disease or occupational illness	0	0%

Our collaborators work 8 hours a day, 5 days a week, 52 weeks a year. For these numbers we consider only Terrafina's direct collaborators, for whom we have information. In total, 9,600 hours were worked during 2021.

Value Chain Health and Safety Practices 403-7

During the construction processes in which our Advisor participates, there are also health and safety practices for the collaborators who participate in our works, even though they are not collaborators directly hired by us. Among them are:

Promote collaborators' **health and well-being**

Hydration stations for workers and promote regular water intake.

Warm-up and/or **exercise program of 10 minutes a day** for everyone.

Appropriate **background music** (depending on the contractor).

Develop activities focused on **preventing accidents** in the work area, such as constant safety and hygiene training and a safety officer for each project.

Safety team responsible for ensuring that all working conditions required by current NOMs are met.

The safety and hygiene manager prepares a **safety plan** and regular safety meetings are held to establish the operational safety strategy.

Staff with **first aid training** and first aid kit available.

Labor Practices and Policies 2-24, 3-3, 401-2, 404-1, 404-2, 404-3, 406-1

We have an Innovation and Development Plan, which aims to promote continuous improvement in the personal and professional development of our team.

The purpose of this plan is to increase our collaborators' commitment and motivation towards the company, as we understand that our success is correlated with theirs. To this end, in addition to training in ethics, company policies and procedures, our collaborators participate in industry forums and courses related to their activities and interests. Our commitment to our collaborators, through all these initiatives, promotes team commitment and excellence in their performance.

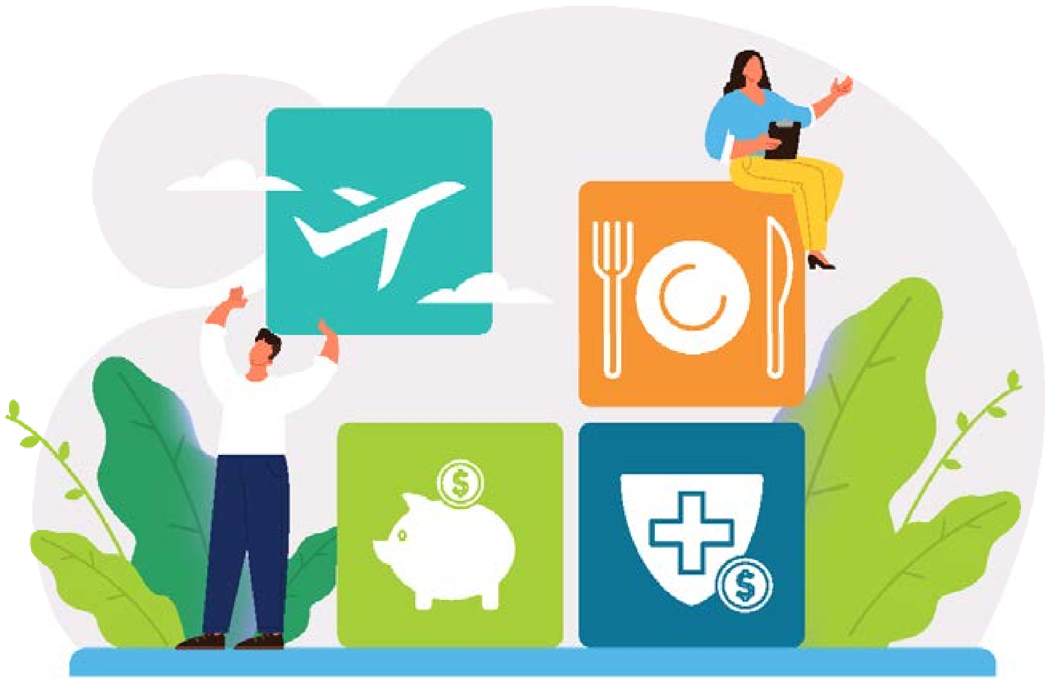
Training

As described in previous sections, we continuously train our team. To define the team's training plan, we follow a model with annual periods where individual needs are defined depending on past performance and future objectives. On average, our collaborators had 21.6 hours of training during 2021 on topics that were recognized as important to them, including training focused on ESG issues.

Benefits that cover 100% of our collaborators:

- Training in ethics and the company's policies and procedures, which strengthens their professional profile.
- Participation in industry forums and courses related to their activities and interests.
- Integration activities that strengthen the organizational culture and reinforce leadership, teamwork, and communication skills.
- Health and Safety benefits described above.
- Christmas bonus higher than the law.
- Vacation above the law and vacation bonus.
- Performance bonus plan for all collaborators.
- Food vouchers.
- Flexible schedule, at the collaborator's request.
- Option to work remotely.
- Long-term incentives for executives.

"The purpose of this plan is to increase our collaborators' commitment and motivation towards the company, as we understand that our success is correlated with theirs."



Evaluations

100% of our collaborators receive periodic performance and professional development evaluations. We believe this is a fundamental part of their development and growth.

100% of our collaborators answered our satisfaction evaluation.

Diversity 405-1

During the year, and in Terrafina's history, there have been no instances of discrimination. We are an organization that believes in equal opportunities, and our collaborators reflect this. However, as an organization with a very small structure, we do not currently generate data broken down by race, ethnicity and/or minorities.

Absenteeism: During 2021 we had an absenteeism rate of 0.00% at Terrafina.

Professional Category	Ages between 30 and 50		Older than 50
	Women	Men	Men
Management positions		1	2
Middle management and auxiliary positions	2		

Supply Chain **ESG** 2-8, 3-3, 204-1, 308-1, 414-1

During the year, the Code of Ethics was shared with our entire supply chain. The 2021 renewal process also included the signing in acknowledgement of the Code of Ethics for covered suppliers.

Of the total number of suppliers working with Terrafina, 61% signed the Code of Ethics, which demonstrates that we are on track to meet our goal of having 100% of suppliers sign our Code of Ethics by 2024.

Our Advisor, PGIM Real Estate, incorporates processes that consider Environmental, Social and Corporate Governance (ESG) requirements into the selection and evaluation procedure of our value chain.

