10 YEARS CREATING **SUSTAINABLE VALUE**

2022 INTEGRATED ANNUAL REPORT

TERRAFINA 10

Index

Message from **the CEO**

2-22, 2-23, 2-24

"We highlight the completion of our three-year growth plan, announced in 2021".

In 2022, Terrafina celebrated 10 years as one of the leading industrial FIBRAs in the Mexican market. During this time, we have consolidated our path by building an industrial portfolio comprised of multinational tenants. This has been possible thanks to our continuous efforts in property development and expansion, as well as asset acquisitions in primary markets.

We are convinced of Mexico's strategic position. As a country, we have all the elements to attract investment from multinational companies, including the supply of highly skilled labor. We have recently witnessed companies moving their operations to Mexico to strengthen the viability of their production directed for the North American market. We believe this trend, known as near-shoring, will continue to drive the industrial real estate sector's growth in coming years.

We highlight the completion of our three-year growth plan, announced in 2021, as one of our key achievements for this first decade. It was executed earlier than expected given record-setting demand for industrial spaces. Therefore, together with our advisor PGIM Real Estate, we decided to structure a new vehicle aligned with this positive trend we are seeing in the industrial market. We announced our new facility or Sidecar in early 2023, based on a partnership with an international pension fund focused on the acquisition, development, leasing, and management of industrial assets located in strategic markets, primarily in the northern region of Mexico. The initial capital committed by the partners will be US$200 million, which translates into up to US$450 million of new investments, including asset-level debt. Among this vehicle's most important features is the non-dilution to investors, as everything will be financed with cash flow generation from Terrafina's internal operations. This financial discipline will allow us to continue growing in an orderly way by selecting stabilized portfolios that have the operational, financial, and sustainability characteristics we have defined.

"We updated our sustainable certification KPI goal from our previously published target to increase the percentage of certified portfolio area from 15% to 27% by 2030".

Speaking of sustainability, it is very important to emphasize that our efforts in this area are driven by conviction. We believe that individual action has an impact on overall results and that we at Terrafina are in a privileged position to positively impact our stakeholders and hence, the industrial sector. We seek to permeate a culture of sustainability extending from our team members all the way across the value chain. We want to jointly achieve the optimization of our actions, which is why we began updating our materiality analysis in 2022, completed in early 2023. This assessment's results are found in this report. As always, we intend for this effort to help us focus our resources on the issues that have the greatest impact on our stakeholders.

We want to maintain ambitious targets that point us in the right direction. For this reason, we updated our sustainable certification KPI goal from our previously published target to increase the percentage of certified portfolio area from 15% to 27% by 2030. We also continued to work on making our properties more resilient. Much of this effort is reflected in the results we have already achieved. We also know there is much more to come, and are very proud of the tenants who have joined us in this effort to optimize our initiatives.

Another pillar we continue to focus on is corporate governance. Our structure's strength was recognized in S&P's 2022 ESG Evaluation. Our recently created ESG Committee strengthens our governance and allows us to ensure that we pursue best practices throughout our sustainability strategy.

Going forward, we want to continue to be one of the most important industrial FIBRAs in the country. We are convinced that, together with our different stakeholders, we will go further. In the next 10 years we expect to keep generating value for everyone, while leveraging the fundamentals of the industry in which we operate to grow even more. Thank you for your support and trust.

Yours sincerely,

Ing. Alberto Chretin
Chief Executive Officer and Chairman of the Technical Committee

10 YEARS

creating **sustainable value**

Key milestones that have driven and supported our growth story.

2003

PGIM

- PGIM creates two industrial funds

2011

- PGIM reaches 19.9 million sqft in industrial assets

2013

TERRAFINA

- US$716M initial public offering
- US$500M revolving credit line
- 11 million sqft acquisition

2014

- ~ US$460M equity issuance

2015

- ~ US$101M asset recycling strategy
- US$425M bond issuance
- US$375M unsecured revolving credit line
- 1.1 million sqft acquisition

2016

- ~ US$150M refinancing

2017

- ~ US$500M refinancing
- ~ US$317M equity issuance
- 10 million sqft acquisition

2018

- ~ US$300M refinancing
- 0.3 million sqft acquisition

2019

- Liability management: ~ US$336M takeover bid and US$500M bond issuance
- Sustainability assessment and benchmarking
- First materiality analysis

2020

- US$127M asset sale. Resources used to repay debt and finance growth through expansions / BTS
- Creation of Terrafina's ESG team: governance, policies, materials, publication of first sustainability report
- Became UN Global Compact Signatory and participated in CSA (S&P Global) for the first time
- Established ESG KPIs and objectives aligned with the overall business strategy

2021

- One million square feet of new developments, equivalent to a US$72M investment
- 930,500 sqft sale for US$44.3 million
- Published first integrated annual report, including SASB indicators and climate change risk analysis aligned with TCFD recommendations
- New sustainable credit line for a total of US$485 million

sqft: square feet

2022

735,945 square feet
certified under LEED standards

1st S&P ESG Evaluation
65 points, above LatAm average (53 pts)

6th consecutive year
participating in GRESB

Inclusion
in S&P/BMV Total Mexico ESG Index

99.1%
Year-end renewal rate

Industry Mover and S&P 2022 Sustainability Yearbook Member
Recognition

+800,000 square feet
development of 3 Class A industrial properties in Ciudad Juárez and Apodaca

US$150M
committed as part of three-year growth plan.
Will add US$12.5M in operating revenues

2023

- Creation of new financing vehicle (Sidecar) with initial committed capital of ~US$450M to continue growth plans.

About **Terrafina**

2-1, 2-6

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

In 2022 we celebrate 10 years in operation as an investment vehicle listed on the Mexican stock market. We are internally managed by qualified specialists who have experience with the operational and financial aspects of the market our portfolio operates in. 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. It puts our success and resilience on track going forward.

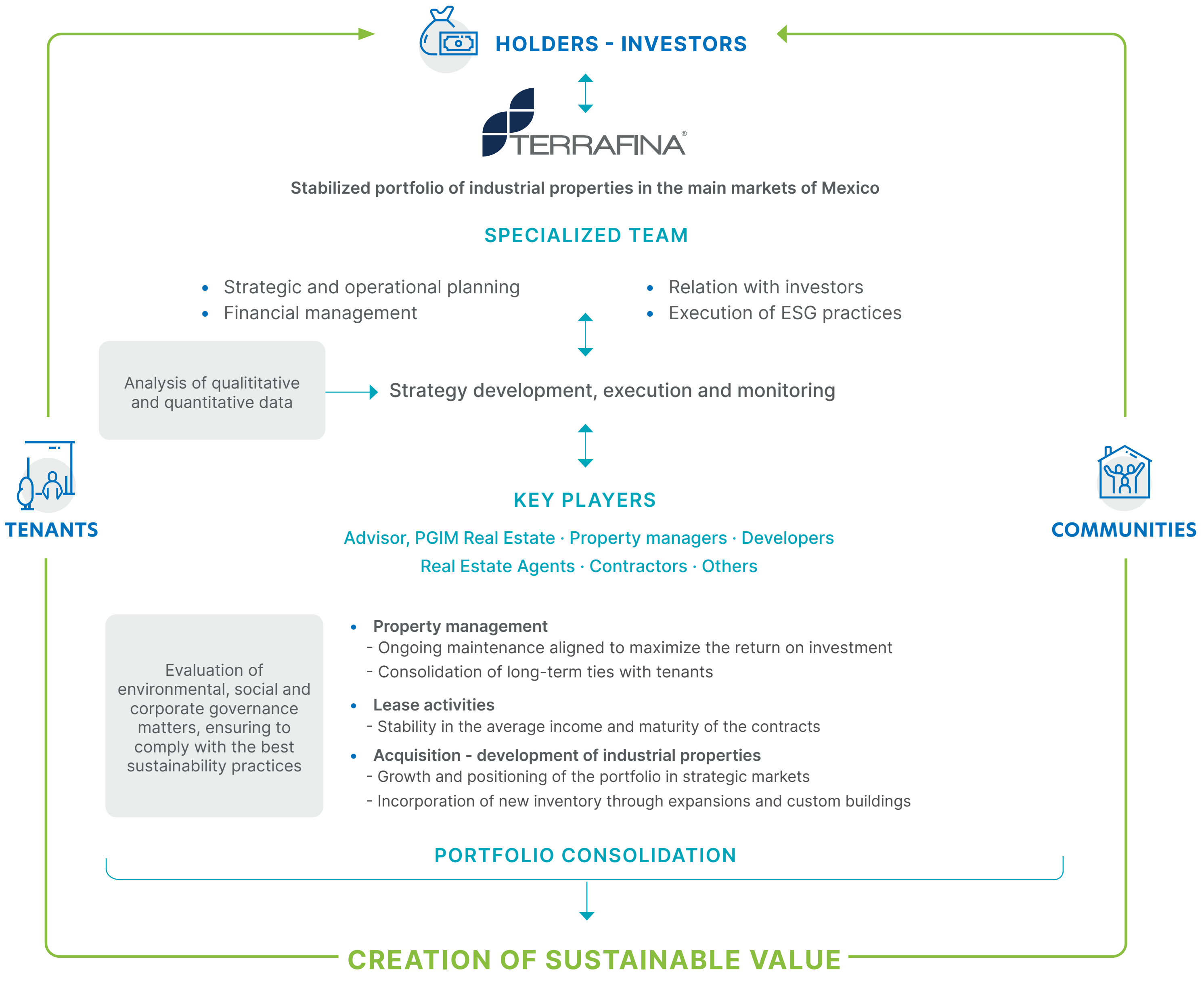
We are primarily dedicated to providing industrial space for light manufacturing, logistics, and distribution to multinational tenants, who look to us for our portfolio's quality (mostly Class-A) and presence in key regions. While driving Terrafina's growth, we promote the development of industrial activity in the country, and the transition towards the best sustainability practices of the industry in which we participate.

How do we create sustainable value?

Our portfolio*

- **276** developed properties (39.4 million sqft GLA)
- **4** land reserves (4.6 million sqft)
- **~97%** of rents in dollars and triple-net contracts
- Average rent of **US$6.47** for contracts closed in 4Q22
- **14** years, average asset age
- **96.4%** average occupancy rate at the end of 2022
- **1.8 million** sqft committed to new developments

*As of December 31st, 2022. GLA: Gross Leasable Area.



Business strategy

2-23

OUR VALUES

Passion

Innovation

Trust

Resilience

Teamwork

Conviction

OUR OBJECTIVE

To offer the best industrial properties in each of the markets where we are present to achieve the best operating and financial results that maximize the portfolio's economic value by actively working with our stakeholders.

OUR BUSINESS

We focus on the main regions of Mexico, facilitating leasing space that will drive the success of our multinational tenants' operations. Primarily those focused on manufacturing for export, whose activities are a key driver of economic growth.

Our core business

Financial

Financial discipline to maintain a balanced capital structure by making the correct use of debt and raising capital when the company's valuation is in the right condition.

Properties and Markets

Focused on maintaining and adding properties under the best operating conditions to the portfolio. These are aligned with the best use of continuous resource use measurement technologies to mitigate their climate impact.

People and relationships

The relationships we have with our tenants, communities and other stakeholders motivate us to implement appropriate actions to increase the scope of our objectives as a company committed to collective welfare.

Our main activities

Asset Management

To build long-term relationships with our tenants by understanding their business needs, as well as those of their customers, to provide the industrial space and services necessary to support their operations' growth in a timely manner. Through these functions, we generate a steady and growing stream of rental income over the long term.

Acquisitions

Actively participate in the purchase of stabilized assets that contribute to the generation of income and have additional characteristics for a potential increase in their economic value through higher rents and expansions of our clients' businesses.

Development

Providing construction of new square footage for existing tenant expansions to built-to-suit projects using existing land with a sustainable approach. This, knowing the environmental and social impact that allows us to create long-term value for tenants and our business.

Our presence and properties

2-1, 2-6

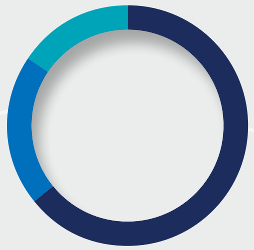
In 2022, we announced the construction of three industrial properties totaling 800,000 square feet as part of our 2021-2023 growth strategy. The first project comprises two built-to-suit buildings in Ciudad Juárez totaling 650,000 square feet. The second project consists of a 150,000 square foot building located in the Apodaca market. These developments will require a total investment of approximately US$50 million and are estimated to generate US$4.5 million in annualized Net Operating Income (NOI).

> "We aim to have a leading presence in primary markets and key industries with solid, long-term operations".

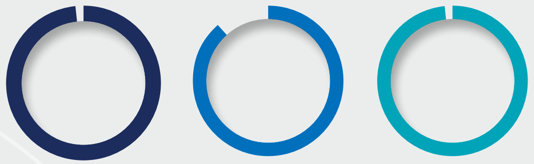
Properties by region

(as of December 31st, 2022)

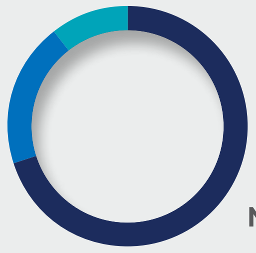
% Gross Leasable Area (GLA)



% Occupancy



Number of properties



Breakdown of million sqft and % GLA per state

1. **Baja California** 1.18 msf / 3.0% GLA
2. **Sonora** 0.33 msf / 0.8% GLA
3. **Chihuahua** 14.93 msf / 37.8% GLA
4. **Coahuila** 6.20 msf / 15.7% GLA
5. **Nuevo León** 1.86 msf / 4.7% GLA
6. **Tamaulipas** 0.47 msf / 1.2% GLA
7. **Durango** 0.31 msf / 0.8% GLA
8. **San Luis Potosí** 3.32 msf / 8.4% GLA
9. **Jalisco** 1.65 msf / 4.2% GLA
10. **Aguascalientes** 0.06 msf / 0.2% GLA
11. **Guanajuato** 1.57 msf / 4.0% GLA
12. **Querétaro** 1.44 msf / 3.7% GLA
13. **State of Mexico** 5.39 msf / 13.7% GLA
14. **Mexico City** 0.02 msf / 0.1% GLA
15. **Tabasco** 0.65 msf / 1.7% GLA

Total Gross Leasable Area in millions of square feet. Does not include potential rentable area of land reserves
Source: PREI *Portfolio Management*

Diversification in major industrial markets

North
- Manufacturing and logistics
- Destination of exports to the US

Bajío
- Combination of manufacturing and logistics facilities
- High concentration of automotive exports

Central
- Predominantly logistics and 3PL facilities[1]
- High entry barriers / land scarcity

Largest tenants by GLA %

Top 10 clients account for less than 20% of total GLA and revenue

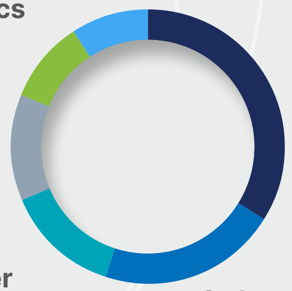
GLA	3.8%	3.6%	1.8%	1.8%	1.6%	1.6%	1.3%	1.2%	1.2%	1.1%
Industry	Aerospace	Logistics	Industrial Goods	Aerospace	Auto Parts	Auto Parts	Auto Parts	Non-Durable Consumer Goods	Industrial Goods	Industrial Goods
Years in Portfolio	17	16	15	22	8	22	17	13	23	9

Tenant base breakdown by sector (% GLA)

Automotive electric/hybrid
Our tenants are prepared to support the evolving electric/hybrid trend by manufacturing various parts for electric and hybrid cars.

Aerospace
Mexico is a prime location for the aerospace sector, bolstered by a highly skilled workforce. Our tenants participate in the supply chains of the world's leading aerospace companies.

E-commerce
We develop logistics space for clients seeking to integrate e-commerce operations with comprehensive distribution services.



1. 3PL, *Third-party Logistics*

Our approach to sustainability

At Terrafina we are convinced that it is important to continue driving economic growth and promoting the development of the country's industrial activity, while maintaining a strong commitment to sustainability.

It is therefore crucial for us to continue seeking to apply the best sustainability practices of the industry in which we participate within our operations, to be leaders in sustainability and make a positive contribution to the environment and society.

Our purpose at Terrafina is to create sustainable value through effective ESG risk management, while maximizing opportunities to create long-term value.

> "Our main objective is to focus on environmental, social, and governance (ESG) issues that are relevant to our business model as an industrial real estate company, while integrating our stakeholders' interests and needs".

ESG materiality

2-29, 3-1, 3-2

At Terrafina we updated our materiality analysis during 2022.

To develop a robust sustainability strategy, we carried out our first materiality analysis in 2019, which we updated during 2022. This relaunch was aligned with the best practice of **reviewing the company's materiality every two to three years.** We conducted this assessment to monitor how the most important topics for Terrafina's strategy and our stakeholders have evolved, while ensuring these topics were still in line with global and sector standards (including: GRI, SASB, GRESB, and TCFD). We also **based our approach on the dual perspective of materiality, considering financial materiality as well as environmental and social materiality. In doing so, our view of sustainability considers both the impact the company has on ESG aspects, as well as the impact of ESG factors on the company.** We based Terrafina's ESG strategy on these material topics, and it includes both the setting of objectives, targets, and indicators, and implementing various related initiatives.