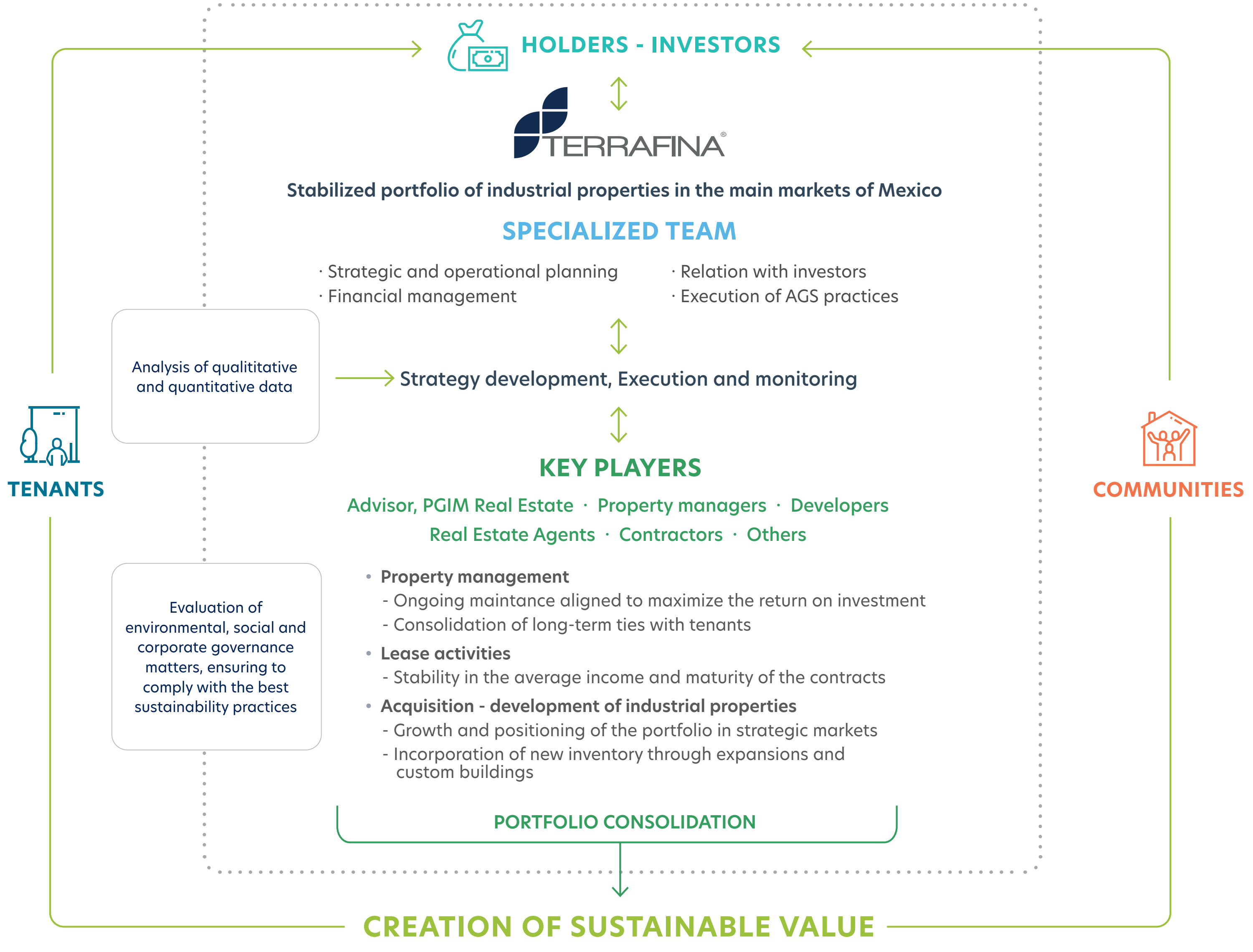
During 2021, we conducted an ESG assessment for a pilot sample of suppliers. We will be analyzing the results of this assessment to develop an action plan to promote and integrate sustainability into our supply chain.

Each part of our value chain serves a different purpose:

Suppliers: To provide the level of service to which we aspire, we seek experienced teams with high quality standards, important in managing our portfolio and tenant care.

Tenants: Carefully selected seeking the generation of business profitability and a positive impact on the communities where they are located.

Collaborators: We look for committed professionals with the best skills to achieve our objectives.



Suppliers

Terrafina works with 475 non-critical suppliers and 5 critical suppliers. We define critical, high-risk suppliers as those where there could be an interruption or failure in the service they provide us and that could result in a significant financial, legal/regulatory impact, or impact to the business client, in addition to having access to confidential, personal, monetary information (contact data, personal identifications, RFCs, among others) and represent a significant level of expenditure for the organization (over US$2 million dollars per year of expenses). This is analyzed under our Advisor's global policies and standards, and the suppliers thus defined are then monitored by the Business Management area, in charge of Third-Party Risk Management.

Suppliers that are considered high-risk in our due diligence process, which includes a financial review and external analysis, risk control assessment and validation, contingency plan preparation and operational assessment, are asked to sign our Code of Ethics. We share and communicate our Terrafina and PGIM Real Estate Code of Ethics policies to others.

Also, on an annual basis, we complete the Inherent Risk Rating (IRR) questionnaire to assess the operational (financial, reputational) risk of critical service providers. This questionnaire evaluates the risks posed by the supplier within 3 categories:

- Compliance & Litigation Risks
- Reliance & Reliability Risks
- Information Security Risks

After answering the questions related to these different topics, a weighted average of the risk posed by the supplier within each of these categories is obtained and the overall risk level is determined. The risk represented by a supplier is measured considering the legal and regulatory impact, as well as the reputational impact.

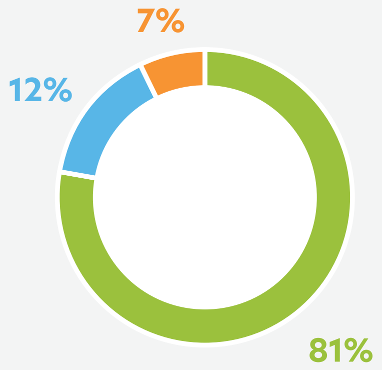
> "Terrafina works with 475 non-critical suppliers and 5 critical suppliers, including our Advisor (PGIM Real Estate)."

In addition, an annual certification process is conducted for all critical and non-critical suppliers in anticorruption (FCPA) matters, including property managers, who are considered non-critical suppliers from a vendor management standpoint. Also related to our anticorruption reviews, in addition to the information we request from regular vendors, property managers are also asked to provide the following information:

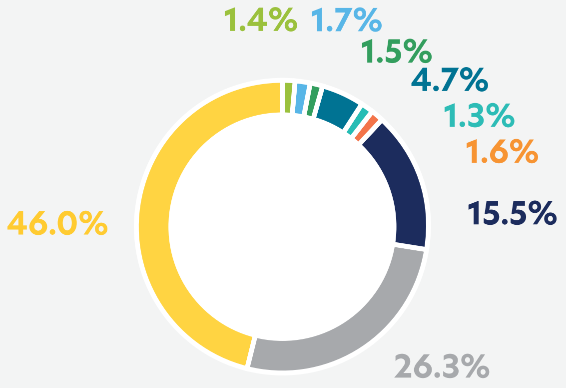
- Declaration of relationship to officers.
- Notification of letter related to social responsibility.

Our suppliers perform different activities as part of the value chain model described above. We allocated US$104.5 million in 2021 and US$62.3 million in 2020 as spending on suppliers, which we present broken down in the following graphs according to type of service:

Active suppliers Terrafina



Suppliers expense - Terrafina US$104.5 million



Other expenses: water, safety, and advertising of the properties.
Other payments to suppliers: legal, professional, and administrative expenses and Trustee fee.
Capital expenditure for new developments: expansions and custom-built properties.

“In total Terrafina has 480 active suppliers.”

In total Terrafina has 480 active suppliers which are integrated as follows:

Payments to **foreign suppliers** equal 7% (34 suppliers)

Payments to **domestic suppliers** equal 81% (389 suppliers)

Payments to **government entities** equal 12% (57 government entities)

Payments to **domestic suppliers + government entities** = 93%.

By expenditure, 93% of our purchases are made from local companies and 7% from foreign companies.

Tenants

Terrafina maintains a broad diversification of clients that lease industrial properties in Mexico's main cities. At year-end 2021, the percentage of Terrafina's revenues represented by its largest customer was 3.6%, while for the top 10 and 20 customers it was 19.4% and 31.0%, respectively.