During this assessment's process, we reviewed the list of **potentially material factors for the organization** and synthesized some of the concepts to propose clear approaches across all three axes of ESG: environmental, social and governance. We shared a survey with our different stakeholders: internal (Technical Committee, managers, and team members) and external (holders and analysts, external advisor, property managers, suppliers, community and CSOs, tenants, authorities and regulators, industry associations and academia), to identify the relevance of ESG aspects for our business. We validated and reviewed the results to visualize different issues' materiality in this new matrix. We then held meetings with Terrafina's key managers and members of the Technical Committee, and the new materiality was presented and approved in an extraordinary session by the ESG Committee. Going forward, we will be developing new metrics to measure progress and our performance on these new material topics.

Materiality matrix

General topics

- 5 Human rights
- 10 Community engagement (including social investment)
- 14 Diversity and inclusion

Emerging topics

- 11 Resilience and risk management
- 21 Community health and safety
- 22 Tenant health and safety (including well-being)
- 18 Biodiversity impact
- 23 Data security/cybersecurity
- 20 Grievance/complaint mechanisms

Material topics

- 1 Business ethics
- 9 Corporate governance
- 4 Sustainable buildings
- 12 Employee health and safety
- 6 Energy efficiency
- 8 Water and wastewater management
- 17 Legal and regulatory environment management
- 7 GHG emissions
- 3 Sustainability management with tenants
- 2 Sustainable supply chain

Urgent topics

- 16 Waste management
- 15 On-site renewable energy
- 13 Tenant satisfaction
- 19 Climate change impacts (including physical, transitional)

MATERIAL TOPIC	VALUE GENERATION	SECTOR TRENDS	GRI	SASB	GRESB
1. Business ethics That we act under the highest ethical business standards.	→ Corporate governance → Compliance and transparency → Anti-corruption	• Sustainable investment growth • Growth in pension capital flows	**2** / General Disclosures (2-15, 2-23, 2-24) **3** / Material topics **201** / Economic performance 2016 **205** / Anti-corruption **206** / Unfair competition	Business Ethics: indirectly material for Real Estate Services sector. – Transparent reporting and conflict of interest management	• ESG policies • Incident management
2. Corporate governance That we follow the highest standards of corporate governance.	→ Corporate governance → Financial contribution → Development plan → Tenant experience	• Sustainable investment growth • Growth in pension capital flows	**2** / General Disclosures (2-9 to 2-23) **3** / Material topics **415** / Public policy	Not material for SASB in the Real Estate or Real Estate Services sectors.	• ESG commitments and objectives • ESG policies • Risk Management
3. Sustainable buildings That we have the best corporate governance practices for decision making and how we operate the company.	→ Green buildings → Climate resilience → Properties' scale and occupancy → Development plan → Tenant experience → Resource efficiency	• Sustainable investment growth • Growth in the flow of funds from pension funds • Urbanization • Social and demographic	**3** / Material topics **301** / Materials **302** / Energy **303** / Water and effluents **304** / Biodiversity **CRE8** / Certifications	Design and product lifecycle management: material for Real Estate and Real Estate Services sectors.	• Risk Management • Risk assessment • Communities • Energy consumption • Water use • GHG emissions • Construction certifications • ESG requirements • Materials
4. Team members' health and safety That we seek to provide a workplace that protects our team members' health and well-being.	→ Health and safety → Diversity and inclusion → Team members' commitment	• Work-life balance • Improved benefits and working conditions • Demographic inclusion	**3** / Material topics **401** / Employment **403** / Occupational health and safety **404** / Training and education **405** / Diversity and equal opportunity **406** / Non-Discrimination	Not material for SASB in the Real Estate Industry and Real Estate Services sectors.	• Team members • Health, safety, and well-being
5. Energy efficiency That we promote responsible energy consumption practices in all our operations.	→ Green buildings → Resource efficiency	• Climate change • Technological change	**3** / Material topics **302** /Energy	Energy management: material for Real Estate Industry and Real Estate Services sectors.	• Risk assessment • Energy consumption • Data verification • Energy

● 2019 Material Topics
● 2022 New Material Topics

MATERIAL TOPIC	VALUE GENERATION	SECTOR TRENDS	GRI	SASB	GRESB
6. Water and wastewater management That we measure and manage water use and waste in our operation.	→ Green buildings → Climate resilience → Resource efficiency	• Climate change • Technological change	**3** / Material topics **303** / Water and effluents **306** / Waste	Water and wastewater management: material for Real Estate sector.	• Risk assessment • Water use • Data verification • Water conservation
7. Legal and regulatory environment management That we adhere to best practice in legal and regulatory matters.	→ Corporate governance → Development plan	• Climate change	**2** / General Disclosures (2-1) **3** / Material topics **207** / Tax	Not material for SASB in the Real Estate and Real Estate Services sectors.	• ESG policies
8. GHG Emissions That we seek to minimize emissions from all our processes.	→ Green buildings → Climate resilience → Resource efficiency	• Climate change • Technological change	**3** / Material topics **305** / Emissions	Not material for SASB in the Real Estate and Real Estate Services sectors.	• Targets • GHG emissions • Data verification
9. Sustainability management with tenants Sustainability is effectively managed with tenants.	→ Community and supply chain partnerships → Green buildings → Development plan → Tenant experience → Resource efficiency	• Climate change • Technological change	**3** / Material topics **302** / Energy **303** / Water and effluents **304** / Biodiversity **305** / Emissions	Management of Tenant Sustainability Impacts: material for SASB in the Real Estate sector.	• Tenants
10. Sustainable supply chain That we have a responsible and sustainable supply chain.	→ Community and supply chain partnerships → Financial contribution → Development plan → Resource efficiency	• Climate change • Technological change	**3** / Material topics **204** / Procurement practices **308** / Supplier environmental assessment **413** / Local communities **414** / Supplier social assessment **419** / Socioeconomic compliance	Not material for SASB in the Real Estate and Real Estate Services sectors.	• Suppliers • Supply chain

● 2019 Material Topics
● 2022 New Material Topics

Our stakeholders

2-29

Commitment and transparency

2-12, 2-16, 2-25, 2-29

TERRA SE (Stakeholder Engagement) is a stakeholder engagement process based on the AA1000SES, in which we set out how we identify, select, and engage with our key stakeholders.

We also define the engagement process for identifying, understanding, and responding to sustainability concerns and potential issues. **We create value through our partners' and stakeholders' engagement.**

At Terrafina, developing and maintaining long-term relationships with our stakeholders is fundamental. We continually analyze whether our communication channels are robust enough to build trust and engagement with all of them. During 2022, we continued to conduct quarterly investor and analyst perception studies.

The consultation processes are delegated to the ESG team in conjunction with others that have closer contact with our different stakeholders. This process is carried out under the supervision of the highest governance body, the Technical Committee, which approves ESG initiatives at ESG Committee meetings.

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

The following table shows our relationship with our stakeholders, focused on addressing key issues for each of them and offering them different channels through which they can communicate with Terrafina:

STAKEHOLDER GROUP	VALUE PROPOSITION	COMMUNICATION CHANNELS	KEY ISSUES AND 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 • Press releases • Sustainability report • Investor forums • Website • Mailings or calls with management team • Perception studies • Certifications and accreditations	• Company's financial position • Growth of operations • Portfolio quality • Composition of the Technical Committee and corporate governance structure • Corporate governance structure and operation • Alignment of interests • Holder rights • Succession planning • Incorporation of ESG criteria in portfolio selection
Tenants	• Knowing and understanding tenants' needs and interests • Maintain or increase satisfaction and retention levels by receiving feedback on improvements and responding to concerns and requests in an optimal manner • Optimize operational efficiency, clause negotiations, and contract renewals, where applicable • Propose sustainable initiatives to achieve common goals (certifications, regulation, resilience, community)	• Follow-up by property managers (visits, meetings, calls) • Follow-up by PGIM Real Estate's Asset Management, Portfolio Management, and ESG teams • Satisfaction survey (Kingsley) • Annual review of ESG criteria • List of third parties (maintenance suppliers, risk, assessment, etc.) • Sustainability Report • Sustainable building certification process and collection of environmental and social information • Sustainability campaigns and training • Participation in sector events • Visits to the properties	• Efficient and environmentally friendly real estate solutions • Collection of environmental and carbon footprint data (energy, waste, water) • Social programs in common

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

Continues →

STAKEHOLDER GROUP	VALUE PROPOSITION	COMMUNICATION CHANNELS	KEY ISSUES AND CONCERNS
Partners	• To promote our team members' motivation, satisfaction, and performance • To uphold employee engagement, teamwork, and leadership • To know and understand our team members' concerns and preferences to promote a better work environment, including work-life balance, fair compensation, and personal and professional growth	• Continuous communication through e-mails, calls, virtual and face-to-face meetings, among others • Satisfaction survey • Performance evaluation • Participation in events (forums and training) • Reporting company results • Annual report and monthly ESG newsletter • Ethics whistleblower hotline • Ongoing training	• Business results, including ESG topics • Personal and professional growth and development • Occupational health and safety at work • Relationship with other stakeholders
Suppliers, PGIM Real Estate	• Strengthen professional partnerships to improve service quality • Monitor supplier performance • Implementing ESG solutions for clients • Driving growth by supporting stakeholder needs • Preventing and mitigating real estate risks	With Suppliers • Selection and contracting processes • ESG supplier assessment • Ongoing operational meetings • Annual quality assessments • Annual training • Ethical hotline With PGIM Real Estate • Coordination meetings • Quarterly meetings of the Technical Committee • Internal performance documents • Ethics whistleblower hotline	With All • ESG topics • Business ethics • Procurement standards for products and services With Suppliers • Financial stability • Business performance With PGIM • Operational efficiency • Portfolio quality and strength
Communities and CSOs	• Assess socio-economic impacts and needs • Promote better quality of life, health, and safety • Enhance and exchange knowledge, skills, and experience • Partnerships for common goals	• Participation in sector forums • Social assessments • Collaboration with Civil Society Organizations (CSOs) • Consultation and interaction during social project development	• Promotion and implementation of social projects • Generating employment opportunities

Continues

STAKEHOLDER GROUP	VALUE PROPOSITION	COMMUNICATION CHANNELS	KEY ISSUES AND CONCERNS
Authorities	• Complying with regulation • Moving towards a common global agenda	• Meetings with authorities (by requirement or by project) • Other consultations • Participation in sector forums	• Legal compliance with federal, state, and municipal regulations in operations • Compliance with tax obligations • Regulatory changes • Fulfilment of obligations as a public company
Industry associations, academia	• Active, transparent, and credible participation to solve common goals • Sharing best practices for continuous improvement in ESG	• Participation in industry and association committees on an ongoing basis • Participation in forums, training, and events on an ongoing basis • Participation in industry certifications and accreditations • Reporting and transparency of ESG practices	• Supporting projects for common purposes • Shared best practices • Regulatory changes

We actively participate in several industry associations

Terrafina is a founding member of the **Mexican Association of Real Estate FIBRAs** (AMEFIBRA).

In 2022 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).

We participate in **Global Compact** working groups and practices with other international organizations to encourage the adoption of best practices in Mexican companies, as well as in other countries around the world.

New sustainability model

2-23

We based Terrafina's ESG strategy on its material topics, and it includes both the setting of objectives, targets, and indicators, and implementing various related initiatives.

Today, the ESG Strategy is based on three key pillars: Environmental, Social, and Corporate Governance, which are made up of our eleven material topics. In doing so, we promote sustainability and achieve our purpose of creating sustainable value together with our stakeholders for a better future.

Our purpose and business model are based on coordinated efforts with real estate and sustainability specialists. We developed the ESG Strategy in the same way, working collaboratively through strategic partnerships. We recognize that our efforts to achieve Terrafina's sustainable objectives depend on our ability to have a more holistic and collaborative approach with all parts of our value chain, especially our key tenants and suppliers.

Purpose

Experience

Sustainable value creation

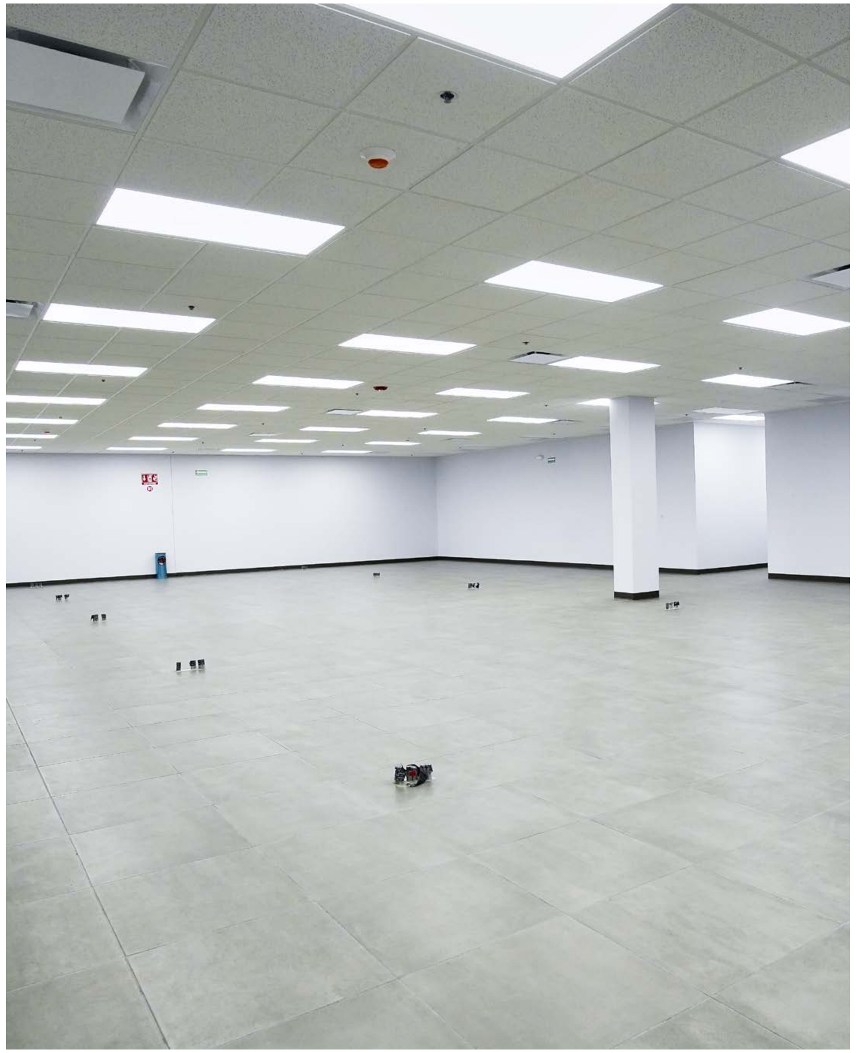
Alliances

	MATERIAL TOPICS	VALUE CREATED
 **ENVIRONMENTAL**	Sustainable buildings; Energy efficiency; Water and wastewater management; GHG (Greenhouse Gas) emissions	*Managing a leading international portfolio aligned with sustainable best practices and market standards. Caring for our planet through sustainable building developments to reduce our water and carbon footprint.*
 **SOCIAL**	Employee health and safety; Sustainability management with tenants; Sustainable supply chain	*Promote a culture of sustainability with our stakeholders, respecting human rights, promoting safety and well-being, professional and personal development in our value chain.*
 **GOVERNANCE**	Business ethics; Corporate governance; Legal and regulatory environment management	*Generate returns for our investors under guiding principles and sound corporate governance, ensure that the business model is resilient to new challenges and flexible to adapt to new opportunities, while operating under best practice and ethical business standards.*

STAKEHOLDER GROUPS

- Holders
- Tenants
- Team members
- PGIM Real Estate
- Suppliers
- Communities and NGOs
- Authorities
- Industrial associations
- Academia

Having defined our ESG strategy, we ensured that we tracked the key performance indicators (KPIs) that were established to benchmark our progress on each of our material topics. In doing so, we adhere to internationally recognized industry sustainability standards and global best practices. We continuously monitor these indicators, always seeking to improve our performance and thus optimize our impact on all our stakeholders.



These efforts have enabled us to obtain certifications, recognitions, and memberships to maintain a culture of continuous improvement. These include:

UN Global Compact: signatories since 2020

Global Real Estate Sustainability Benchmark (GRESB): annual participation in the assessment since 2017

S&P/BMV Total Mexico ESG Index: Inclusion in the Index in 2022

S&P Corporate Sustainability Assessment (CSA): annual participation in the assessment since 2020

S&P Sustainability Yearbook: recognized as Members and Industry Mover in 2021

Green Lease Leaders: participation for the first time and Silver recognition in 2022

Principles for Responsible Investment (UN PRI): our external advisor, PGIM Real Estate, who is responsible for the investment process, has been a signatory since 2009

> At Terrafina we adhere to industry-recognized sustainability standards and global best practices".

Aligned with global objectives

2-23, 2-24, 2-28

As a leader in the industrial real estate segment, we are committed to our environment and stakeholders to act responsibly in everything we do. Therefore, we reaffirm our commitment to ensure that our main strategic actions contribute to the fulfilment of the United Nations 2030 Agenda through our contribution to 13 of the 17 Sustainable Development Goals (SDGs).

We joined the Global Compact in 2020 and during 2022 we continued to strengthen our efforts to contribute to the goals' achievement, with a particular focus on efforts related to our sector. Therefore, together with a group of large, leading sustainability companies, we remain part of the first generation of the SDG Ambition initiative. As of 2021, we are members of the first generation of the Climate Action Accelerator program, an initiative that aims to accelerate the integration of the SDGs. We also continue to work with the Sustainable Cities Group to identify ways to contribute to building inclusive, safe, healthy, resilient, and sustainable cities.