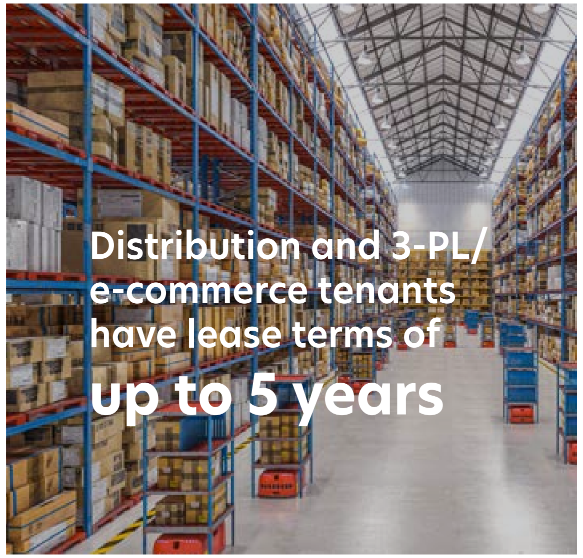
Our tenants participate in different sectors:

- **Aerospace:** Mexico is a privileged location for the aerospace sector, enhanced by a highly skilled labor force. Our tenants participate in the supply chains of the world's leading aerospace companies.
- **E-Commerce:** Our 3PL tenants service e-commerce activity. As a result of the COVID-19 pandemic, e-commerce has grown steadily with opportunities for future demand.
- **Electric/Hybrid Automobiles:** Our tenants support the evolution of the electric/hybrid trend by manufacturing for electric and hybrid cars.

Industrial Sector Diversification	At year-end
Automotive	34.0%
Industrial Goods	20.9%
Consumer Goods	11.6%
Logistic and Trade	12.0%
Aviation	9.8%
Non-durable Consumer Goods	9.3%
Total	100.0%

The tenant base is mainly composed of large, solvent **multinational companies**

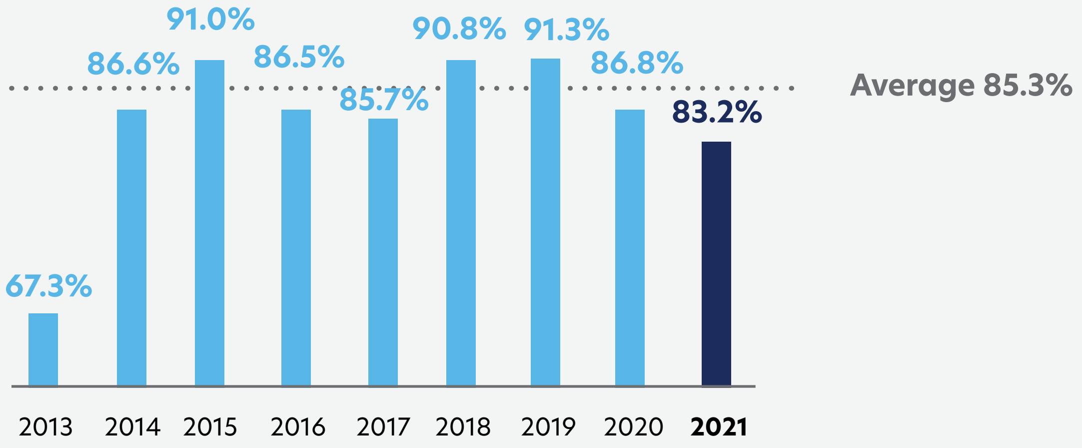
Manufacturing tenants have lease terms of up to **10 years** and high switching costs.



Top Clients	Leased sqft (millions)	% of total GLA	% of total income
(As of Dec. 31st. 2021)			
Top client	1.43	3.9%	3.6%
10 top clients	7.12	19.5%	19.4%
20 top clients	10.95	29.9%	31.0%

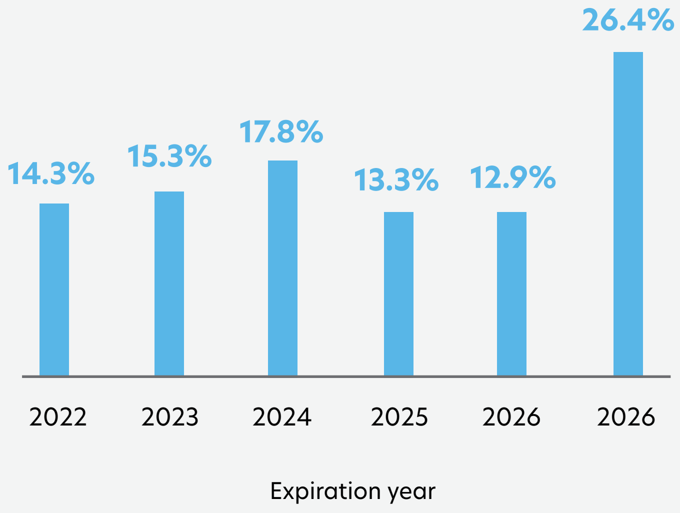
Source: PGIM Real Estate - Asset Management.

Lease Expiration Schedule (Annual average)



Lease Expiration Schedule (Annual average)

% of Annual Base Rent



Management and development strategies of ESG topics 308-1, 414-1

In 2021 Terrafina conducted the first ESG evaluation of a sample of suppliers considering environmental, social, and corporate governance issues. With this we seek to identify areas of opportunity that exist in our supply chain, so that we can establish strategies and guidelines aligned with our vision of sustainability.

In accordance with our sustainability culture and the promotion of ESG best practices with our stakeholders, **a 30-item questionnaire was developed for the pilot ESG evaluation of a total of 50 suppliers** to determine the alignment of our suppliers with the best sustainable practices, and to analyze the best strategy to promote these practices together. Of these suppliers, 76% responded the questionnaire.

Based on the results of the evaluations, we decided to:

- Separate suppliers into groups by level of risk and level of involvement.
- Although there are still no filters for this, we invite suppliers to adhere to our ESG strategy, evaluating whether they have internal anti-bribery policies, codes of ethics, or others.
- New contracts include ESG clauses that address sustainability, audit rights, corruption, environmental performance, human rights, and data privacy, among others.
- Results will be shared with suppliers in 2022.

During the year we also worked on the contractual language, to standardize the wording and criteria of the new ESG clauses, and to explain to suppliers in detail their function and benefits they bring to both parties.

We have not yet conducted formal training sessions with suppliers on these issues, but we have maintained constant contact and dialogue with them, resolving their doubts directly. We will seek to actively train the supply chain in the future.

> "In 2021 Terrafina conducted the first ESG evaluation of a sample of suppliers considering environmental, social, and corporate governance issues."

Community

Our objective is to promote and respect human rights, as well as to generate alliances and initiatives that favor the quality of life of communities and stakeholders.

Community pillar's relevant figures

100%
of our regions in the Central, Bajío and North of the country with social programs

60%
of collaborators participated in the 2020-2021 YouthBuild volunteer program, contributing 12 hours per collaborator

$811,645 pesos
total investment in social issues

41.5
hectares of forest protected

5-year
partnership of diverse forest areas conservation program

46%
of states with Terrafina's presence have a social project

Social Investment 2-24, 2-28, 3-3, 413-1

We continue with our commitment to work on and promote initiatives that foster the wellbeing and development of communities.

Our **Social Impact Policy (available in Spanish only)** aims to foster a favorable relationship with our stakeholders and the communities in which our properties are located. Through it, we seek to support and promote long-term collaborative projects to positively impact the communities where we have a presence and mitigate possible negative externalities of our operation. In developing this policy, we consider respect for human rights, both in our operations and in the project selection process. We divide our social impact strategy into two general approaches:

- Existing properties
- New developments

Both are based on the Social Impact Model. For new developments, we will be focusing on the recovery of public spaces and launching a community social project. It will be designed with respect to the results obtained from an analysis of the specific needs and issues of the communities surrounding the developed properties. These projects will be developed during 2022 as part of a pilot project. In this way, we will be able to monitor the impact of the intervention and the possibility of replicating it in different states of Mexico, always in line with the growth strategy of the business.

As part of the strategy to mitigate negative impacts on communities, the implementation of a community project is included as a requirement in the ESG due diligence of new developments. Likewise, in the SmartBlue® criteria for new developments and major renovations, we include a set of social engagement and engagement initiatives, which must be carried out by the contractor and/or developer during the construction process.

These options include:

- **Social project**
  implementation of social project with construction workers.
- **Sustainability awareness projects**
  sustainability trainings for workers such as orchards and pollinator gardens.
- **Social integration**
  engagement program with the local community.
- **Alternative fuel vehicles**
  covered parking lots with safety features for alternative transportation. Exclusive parking spaces for shared, electric and/or hybrid cars.
- **Improved or sustainable transportation**
  continuous sidewalks and walkways in and around the building, and/or care of existing sidewalks and walkways for pedestrians.

2-28

Among the investments made by Terrafina in 2021 to support social causes were:

Resilience

Paso del Norte Foundation
COVID-19
$60,000

Reforestamos México
Reforestation
$26,000

New projects

Fundación Paso del Norte
Public space recovery
$15,000

Reforestamos México
Conservation project
$223,416

Fundación Paso del Norte - Intermex
COVID-19 Health project
$7,000

Donativo Impacto

PYMO - Fundación Únete
Technological hubs
$480,230

Total investment: US$38,649.70 = $811,645.55

46% states with Terrafina's presence currently have at least one social project.

Social Impact Model

General Objective — **Goals** — **Transversal Strategies**

General Objective

- To create sustainable value

Goals

- Responsible community (CSOs alliances and volunteering)
- Innovative community (research, efficiency, developments)
- Financial community (financial inclusion, capacities)
- Resilient community (crisis support, emergencies)

Transversal Strategies

- Impact enhanced by teamwork and alliances
- Human rights criteria, mainly gender equity, equality and inclusion
- Monitoring and measuring results and impact

Technological Hubs Project

1.

Terrafina promotes access to technology and the internet to reduce the digital divide in the communities surrounding the portfolio's properties. We install technology hubs in elementary schools to provide access to study tools for students in marginalized communities. Classrooms are adapted within the schools for the equipment, which includes computer equipment, controllers, printers, routers, switches, insurance, and Windows® software activation. Once the hub is equipped, a teacher training program begins for one school year so that teachers can incorporate technology into their teaching processes. In 2021, Terrafina and PGIM Real Estate, our external advisor, joined forces to impact more communities with this project.

Our theory of change:

We hope that with this type of project, the children and youth of these communities will have the skills and tools necessary to improve their performance and access to attractive job opportunities. We also believe that our tenants will also have options for trained personnel that will generate value for their operations. In this way, we visualize a win-win situation with the social investment we make.

> Direct beneficiaries:

Children, young people, and teachers from public elementary schools in Mexico (Jalisco, State of Mexico, Guanajuato, Nuevo León, and Querétaro) who are lacking in the development of technological skills and competencies.

“Benefiting children, young people and teachers in public elementary schools in Mexico.”

2-28

Auxillium Covid Relief Fund

2.

Since the inception of the COVID-19 vaccination program in Ciudad Juárez, the private sector (assembly factories and national companies) has assisted the federal and Chihuahua State governments by providing much of the additional assets and supplies needed to operate the five state vaccination sites. **Terrafina joined the COVID AUXILLIUM Relief Fund, whose objective was to help cover the costs of the vaccination campaigns and boost the reactivation of the local economy and the protection of the communities' health. This was done considering that Ciudad Juárez is a strategic area for the business.**

> Direct beneficiaries:

The donated amount was used to pay for the cleaning supplies required by the *Secretaría de Bienestar del Estado de Chihuahua* for the second vaccination day for people between 40 and 49 years of age or older, which took place from August 9th to 13th, 2021. A total of 172,302 doses of vaccine were administered to the population served.

“The donated amount was used to pay for the cleaning supplies required by the Secretaría de Bienestar del Estado de Chihuahua.”

2-28

Juárez en Acción Project

3.

Juárez en Acción is an annual campaign throughout the month of September with the objective of promoting volunteering and community action. Terrafina joined this year with an economic donation for the recovery of a public space in Ciudad Juárez. **This project was carried out under the leadership of Paso del Norte Foundation, but the actions are carried out by citizen volunteers.** We also promoted and encouraged our business partners to join this campaign and we joined forces so that their projects would have a greater impact. As a result, a joint project was carried out with Intermex (business partner) and PGIM Real Estate (external advisor) focused on supporting public schools by delivering anti-COVID kits.

> Direct beneficiaries:

Two elementary schools with approximately 450 students per school were supported with anti-COVID kits. In the Juárez en Acción campaign, 17,600 Juarenses participated in different projects during the month of September. For the closing event of the recovery of public space, 54 volunteers participated, 44 of whom were members of the Parajes del Sur community. Here, more than 35 areas of the park's infrastructure were painted and refurbished, including benches, planters, playground equipment and recreational structures.

“Terrafina joined this year with an economic donation for the recovery of a public space in Ciudad Juárez.”

2-28

Mejores Alianzas, Mejores Bosques Project

4.

In Terrafina we created a five-year alliance for the conservation of diverse forest areas with Reforestamos México A.C. **The project will be implemented in different stages in a total area of 120 hectares distributed in 5 states across the country** (those states where we have detected more presence and tenant emissions). The area proposed for intervention in each of the states is derived from the average CO_2 equivalent emissions. This project is oriented to maintain the generation and provision of environmental goods and services, such as the capture of atmospheric carbon, protection of soils against erosion, oxygen production, the increase in the capture and infiltration of rainwater into the soil and biological diversity maintenance.

> Direct beneficiaries:

In 2021, 42 direct beneficiaries of the conservation work and 41.5 hectares in the states of State of Mexico, Jalisco, Guanajuato, Nuevo León, Coahuila.

"In Terrafina we created a five-year alliance for the conservation of diverse forest areas with Reforestamos México A.C."

Human **rights** 2-24, 3-3, 410-1, 412-1, 412-2

Our objective is to promote and defend the fulfillment of human rights.

At Terrafina we have a strong commitment to and respect for human rights (HHRR) as part of the ESG (environmental, social and governance) approach in our operation and relationship with our stakeholders. We are aligned with the application of the United Nations Guiding Principles on Business and Human Rights.

We have a statement of **Commitment to human rights** in which we recognize our commitment to respect the rights of our stakeholders, to prevent the risks of human rights violations, and to mitigate the potential impacts of our activities.

With our team, we promote a culture of respect, where we value the diversity and integrity of each of our collaborators and through our policies, we promote respect for their rights. With our suppliers, we share our Code of Ethics and require them to confirm their knowledge, in addition to demanding a declaration of compliance with current regulations. With our tenants, we observe due compliance with the law and likewise share our code of ethics and sustainability clauses. In new developments, we incorporate an internal certification process, SmartBlue®, which requires compliance with international standards and best practices, including health and wellness and labor

- Included our commitment to human rights in our Code of Ethics
- Developed a specific human rights commitment statement
- Worked on the inclusion of human rights aspects for the ESG due diligence process in new acquisitions and new developments
- Conducted a human rights risk assessment in our value chain and action plan
- Include adherence to the principles of the United Nations Compact and the Universal Declaration of Human Rights in the contractual language for all our contracts

compliance. Likewise, with the communities we have our Social Impact Policy, which promotes respect for the rights of the communities and their environment in the case of new developments and expansions.