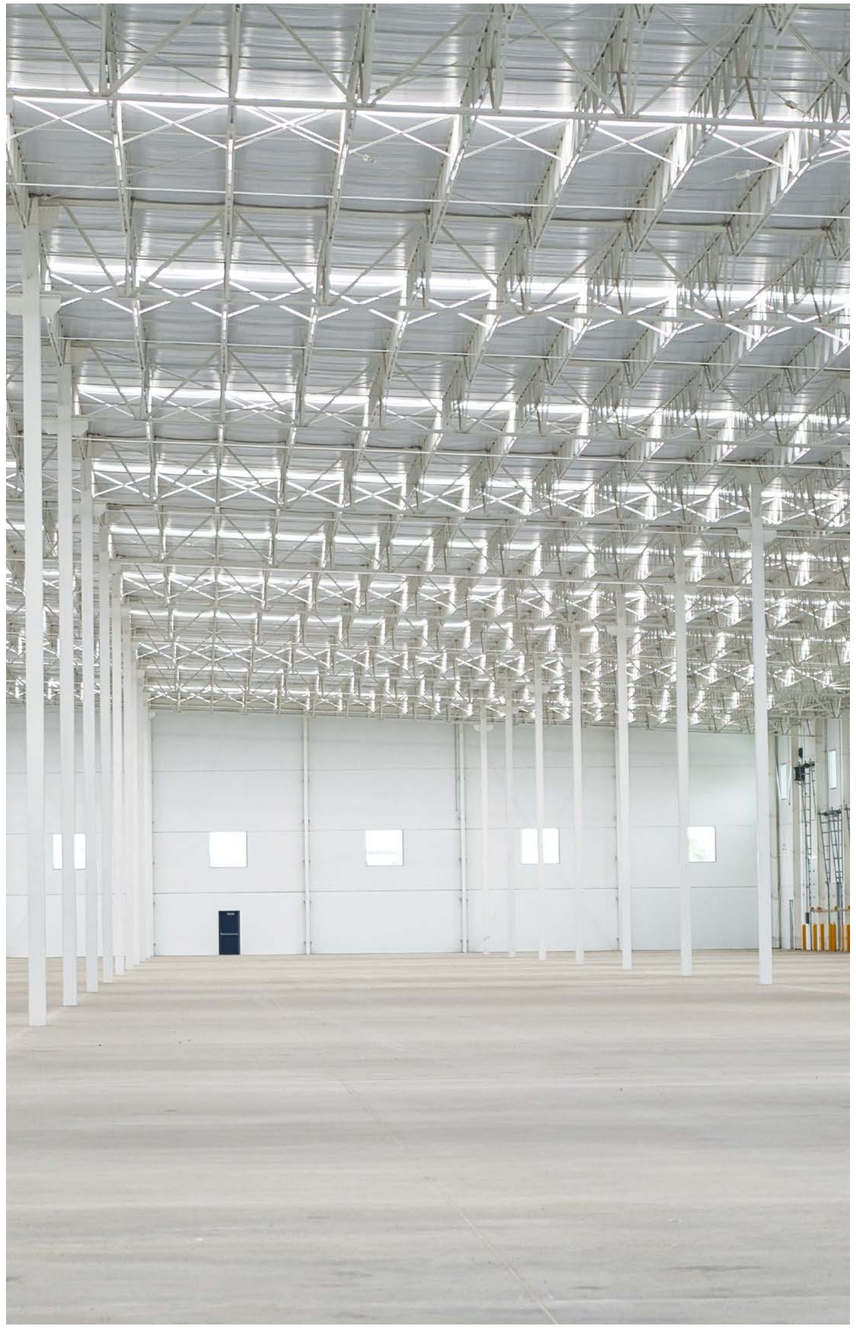
UN Global Compact — CLIMATE AMBITION ACCELERATOR

Our contribution to the SDGs

2-28

SDG	TARGETS	STRATEGIC ACTIONS	MATERIAL TOPICS
3 GOOD HEALTH AND WELL-BEING	3, 3.5, 3.7, 3.8	We safeguard the health and safety of our tenants by providing an operating environment in line with health and safety standards. We provide benefits such as insurance and external medical services, including mental health services for Terrafina team members.	• Employee health and safety
6 CLEAN WATER AND SANITATION	6.3, 6.4	We strive for efficiency in each of our assets' infrastructure with water-saving measures such as replacing sanitary furniture with low consumption furniture, use of treated water for gardens, and gardens with xerophytic plants.	• Sustainable buildings • Sustainability management with tenants • Water and wastewater management • Sustainable supply chain
7 AFFORDABLE AND CLEAN ENERGY	7.2, 7.3	We include projects to replace lighting with LEDs that improve energy efficiency in the portfolio. We analyze various opportunities to include renewable energy in properties. Execute energy audits and sustainable certification processes for new and existing buildings.	• Sustainable buildings • Energy efficiency • Sustainability management with tenants • Sustainable supply chain
8 DECENT WORK AND ECONOMIC GROWTH	8.3, 8.5, 8.7, 8.8	We support the community by providing decent work opportunities, improving their quality of life and purchasing power, and helping them through social investment projects.	• Employee health and safety

Continues →



SDG	TARGETS	STRATEGIC ACTIONS	MATERIAL TOPICS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1, 9.2	We set environmental and social criteria for asset selection and diversification, drawing on the world-class expertise of our advisor, PGIM Real Estate, and collaborating with innovative industries that create jobs. We participate in the Global Compact's Sustainable Cities Working Group, which promotes the incorporation of sustainable best practices in Mexican companies.	• Sustainable buildings
10 REDUCED INEQUALITIES	10.4	We set up an internal policy and regulatory committee together with our advisor PGIM Real Estate to oversee any changes or new regulations applicable to Terrafina and to manage risks and opportunities related to the mitigating inequalities in our operations and communities.	• Legal and regulatory environment management
11 SUSTAINABLE CITIES AND COMMUNITIES	11.3, 11.6, 11.a	We assess the consumption of the properties in our portfolio for performance levels and include them in the certification scheme. We incorporate sustainable clauses in leases, and Green Leases for new LEED-certified developments. We develop all our new properties to the highest sustainable standards in accordance with international certifications such as LEED and SmartBlue® criteria.	• Sustainable buildings

Continues →

"We act responsibly by executing strategic actions that reaffirm our compliance with our goals aligned with the United Nations 2030 Agenda's global objectives".

SDG	TARGETS	STRATEGIC ACTIONS	MATERIAL TOPICS
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2, 12.5, 12.6	We strive to ensure that the materials and resources used in the development of our properties are sustainably sourced and managed. We implement waste audits in new construction as part of certification processes.	• Sustainable supply chain
13 CLIMATE ACTION	13.1, 13.2, 13.3	We have commitments and targets to reduce our GHG emissions, water, and energy intensity by 20% by 2030. We promote the resilience and adaptation to the effects of climate change and natural disasters through training, assessments, and audits.	• GHG emissions • Sustainability management with tenants
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.3, 16.5, 16.6, 16.7	We safeguard the Company's stability and look after our holders' interests, basing decisions on sound business arguments. Our Technical Committee has a majority of independent members and extensive experience in recognizing the needs, risks, and opportunities of the business to optimize its activities within its industry. We are externally advised by an internationally experienced company, PGIM Real Estate, on ESG best practices, risk management, and opportunities.	• Business Ethics • Corporate Governance • Legal and regulatory environment management

Our ESG KPIs and their targets

2-23, 3-3

At Terrafina, we uphold the commitments and targets related to our material topics.

Therefore, we present the progress we made during 2022 regarding these KPIs by which we measure our efforts towards meeting these ESG objectives we set out:

FOCUS AREAS	KPIs	2022 PROGRESS
Green certifications*	100% of new developments are certified as sustainable	✔ **336,120 sqft of new certified developments**
Sustainable operation	27% of GLA certified as sustainable building by 2030	✔ **5,332,799 certified sqft reaching 13.5% GLA of the total portfolio**
Biodiversity	Conservation of 120 hectares of forest areas by 2025	✔ **79.5 hectares impacted**
Community Impact	50% of states with community social projects by 2025	✔ **Reach 60% of the states where we are present**

"As a result of the recent materiality analysis, we have identified several areas of opportunity in the ESG strategy and will propose improvements to the indicators' calculation processes and alignment of the current energy, emissions, and water targets to be presented in the 2023 integrated annual report".

We updated the certification target to a more ambitious one: we will seek to certify 27% of our GLA under some form of internationally recognized sustainable or "green" certification by 2030. Previously, this target's scope was of up to 15%. Since we set this target, we advanced and outperformed our expectations. For this reason, as well as growing interest and demand for certified properties, we will be looking to nearly double our initial forecasts to have an attractive and resilient portfolio.

*LEED certifications.

Sustainable environment

Commitment to the environment

Our dedication to sustainable development extends to all aspects of our operations. This includes having properties designed to minimize our environmental footprint and mitigate the climate change risks.