The above is aligned with the following internal policies, codes and manuals that establish the guidelines that promote a culture of respect:

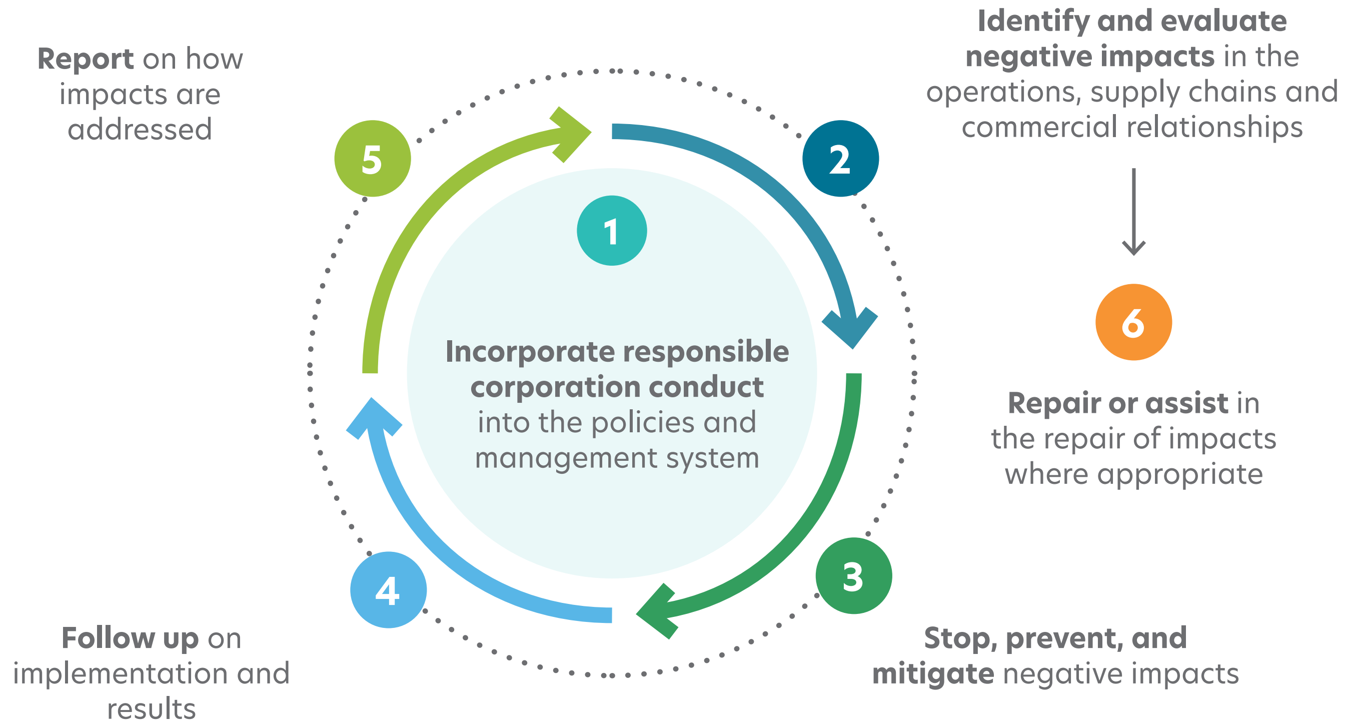
- Environmental, Social and Governance (ESG) Policy.
- Code of Ethics
- Collaborator Handbook
- Integrity and Compliance Manual
- Social Impact Policy

In 2021, we focused our efforts on identifying and prioritizing human rights risks within the framework of a due diligence process. The process followed has as its theoretical framework the OECD Due Diligence Guidance for Responsible Business Conduct. It must be based on a commitment at the highest level to respect human rights. For more details on the process, identified risks and action plan see **Risk Assessment and Strategy for Human Rights**.

At Terrafina, we highlight the relevance of issues such as diversity, inclusion, and equity. Therefore, during 2021 **we participated in webinars and activities on issues of equity (gender, racial), non-discrimination, tolerance, among others, to promote greater awareness and commitment to these issues.** Training on human rights risks was conducted for 100% of Terrafina's collaborators, and key collaborators of the External Advisor, as well as property managers. .

Below are the stages of the process established by the OECD:

Due dilligence process and support measures



OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct.

About this **report** 2-3, 2-4, 2-14

With this report, we establish a key means of communication for our stakeholders where we present our main actions and sustainability results. It shows the main achievements and challenges we have had in social, environmental, and corporate governance issues during the period between January 1 and December 31, 2021. The entities covered in the financial statements presented in the report are CI Banco, S.A. Institución de Banca Múltiple, Fideicomiso F/00939 and its subsidiaries. It is our intention to continue to produce reports on an annual basis.

We transitioned to an integrated reporting format, incorporating operational, financial, and sustainability content within a single publication. This was done for several reasons:

We believe that working on varied topics together fosters cooperation between Terrafina's different teams. This results in us being able to deliver messages that consider all perspectives of our strategy, which is especially relevant in light of the recent launch of our three-year strategic growth and development plan.

In addition, this report addresses different stakeholders, who increasingly require clear and reliable disclosure of ESG information, and how it correlates to the business's financial and operational information and performance. In this way, we are also aligning ourselves with global best practices in terms of reporting and transparency strategies.

Finally, due to the new strategy, we understand the synergies that exist between the implementation of ESG initiatives in the business and Terrafina's sustained growth going forward better than ever. It is our intention to demonstrate, through this new format:

- **what sustainability issues we want to address,**
- **the goals we want to achieve with respect to each of them, and,**
- **how we plan to get there.**

This without losing sight of how they strengthen the company in the face of new challenges and opportunities ahead.

> "We transitioned to an integrated reporting format, incorporating operational, financial, and sustainability content within a single publication."

This report has been prepared in accordance with the Comprehensive option of the GRI Standards.

We adhere to the GRI standards because we believe that they are still the international reference methodology for communicating ESG issues. It is important to mention that this year we continued to publish SASB and TCFD content, responding to the needs of our investors.

In defining the content, we have considered the principles of stakeholder inclusiveness (using the results of our **materiality analysis** as a guide and guideline for published content), sustainability context (presenting Terrafina's performance in the broader context of sustainability), materiality (focusing on our material topics) and completeness (explaining the scope of our material topics and their coverage).

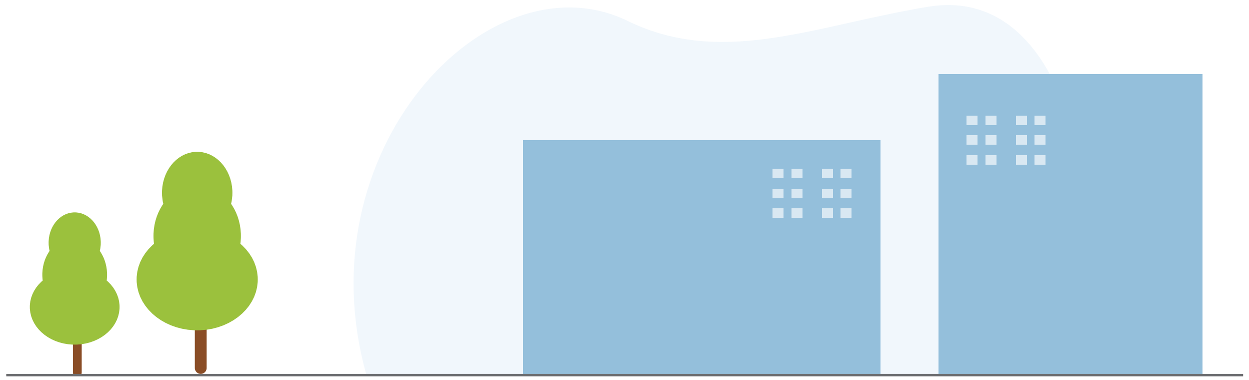
There were no restatements of the information compared to what we presented in our 2020 report (published in August 2021), nor changes to our list of material topics. The coverage of material topics has been expanded to incorporate our performance indicators, which now form a more robust strategy.

Also, starting in 2020 we organized the material issues within 6 pillars for their better management, these being:

1. **Transversal Axes**
   a. Anticorruption
   b. Ethics and Conduct
   c. Commitment and Transparency
   d. Resilience / Risk Management
   e. Management System
2. **Planet Pillar**
   a. Climate Change (Climate Strategy)
   b. Emissions
   c. Materials
   d. Water Efficiency
   e. Energy Efficiency
3. **Portfolio Pillar**
   a. Tenant satisfaction
   b. Occupational Health and Safety
   c. Sustainable Infrastructure (Design and remodeling of assets)
   d. Certifications and Accreditations
4. **Economy Pillar**
   a. Corporate Governance
   b. Presence and Positioning
5. **Talent Pillar**
   a. Health and well-being
   b. Labor Practices and Policies
   c. Supply Chain ESG Evaluation
6. **Community Pillar**
   a. Social Investment
   b. Human RIghts

This report has been reviewed by the areas responsible for the content of different topics, and finally approved by our ESG Committee.

For any questions or clarifications regarding this report, please contact our ESG manager at **esg@terrafina.mx**



GRI Content Index

GRI 2: General Disclosures 2021

Disclosure	Description	SDG Goals	UGNC Principles	Page(s)	Answer in table
1. The organization and its reporting practices					
2-1	Organizational details			5-6	Terrafina is not a family-owned company and is publicly traded on the Mexican Stock Exchange. No governmental institution owns more than 5% of the total voting rights.
2-2	Entities included in the organization's sustainability reporting			Answer in table	Entities included in the consolidated financial statements: CI Banco, S.A. Institución de Banca Múltiple, Fideicomiso F/00939 and subsidiaries. The report presents the Trust's activity.
2-3	Reporting period, frequency and contact point			115, 129	
2-4	Restatements of information			116	
2-5	External assurance		10	127	
2. Activities and workers					
2-6	Activities, value chain, and other business relationships			5-6	As part of the capital recycling program included in the 3-year Strategic Plan, Terrafina sold 930,500 square feet during 2021, corresponding to US$44.3 million. One million square feet of new properties and expansions were developed during the year.
2-7	Employees	8.5, 10.3		Answer in table	Our team is composed of 5 employees, three men and two women, all on permanent, full-time contracts; this composition was similar for 2018, 2019, and 2020, as well as this year (2021).
2-8	Workers who are not employees			98-100	
3. Governance					
2-9	Governance structure and composition	5.5, 16.7	1, 6, 7, 10	82	
2-10	Nomination and selection of the highest governance body	5.5, 16.7		83	
2-11	Chair of the highest governance body	16.6		83	
2-12	Role of the highest governance body in overseeing the management of impacts	16.7	1, 7	19, 34-36, 82-87	
2-13	Delegation of responsibility for managing impacts		1, 7, 10	45-47, 82-87	

Disclosure	Description	SDG Goals	UGNC Principles	Page(s)	Answer in table
2-14	Role of the highest governance body in sustainability reporting			115-116	
2-15	Conflicts of interest	16.6		88	
2-16	Communication of critical concerns	16.3		34-36	
2-17	Collective knowledge of the highest governance body			88	
2-18	Evaluation of the performance of the hightest governance body			84	
2-19	Remuneration policies			84, 87	The Technical Committee and CEO have ownership over 0.019% of CBFIs.
2-20	Process to determine remuneration			84, 87	
2-21	Annual total compensation ratio			Answer in table	Given that our internal structure is composed of only 5 people who have very differentiated jobs, we believe that this ratio is not significant. The rest of the functions are covered by the consulting contract with PGIM Real Estate.
4. Strategy, policies, and practices					
2-22	Statement on sustainable development strategy			2-3	
2-23	Policy commitments	16.3, 16.7	1, 2, 7, 10	2-3, 5, 19-25, 32-41, 45-47, 82-88	
2-24	Embedding policy commitments			18, 22-25, 28, 31-33, 37-47, 50-64, 88, 96, 106, 113-114	The mission and vision are approved by Terrafina's CEO. Likewise, the ESG Policy and Strategy.
2-25	Processes to remedite negative impacts		1, 7, 10	34-36	
2-26	Mechanisms for seeking advice and raising concerns		1, 3, 7, 10	32-33	
2-27	Compliance with laws and regulations			42-44	
2-28	Membership associations			18-19, 23-25, 36, 107, 110-112	Total spending on associations such as AMPIP, Amefibra, and others: $677,363.2 pesos
5. Stakeholder engagement					
2-29	Approach to stakeholder engagement			19-20, 34-36	
2-30	Collective bargaining agreements	8.8		Answer in table	We do not have any unionized employees at the moment, but we are open to implementing this structure when appropriate.

Disclosures by material topic

Material topic	GRI Standard	Disclosure	SDG Goals	UNGC Principles	Page(s)	Answer in table
Anticorruption	GRI 3-3: Management of material topics	3-3		1, 7, 10	28-31	
	GRI 205: Anticorruption	205-1	16.5	1, 7, 10	27-28, 30	
		205-2	16.5	10	27, 31	
		205-3	16.5	10	27	
Ethics and conduct	GRI 3-3: Management of material topics	3-3		1, 7, 10	32-33	
	GRI 206: Anti-competitive behavior	206-1			Answer in table	Terrafina has never had any controversy regarding competition issues.
Commitment and transparency (Stakeholder relations)	GRI 3-3: Management of material topics	3-3		1, 7, 10	34-36	
	GRI 415: Public Policy	415-1			Answer in table	We do not make contributions to political parties and/or representatives.
Resilience - Risk Management	GRI 3-3: Management of material topics	3-3		1, 7, 10	17	
	GRI 201: Economic Performance	201-1	8.1, 8.2, 9.1, 9.4, 9.5		17	
		201-2		7, 8, 9	37-44, 50-59	
	GRI 205: Anticorruption	205-1			27-28, 30	
	Construction and real estate sector section	CRE8			37, 74, 77	
Management System	GRI 3-3: Management of material topics	3-3		1, 7, 10	45-47	
Climate Change (Climate Strategy)	GRI 3-3: Management of material topics	3-3		1, 7, 10	50-61	
	GRI 201: Economic Performance	201-2		7, 8, 9	37, 39, 56	
Emissions	GRI 3-3: Management of material topics	3-3		1, 7, 10	62-63	
	GRI 305: Emissions	305-1	3.9, 12.4, 13.1, 14.3, 15.2	7, 8	62-63	
		305-2	3.9, 12.4, 13.1, 14.3, 15.2	7, 8	62-63	
		305-3	3.9, 12.4, 13.1, 14.3, 15.2	7, 8	62-63	
		305-4	13.1, 14.3, 15.2	7, 8	62-63	
		305-5	13.1, 14.3, 15.2	7, 8	62-63	