Sustainable buildings

3-3, CRE8

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

Progress on our three-year corporate development strategy, announced in 2021, has allowed us to find synergies that enable Terrafina's organic growth. It has driven us to have a portfolio of sustainable and best-in-class properties. Through asset recycling and the investment in and development of new properties, Terrafina can offer spaces that meet the highest sustainable standards and customer expectations. As such, our assets provide benefits to the tenants' own operations when using them. Some of these include reduced consumption of resources such as energy and water, the implementation of technologies, and infrastructure that is safer and more focused on tenant well-being.

At Terrafina, we have established ESG guidelines for the properties' development and design to improve their performance and quality. Since we began operations, all our new construction has been sustainably certified. Some of the certifications' specific requirements for new construction are:

- **Energy management efficiency in all strategies recognized in ASHRAE 90.1 from 2010**
- **Conditioning of all electrical systems**
- **Cooling ceilings with at least R19-grade insulation**
- **Use of efficient equipment**
- **LED lighting**
- **5% daylighting in all new developments**

Certifications and accreditations

CRE8

LEED CERTIFICATION

PROPERTY	SURFACE AREA (SQFT)	% GLA	DATE OF CERTIFICATION
Carolina 01	122,283	0.31%	2019
Contec BTS	277,542	0.70%	2021
E5 – Otay	210,745	0.53%	2022
Nordika N8A	125,375	0.32%	2022

CERTIFICATION HISTORY AS OF 2022

CERTIFICATION	# PROPERTIES	GLA	%
SmartBlue®	8	1,091,643	2.8%
LEED Shell	4	735,945	1.9%
ARC	23	4,596,854	11.7%

Historically we have followed a certification process for new developments, expansions, and improvements known as SmartBlue®, developed by PGIM Real Estate. This is how we ensure compliance with international criteria and best practices in construction processes since the beginning of Terrafina's operations. All contracts are linked to these standards and a record of properties complying with each of the categories addressed by these certifications' criterion is kept. Progress is reported using clear formats that allows us to ensure contractors' compliance as well. However, as it is not validated by an international third party, we have decided not to consider SmartBlue® certified properties towards the percentage of GLA certified sustainable building for the purposes of monitoring this KPI.

ARC Skoru®

One of our strategies is to obtain ARC Skoru® performance certificates. These certificates have a quality verification by the USGBC, which represents an international third-party validation. This is why several ESG reporting platforms such as GRESB recognize its validity and accept it as a sustainable building certification if 3 certificates (≥40 points) are obtained[2].

In line with our KPI target on sustainable certifications, properties are registered on the ARC Skoru® platform. This allows us to identify tenants with the best environmental and social performance (water and energy consumption, waste generation and recovery) in their operational practices, as well as large consumers with opportunities for optimization and continuous improvement. Specific efficiency targets can be set on the platform for each property and by area. In this way, we validate their performance through third-party analysis.

This also allows us to project necessary investments for climate change mitigation and adaptation in a timelier manner. The platform gives us an improvement score for properties with more than 24 months of data. This helps us assess the outcome of our investments improving said scores. The ARC platform also evaluates the User Transport and Experience categories. However, our focus so far is on assessing operating properties' water, energy, and waste categories, which coincide with the data that is regularly collected on the Measurabl® platform, linked to ARC.

The aspects assessed through the ARC platform are:

- 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.

We awarded three performance certificates to 23 properties thanks to evidence of energy, water, and waste performance and all the property managers' efforts in collecting data. These certificates help us raise awareness and strengthen our relationships with our tenants on ESG strategies. They validate the investments made in the properties by demonstrating continuous improvement in scores.

	ARC ENERGY	ARC WATER	ARC WASTE	3 ARC CERTIFICATES	LEED NC
# Certificates	178	122	33	23	4
Surface area (sqft)	26,268,921	19,215,046	4,717,833	4,596,854	735,945
% GLA as of 4Q22*	66.6%	48.7%	12.0%	11.7%	1.9%

*Considering GLA as of 4Q22, which was 39.4 million sqft.

2. A minimum score of 40 is required for LEED certification.

LEED 2022 Volume Program

During 2022 a major effort was made to establish our criteria and standards in all new developments aligned to a strict international standard, known as the "LEED NC volume program".

This allowed us to standardize the necessary processes and criteria within Terrafina so that all new properties were built from the outset to these validated standards through LEED v4 BD+C certification. This is in line with our commitment to certify 100% of new developments with a recognized sustainable certification.

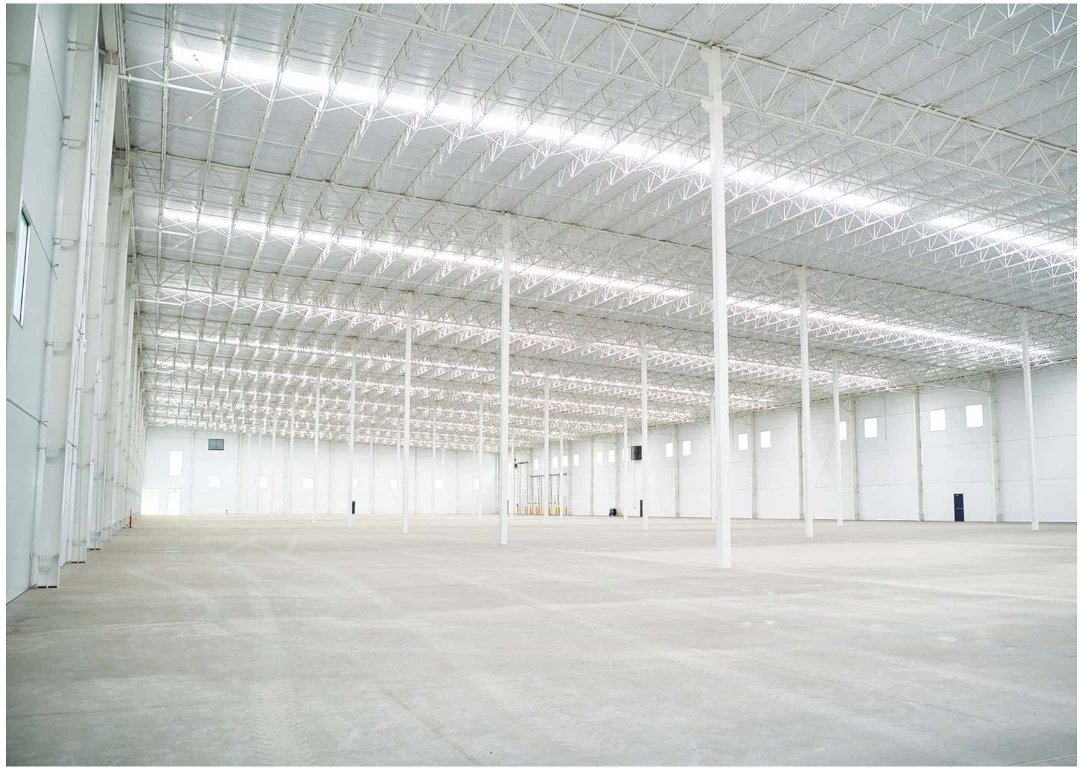
This initiative has enabled new construction to be more efficient as we have trained our contractors to adopt better standards throughout the supply chain. This standardizes the best practices offered by LEED certification. For operating properties, we have a selection of properties in line for LEED O+M (Operation and Maintenance) certification. The selection criteria depends on several factors, including demonstrated asset performance, tenant engagement and synergy, and investment budget.

This program has proven to be of great interest to our tenants as it helps them develop their own improvement plans and allows us to join forces on reducing the use of natural resources and emissions from our operations.

> LEED O+M certifications allow us to create synergies with our tenants in which they improve their operations, and we can detect, through audits, clear areas of opportunity to improve the infrastructure we are responsible for."

LEED New Construction and LEED Operation and Maintenance certifications address the same categories, allowing us to systemically address resilience and climate change issues while addressing the efficiencies of each category developed by the certification system.

- Location and transport
- Sustainable sites
- Energy efficiency
- Water efficiency
- Materials and waste management
- Air quality
- Quality of the indoor environment



Although the LEED for New Construction approach is different from that of Operation and Maintenance, both standards allow us to implement international best practices in our processes.

Given these new strategic measures, Terrafina's new tenants will have to meet certain prerequisites and follow certain policies. These specifications can be found in the "GREEN LEASE" (green lease clauses in tenant contracts), which allows us to synergize with tenants and keep us on track to meet our objectives.

We intend that, with these certifications (and even recertifications that will have to be done every 3 years) we can continue to advance our synergies with tenants towards their objectives and be able to reach higher and more demanding LEED levels. In doing so, we are confident that our properties will have added value and will continue to 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 to the highest standards across different platforms and certification systems, we recognize that these efforts make the difference between doing the bare minimum or leading our industry.