Material topic	GRI Standard	Disclosure	SDG Goals	UNGC Principles	Page(s)	Answer in table
Materials	GRI 3-3: Management of material topics	3-3		1, 7, 10	65	
	GRI 301: Materials	301-1			65	
		301-2			65	
Water consumption efficiency	GRI 3-3: Management of material topics	3-3		1, 7, 10	66	
	GRI 303: Water and Effluents	303-3	6.3, 6.4, 8.4, 12.2	7, 8, 9	66	
		303-4	6.3, 6.4, 8.4, 12.2	7, 8	66	
		303-5	6.3, 6.4, 8.4, 12.2	7, 8	66	
Energy efficiency	GRI 3-3: Management of material topics	3-3		1, 7, 10	67-68	
	GRI 302: Energy	302-1	7.2, 7.3, 8.4, 12.2, 13.1	7, 8, 9	67-68	
		302-2	7.2, 7.3, 8.4, 12.2, 13.1	7, 8	67-68	
		302-3	7.2, 7.3, 8.4, 12.2, 13.1	7, 8	67-68	
		302-4	7.2, 7.3, 8.4, 12.2, 13.1	7, 8	67-68	
Client satisfaction	GRI 3-3: Management of material topics	3-3		1, 7, 10	71-72	
Occupational Health and Safety (Tenants)	GRI 3-3: Management of material topics	3-3		1, 7, 10	73	
Sustainable Infrastructure	GRI 3-3: Management of material topics	3-3		1, 7, 10	74-79	
	Construction and real estate sector section	CRE8			37, 74, 77	
Corporate Governance	GRI 3-3: Management of material topics	3-3		1, 7, 10	82-89	
Presence and Positioning	GRI 3-3: Management of material topics	3-3		1, 7, 10	89-90	

Material topic	GRI Standard	Disclosure	SDG Goals	UNGC Principles	Page(s)	Answer in table
Collaborator Health and Well-being	GRI 3-3: Management of material topics	3-3		1, 7, 10	93-95	
	GRI 403: Occupational Health and Safety	403-1		3, 4, 5, 6	93-94	
		403-2		3, 4, 5, 6	93-94	
		403-3		3, 4, 5, 6	93-94	
		403-4		3, 4, 5, 6	Answer in table	Our collaborators currently do not participate in occupational health and safety consultation and communication.
		403-5		3, 4, 5, 6	96	
		403-6		3, 4, 5, 6	93-95	
		403-7		3, 4, 5, 6	95	
		403-8		3, 4, 5, 6	Answer in table	100% of our collaborators are covered by Terrafina's occupational health and safety management system.
		403-9	3.3, 3.9, 8.8	3, 4, 5, 6	94	
		403-10	3.3, 3.9, 8.8	3, 4, 5, 6	94	
	GRI 404: Training and Education	404-1			32, 93, 96	
	GRI 410: Security practices	410-1			Answer in table	Not carried out.

Material topic	GRI Standard	Disclosure	SDG Goals	UNGC Principles	Page(s)	Answer in table
Labor Practices and Policies	GRI 3-3: Management of material topics	3-3		1, 7, 10	96-97	
	GRI 401: Employment	401-1			Answer in table	During 2021 there were no employee hires or terminations, so there was no employee turnover.
		401-2	3.2, 5.4, 8.5		96	No distinction is made since all employees are full-time. Benefits are detailed in the Labor Practices and Policies chapter.
		401-3			Answer in table	There were no cases of parental leave during the year.
	GRI 402: Labor-management relations	402-1			Answer in table	We take our collaborators into consideration when we make significant operational changes that could significantly affect them. Depending on the nature of the change, we would give notice prior to the implementation of the change. The timing with which this notice is given varies according to the nature of the change.
	GRI 404: Training and Education	404-1			32, 93, 96	
		404-2	8.2,8.5		96	To date, we do not have transition assistance programs provided to facilitate continued employability and end-of-career management due to retirement or termination, as we have not encountered instances where such programs are required.
		404-3			97	
	GRI 405: Diversity and Equal Opportunity	405-1	5.1, 5.5, 8.5	1, 6	83, 85, 97	
		405-2		6	Answer in table	Given that our internal structure is composed of only 5 people who have very differentiated jobs, we believe that this ratio is not significant. The rest of the functions are covered by the consulting contract with PGIM.
	GRI 406: Non-Discrimination	406-1		3, 4, 5, 6	97	

Material topic	GRI Standard	Disclosure	SDG Goals	UNGC Principles	Page(s)	Answer in table
ESG Supply Chain Assessment	GRI 3-3: Management of material topics	3-3		1, 7, 10	98-103	
	GRI 204: Acquisition Practices	204-1			100	The definitions for "local" and "significant operations" both refer to the state of Mexico where the industrial building is located.
	GRI 308: Supplier environmental assessment	308-1			34, 98-100, 103	
	GRI 314: Supplier social assessment	414-1			34, 98-100, 103	
Social Investment/ Community Programs	GRI 3-3: Management of material topics	3-3		1, 7, 10	106-112	
	GRI 413: Local Communities	413-1			106-112	
		413-2	1.4, 2.3		Answer in table	We have no evidence nor have we been notified of significant negative impacts on local communities.
	GRI 419: Socioeconomic Compliance	419-1			Answer in table	See answers contained in 411-1 and 413-2. There have been no reports, findings or evidence of non-compliance with laws and regulations in the social and economic fields applicable to Terrafina.
Human Rights	GRI 3-3: Management of material topics	3-3		1, 7, 10	113-114	
	GRI 410: Security Practices	410-1			Answer in table	Not carried out.
	GRI 411: Rights of indigenous peoples	411-1	2.3		Answer in table	No cases of violation of the rights of indigenous peoples have been reported or detected.
	GRI 412: Human Rights evaluation	412-1			113-114	
		412-2			113-114	

SASB Report

The Sustainable Accounting Standards Board (SASB) is an independent, non-profit organization that establishes standards to guide the disclosure of sustainability information that is financially relevant (material) to investors. SASB identifies those environmental, social, and corporate governance (ESG) issues that are most relevant to 77 sectors and industries. For the FIBRA sector, the most relevant ESG indicators are the following:

Our SASB indicators

Code	Metric	Description
Activity metrics		
IF-RE-000.A	Number of properties, by real estate subsector	Terrafina's portfolio consists of 278 properties (273 developed and 5 land reserves).
IF-RE-000.B	Leasable land area, by real estate subsector	In total, we manage 38.6 million square feet of Gross Leasable Area (GLA). We primarily offer industrial space for light manufacturing, logistics, and distribution to multinational tenants.
IF-RE-000.C	Percentage of indirectly managed properties, by real estate sub-sector	The percentage of industrial properties managed indirectly is 100%.
IF-RE-000.D	Average occupancy rate, by real estate subsector	Terrafina has an occupancy rate of 94.9%
Energy management		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total surface area, by real estate subsector	By 2021, Terrafina's electricity consumption data coverage percentage rose from 42.8% (2020 report) to 63.9%.
IF-RE-130a.2	1) Total energy consumed by portfolio area with data coverage, 2) percentage of grid electricity, and 3) percentage of renewables, by real estate subsector	1) Total energy was 560,003,403 kWh, 2) The National Energy Control Center (CENACE) reported that, of the total energy generated by the CFE network that supplies energy to our portfolio, 24.9% corresponds to renewable energy and 3) As of 2021, 1% GLA (2 properties) with renewable energy.
IF-RE-130a.3	Percentage change in like-for-like energy consumption of the portfolio area with data coverage, by real estate sub-sector	The like-for-like data reported for electricity consumption for Terrafina in 2021 was 75 properties (11,363,999 sqft) representing 29.5% of the GLA. The electricity consumption intensity was 27.8 (kWh/sqft). This represents an increase of 4.2% over the 2020 data.
IF-RE-130a.4	Percentage of the qualified portfolio that 1) has an energy qualification	1) 10% of Terrafina's portfolio (3,913,257.00 square feet) is certified with energy distinctions (23 ARC Skoru-certified properties and 2 LEED-certified properties).
IF-RE-130a.5	Description of how building energy management considerations are integrated into real estate investment analysis and operational strategy	Terrafina's energy strategy is part of our sustainability strategy. It consists of working with each of the properties in a specific "Asset Work Plan" that includes various actions to increase energy efficiency and reduce fossil energy consumption. These include cool roofs, more efficient air conditioning equipment, among others. Terrafina also has a certification strategy for new constructions and in operation, for efficient water use, energy consumption, and waste management of all its properties. See chapters on **Energy Efficiency**, and **Certifications and Accreditations**.