During 2022, two new buildings were certified under the volume program standards at the silver and certified level, representing a total of 336,120 sqft certified in LEED. In addition, as part of this program, training was provided to more than 100 contractors to help them understand and apply LEED standards, demonstrating our social commitment to improving the entire construction industry.

In addition, 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.

> "By 2022, 13.5% of the portfolio's GLA is certified as sustainable:
>
> - 11.7% with three ARC Skoru® certificates, 23 properties with certificates during 2022
> - 1.9% LEED certified, 4 properties certified during 2022".

Energy efficiency

3-3, 302-1, 302-2, 302-3, 302-4, IF-RE-130a.1, IF-RE-130a.2, IF-RE-130a.5

In 2022 we continued to invest in energy efficiency initiatives. This will enable us to make progress towards our goal of reducing energy consumption by at least 20% by 2030.

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

TOTAL ELECTRICITY CONSUMPTION OF TENANTS' OPERATIONS

	2020*		2021*		2022	
	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)
Energy consumption	397,350,490	10.12	560,003,403	22.70	762,618,212	26.12

Measurabl® system data.
*In the 2020 and 2021 sustainability reports, reported data represented 42.8% and 63.9% of total GLA coverage, respectively. In 2022, 215 properties reported their electricity consumption, representing 80.2% of the GLA (31,643,321/ 39,440,325 sqft).

In 2022, the electricity consumption of the offices and properties over which Terrafina has operational control was 642,330 kWh. In addition, our tenants' consumption was calculated, recording 761,975,882 kWh for the year. This represented 99.9% of the total electricity consumption.

The electricity consumption data reported for tenant operations is shared by customers and property managers and managed through the Measurabl® platform, so Terrafina is not responsible for its accuracy and/or quality. However, Terrafina is committed to increasing its data coverage through campaigns and training with our property managers.

COMPARABLE ELECTRICITY CONSUMPTION OF TENANTS' OPERATIONS

	2021		2022	
	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)
Electricity consumption	366,572,555	35.24	368,552,363	35.14

Measurabl® system data
Comparable electricity consumption data reported for 83 properties, representing 28.2% of the GLA (11,122,068 / 39,440,325 sqft).

The comparable intensity of electricity consumption increased by 0.5% during 2022. This was due to the normal increase in tenant operations resulting from a positive trend in export manufacturing activity in Mexico. Additionally, data coverage increased to 80.2% in 2022 from 63.9% in 2021.

Terrafina has an ongoing property review program to monitor tenants with high energy and water consumption. In 2022, we conducted 6 energy audits to assess the performance of properties' energy systems to reduce consumption through synergies and low-cost solutions.

Among the energy efficiency initiatives we implement at the properties are:

- **Replacement and/or installation of LED lighting**
- **Use of natural light**
- **Installation of advanced electricity consumption measurement and control systems (e.g., motion and lighting sensors)**
- **Provision of thermal insulation in roofs**
- **Installation of air conditioning systems and efficient equipment**
- **Synergy for photovoltaic panel installations**
- **Commissioning and retro-commissioning of cooling, ventilation, and lighting systems**

We also started an energy audit program that will allow us to identify patterns and investment requirements. With these, we will continue to improve the efficiency of our properties' infrastructure and further strengthen our relationships with tenants to create synergies.

Mexico faces several challenges regarding energy efficiency. One is the growing energy demand, especially in the industrial sector, which in turn results in supply problems and pressure on existing infrastructure. The lack of incentives to implement energy efficiency measures, as well as effective regulation and public policies have also contributed to the country's low energy efficiency compared to others. Another significant challenge is dependence on fossil fuels, coupled with legislation that limits both the installation capacity and incentives to implement clean and renewable energy technologies. There is currently a limitation that caps the distributed generation capacity at half a megawatt that slows down the transition to self-generation or the adoption of clean energy in the industrial and real estate sector. This legislative issue has limited the country's ability to diversify its energy matrix and reduce its carbon footprint. Overcoming these challenges requires a comprehensive strategy involving education, investment in clean technologies, the creation of incentives and effective public policies, and greater cooperation between the public and private sectors.

"We complied with ASHRAE's 2010 Standard 90.1 in all new properties, with 32% savings over this standard".

At Terrafina we are addressing these challenges by continuously monitoring our properties' energy consumption using various platforms to identify consumption patterns, inefficiencies, and improvement areas in each of our assets. With this data we can develop energy efficiency strategies. We are also training our tenants and property managers on energy efficiency issues through webinars and awareness campaigns. We seek to reduce our dependence on fossil fuels by developing and integrating renewable energy projects and are advancing the Company's decarbonization matrix by preparing to adopt self-generation capabilities as the next step for our energy strategy in coming years.

Water and wastewater management

3-3, 303-3, 303-4, 303-5, 306-1, 306-5, IF-RE-140a.1, IF-RE-140a.2, IF-RE-140a.4

Water stress is a growing problem in Mexico due to a combination of factors, such as climate change, increasing demand for water from sectors such as agriculture and industry, and the overexploitation of aquifers. This has led to a decrease in water availability in several of the country's regions, which in turn affects the quality of life of the communities we operate in.

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

Since 2018 we have implemented various strategies for optimal water use in the properties we develop. These include actions such as using efficient toilets and faucets, having on-site treatment plants, designing green areas within the properties with native vegetation and low water consumption, efficient irrigation, and reuse of rainwater and treated water. Additionally, the SmartBlue® certification, updated in 2021 to consider water stress issues in Mexico, and the LEED certification commitment for new developments, include water efficiency operating standards where the above strategies are included.

Setting goals and objectives

In 2022, our strategy was focused on making water consumption more efficient by installing water treatment plants and using treated water in different processes, among other strategies.

With the following property water efficiency initiatives, Terrafina aims to reduce water consumption by more than 20% by 2030:

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

In 2022, webinars were held for tenants and training on water efficiency issues was provided to our property managers. A brochure was created to raise awareness on water stress risks and how they are a critical factor for future business continuity. Water audits were also conducted at different properties to identify inefficiencies, opportunities for improvement, and assess investment needs to meet the challenges of climate change transitioning in the different geographic areas where our properties are located.

> “The 2022 increase was due to an increase in data coverage, as well as operational changes at the properties, resulting in a significant increase for the year”.

TOTAL WATER USE FROM TENANTS' OPERATIONS

	2020		2021		2022	
	Use (m^3)	Intensity (m^3 /sqft)	Use (m^3)	Intensity (m^3 /sqft)	Use (m^3)	Intensity (m^3 /sqft)
Water	2,209,141	0.053	4,382,386	0.084	5,409,129	0.177

Measurabl® system data.
*In the 2020 and 2021 sustainability reports, reported data represented 39.2% and 53.1% of total GLA coverage, respectively.
2022 water data corresponds to 198 properties representing 77.6% of the GLA (30,606,658/39,440,325 sqft).

COMPARABLE WATER USE OF TENANTS' OPERATIONS

	2021		2022	
	Use (m^3)	Intensity (m^3 /sqft)	Use (m^3)	Intensity (m^3 /sqft)
Water	3,537,199	0.423	3,746,208	0.448

Measurabl® system data
Comparable water data reported for 57 properties, representing 21.2% of the GLA (8,368,179/39,440,325 sqft).

Like energy consumption, property water consumption is monitored through property managers and managed on the Measurabl® platform. In 2022, water consumption at properties Terrafina had control over was 9,535 m^3. Water consumption from tenants and common areas outside our control was 5,409,129 m^3.

Reported data on tenant transactions is shared by clients and property managers, and Terrafina is not responsible for the accuracy and quality of this data. However, Terrafina is committed to increasing data coverage through campaigns and training with our property managers.

GHG 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 are aware of the industrial real estate sector's responsibility for carbon emissions and understand that we must contribute to improving the world's climate conditions. We are focused on setting ambitious targets to reduce our emissions and make a significant change in this regard.

To achieve these targets, we need to collaborate with our tenants and property management team, as **we have no operational control over their activities.** This ranges from raising their awareness on the importance of properties' resource efficiency through campaigns and training, to working together to implement joint targets and initiatives, as demonstrated in LEED O+M certifications where specialized consultants are made available to support them in tailoring initiatives to their business and company requirements.

During 2022, we focused on increasing the scope and quality of energy data to monitor consumption and incorporate automation and efficiency mechanisms. We also sought to set even more ambitious targets and initiatives in the future. Our main strategies included launching consumption data collection campaigns with our tenants and property managers, commissioning at new properties, and carrying out energy audits at existing properties.

We then implemented energy efficiency measures based on the results of our various efforts. In addition, we ensure comprehensive refrigerant management through LEED certification.

As part of our environmental impact monitoring, we calculate the Greenhouse Gas (GHG) emissions associated with some of our properties and implement concrete actions to reduce them:

Scope 1

Fuel consumption that is controlled or owned by Terrafina such as the office and vehicles. (During 2022 all 5 team members worked remotely during the first 6 months of the year and under a hybrid format for the second half).