Code	Metric	Description
Efficiency in water consumption		
IF-RE-140a.1	Water use data coverage, expressed as a percentage, of 1) total usable area and 2) usable area in regions where initial high or extremely high-water stress occurs, by real estate subsector	By 2021, the percentage of total water use data coverage rose from 39.2% (2020) to 53.1% (2021). According to the climate risk study, 72% of Terrafina's properties are located within high risk water stress areas. See **Climate Change (TCFD) chapter.**
IF-RE-140a.3	Similar percentage change in water use for the portfolio area with data coverage, by real estate sub-sector	The comparable data reported for water use considered 36 properties (7,457,230 sqft) representing 19.3% of the GLA. The water use intensity for 2021 was 0.088 m^3/sqft. This represents an increase of 3.52% over the 2020 data.
IF-RE-140a.4	Description of water management risks and analysis of strategies and practices to mitigate them	We constantly work with property managers to measure consumption, identify water leaks, and develop water saving strategies like installing water saving faucets, treatment plants, having green areas with endemic plants that require little irrigation, among others. See **Efficiency in water consumption**.
Tenant impact management		
IF-RE-410a.1	1) Percentage of new leases containing a cost recovery clause for structural improvements related to resource efficiency and 2) related leased useful leased area, by real estate subsector	By 2021, 32.6% of all tenant leases include a green lease clause.
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for 1) grid electricity consumption and 2) water withdrawal, by real estate subsector	81% of Terrafina's tenants (single tenants) have separate water and energy meters.
IF-RE-410a.3	Description of measures taken to measure, incentivize, and improve tenant sustainability impacts.	At Terrafina, we are working with our tenants to make our electricity consumption more efficient, reducing our emissions by 20%, our energy intensity by 20%, and our water intensity by 20% by 2030. Among the actions implemented are: sustainable clauses in contract language; letters to promote data collection; satisfaction survey with ESG contents; constant communication, training and counseling with property managers to achieve greater efficiency in the use of resources and promote it with tenants; we share sustainability recommendations "tenant tips"; the sustainability operating standards guide (SSOG); and we promote ARC Skoru and LEED O+M certifications, aligning policies, improvements in efficient processes; and we provide feedback on the operation according to the report results of performance certificates and audits.

Code	Metric	Description
Adaptation to climate change		
IF-RE-450a.1	Surface area of properties located in 100-year flood zones, by real estate subsector	15 properties are in high risk flood zones representing 23.8% of the portfolio's GLA.
IF-RE-450a.2	Description of the climate change risk exposure analysis, degree of systematic exposure of the portfolio and strategies to mitigate the risks	In Terrafina we conducted an analysis of the main risks to which our properties are exposed, and according to the results, we have developed strategies to adapt to climate change such as actions to improve structural elements of the buildings, adapt the roofing system to minimize damage, among others see Climate Change (TCFD). By 2021, the number of properties detected with major physical risks from climate change were: • 72% of our properties (197 of 273) are located in areas at high risk of water stress • 68% of our properties (186 out of 273) are in areas with a high risk of heat waves • 67% of our properties (185 of 273) are in areas with medium risk of fires • 24% of our properties (65 of 273) are in zones with medium risk of hurricanes and weather events

Verification Letter

MADRID - A CORUÑA
AMSTERDAM – LONDON – PARIS - ISTANBUL
MEXICO CITY – PANAMA CITY – GUATEMALA CITY – QUITO

Independent Review Report to the Management of "Fideicomiso Irrevocable número F/00854".
(Translation from Spanish Language Original). This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

To the Management of "Fideicomiso Irrevocable número F/00854" (hereinafter "Terrafina")

As per your request, we were required to provide a limited level of assurance about the information content on the 2021 Sustainability Report (hereinafter "Sustainability Report") of Terrafina, for the period January 1 to December 31, 2021.

The "Sustainability Report" has been prepared in accordance with the contents proposed in the Global Reporting Initiative (GRI) Standards, the Construction and Real Estate Sector Supplement of the GRI Guide version G4 and the accounting parameters of the Sustainability Accounting Standards Board (SASB) for the Real Estate Industry.

Terrafina responsibilities

The Management of Terrafina was responsible for the preparation, content and presentation of the "Sustainability Report", including compliance with the requirements of the GRI and SASB Standards.

This responsibility includes designing, implementing and maintaining such internal control that is considered necessary to enable the information contained in the "Sustainability Report" is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility was to carry out an Independent Limited Review on the content of the "Sustainability Report" regarding the revised contents enlisted in the Annex 1, of the GRI Standards, the contents Construction and Real Estate Sector Supplement of the GRI Guide version G4 and the SASB accounting parameters for the Real Estate Industry.

To ensure that the assurance process accomplishes with the ethical requirements necessary to ensure the independence of our work as auditors of non-financial information, our work was carried out in accordance with the Standard ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the *International Auditing and Assurance Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*.

Scope

The scope of our Independent Review, as well as the evidence gathering procedures performed was of limited assurance level, which is less than the one performed in an engagement with a reasonable assurance level and therefore also the security level provided. This report must not be understood as an audit report.

The procedures that were carried out, in general, are described below:

- Selection of information to review based on the materiality and prior knowledge of the company.
- Interviews with employees responsible for providing the information contained in the Report to learn the principles, systems and applied management approaches.
- Review of data collection, internal control and consolidation processes.
- Review of the scope, relevance and integrity of the information included in the Report based on the operations and the material aspects identified.
- Review of evidence based on a sampling of information according to a risk analysis.
- Review of the application of what is required in accordance with the GRI Standards, the GRI Guide version G4 and the SASB accounting parameters.

Conclusion

Based on our review and the evidence obtained by Terrafina nothing caught our attention that causes us to believe that the information contained in the 2021 Sustainability Report of Terrafina has not been obtained with reliability, was not presented properly, or that there were significant discrepancies or omissions, or that has not been prepared in accordance with the requirements established in the GRI Standards, the GRI Sector Supplement and the SASB accounting parameters.

Luis Miguel Vilatela Riba
Director. Valora Sostenibilidad e Innovación S.A. de C.V.
México City, 08th July 2022

1

Verification Letter

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Annex 1.

Detail of the GRI Standards, the contents of the Sector Supplement to the GRI Guide version G4 and SASB Standards revised:

GRI Standards	
General Disclosures	
Disclosure	**Description**
2-7	Information on employees and other workers
2-12	Mechanisms for advice and concerns about ethics
2-13	Governance structure
2-15	Conflicts of interest
2-23	Policy commitments
Economic	
201-1	Direct economic value generated and distributed
205-2	Communication and training about anti-corruption policies and procedures
Environmental	
302-1	Energy consumption within the organization
302-2	Energy consumption outside of the organization
302-3	Energy intensity
302-4	Reduction of energy consumption
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
Social	
403-9	Work-related injuries
403-10	Work-related ill health
405-1	Diversity of governance bodies and employees
413-1	Operations with local community engagement, impact assessments, and development programs

Construction and Real Estate Sector Supplement of the GRI Guide version G4	
Content	**Description**
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment

SASB accounting parameters - Real Estate Industry	
Code	**Accounting metrics**
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving Sustainability impacts of tenants
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks

End of document.

Contact 2-3

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