Scope 2

Corresponds to the generation of electricity that we pay for at Terrafina (common areas and leased areas in some contract types). 17 properties representing 6.8% of GLA (2,672,428 / 39,440,325 sqft).

Scope 3

Correspond to fuel combustion and generation of electricity paid for by tenants. 62 properties representing 20.1% of GLA (7,891,429 / 39,440,325 sqft).

Below are our emissions reported in total, as well as by scope:

TOTAL EMISSIONS

	2020*	2021*	2022
Total emissions* (tCO_2e)	192,204	304,804	377,038

Measurabl® system data.
*In the 2020 and 2021 sustainability reports, the data reported represented 42.8% and 48.5% of total GLA coverage, respectively. (132 properties for a total of 18,721,954 sqft). This corresponds to 76% Scope 3 and 24% Scope 2.
The total emissions data reported for 2022 represent 80.2% of the GLA (215 properties, a total of 31,643,321.64 sqft). This corresponds to 86.4% Scope 3 and 13.6% Scope 2.

The increase in emissions between 2021 and 2022 was mainly due to the export manufacturing sector's strong economic performance. On the other hand, data coverage increased from 48.5% in 2021 to 80.2% in 2022.

SCOPE 2 AND 3 COMPARABLE EMISSIONS

	2021		2022	
	Emissions (tCO_2e)	Intensity (tCO_2e/sqft)	Emissions (tCO_2e)	Intensity (tCO_2e/sqft)
Scope 2 comparable emissions	31,527	0.0092	20,086.95	0.008
Scope 3 comparable emissions	112,408	0.0141	101,750.9	0.01

Measurabl® system data.
Emissions calculations were made based on consumption data shared by tenants, so Terrafina is not responsible for the veracity and accuracy of the information. However, we continually strive to increase the data coverage and quality of the information.

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

To improve and further align our emissions calculation with best practices, in 2022 we also conducted our carbon footprint assessment under the Greenhouse Gas Protocol (GHG Protocol) framework. This is the most widely used corporate standard to quantify and report carbon emissions globally.

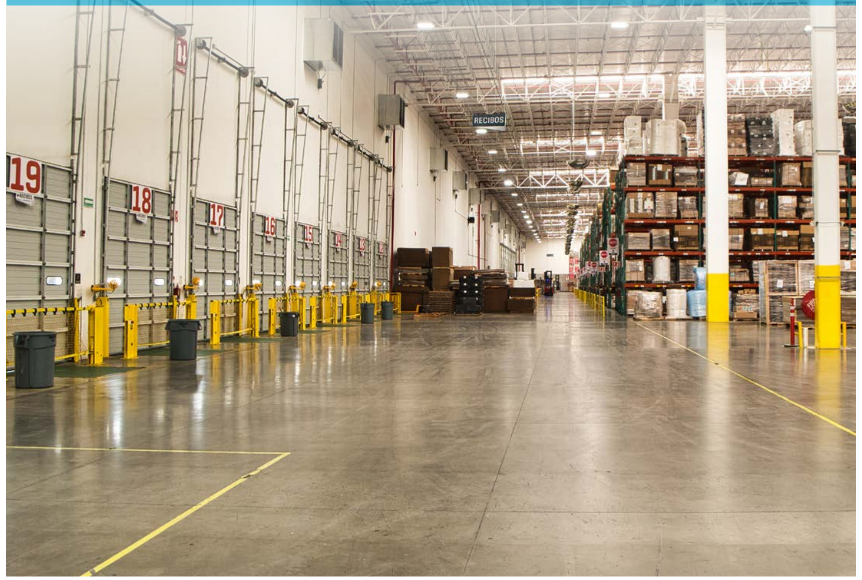
This report includes the 2022 emission inventory results for Scopes 1 and 2, while Scope 3 emissions are still in the process of being calculated. These will be presented as part of the emissions data in the 2023 integrated report.

2022 GHG EMISSIONS

	tCO_2e	Intensity (tCO_2e/square feet)
Scope 2 comparable emissions	0.74	0.000
Scope 3 comparable emissions	73.36	0.0002

South Pole® study.
Emission intensity calculations were made based on 345,825 sqft corresponding to offices and vacant properties that consumed electricity.

"We are aware of the industrial real estate sector's responsibility for carbon emissions and understand that we must contribute to improving the world's climate conditions".



We will continue to calculate our emissions under this approach for future reports, where Terrafina defines direct and indirect emissions from Greenhouse Gas (GHG) sources for Scopes 1 and 2 as follows:

Scope 1

Direct emissions derived from fuel consumption of company vehicles and refrigerants used in Terrafina's offices during the 2022 reporting period, considering that during the year remote work was maintained for the first six months of the year and the rest under a flexible format for the five team members.

Scope 2

Indirect emissions from electricity generation purchased by Terrafina, i.e. electricity consumed at offices occupied by Terrafina personnel and at portfolio sites that were vacant during 2022. In the reporting year, eight vacant properties with electricity consumption records and one office site representing 0.9% of the ARB (345,825 sqft / 39,440,325 sqft) were considered.

Information management

Property performance information is managed through Measurabl®, a platform where energy, water, and waste consumption data are uploaded. 14 properties used a feature called Utility Sync as of 2022, where data is automatically updated in connection with CFE (*Comisión Federal de Electricidad*, Federal Electricity Commission), and each state’s water supply companies. The other properties' data is updated as property managers upload information.

It is important to highlight our tenants, property managers, and own efforts to increase the percentage of properties with ESG data registration. In 2020, data coverage was of 42.8% of our GLA (electric data coverage). By 2022, this increased to 80.2%. In water, regarding water, we had data coverage of 39.2% of the 2020 GLA and increased coverage to 77.6% in 2022. All these indicators are constantly updated throughout the year.

To make the data analysis comparable[3] (like-for-like) and to give consistency to the reports, the following criteria were used[4]:

- ✔ Properties that have full reporting within the last 24 months. I.e., January to December 2021 and January to December 2022.
- ✔ Properties that are 100% owned by Fibra Terrafina.
- ✔ Properties that have not changed occupancy in 2020, 2021 or 2022.
- ✔ Properties for which the annual change in aggregate data is equal to or less than 20%.

The quality of the information is verified by an independent third party as part of our quality control processes. **We also conduct quarterly data collection campaigns and liaise closely with clients to inform them of the use and results of the data they share with us.**

3. Aligned with the requirements accepted by the GRESB report.
4. Criteria used for comparable water, emissions, and energy data.

Biodiversity

At Terrafina we recognize the importance of maintaining ecological balance while contributing to the overall health and well-being of both nature and humanity. We also recognize the impact our operations and supply chain can have on biodiversity and the ecosystems in which we operate.

We seek to apply biodiversity-related solutions to preserve and enhance our assets' value, strengthen climate change resilience, and foster a strong connection with nature. In line with our ESG strategy, we strive to protect the diversity of species and ecosystems where we are present.

Our operations are supported by a set of policies, principles, and procedures aligned with the adoption of an ESG model, and which have been established in conjunction with our external advisor, PGIM Real Estate ("External advisor"). These are based on international principles and standards such as the UN Global Compact, the UN Sustainable Development Goals (SDGs), GRI (Global Reporting Initiative), TCFD (Task Force on Climate-Related Disclosures) and TNFD (Task Force on Nature-Related Disclosures), as well as local and international legislation.

Under this ESG model approach, we have established the following commitments to ensure that we protect biodiversity in our operations and meet our ESG objectives.

Protect biodiversity by avoiding the development or acquisition of properties within protected areas and/or natural zones such as Biosphere Reserves, National Parks, Natural Monuments, Flora and Fauna Protection Areas and Natural Sanctuaries; and preferably develop in previously impacted areas.

Prioritize a No Deforestation plan, and if natural site disturbance is necessary, conduct a site analysis to identify, assess, and quantify the extent of the impact. With this, the restoration and compensation plan can be developed, complying with the law, and considering the specific area's needs and interests.

Regularly monitor and assess all sites where we operate to determine their level of risk and impact on biodiversity, implementing a plan to protect and restore selected habitats where appropriate.

Collaborate with other stakeholders to design strategies that enhance biodiversity through restoration and conservation. Similarly, join efforts with stakeholders to encourage the adoption of measures aimed at having socially responsible and sustainable operations.

Maintain and update internal compliance policies for new developments, extensions, and renovations with environmental and social perspectives and criteria beyond applicable regulations.

We seek to meet these commitments in line with TNFD's **LEAP (Locate, Evaluate, Assess, and Prepare)** approach:

Locate

We will determine our assets' downstream biodiversity footprint, as we consider it crucial to identify the ecosystems and biodiversity present in each region in which we operate.

Evaluate and Assess

We will conduct a biennial biodiversity assessment of our properties to ensure that none of them are within protected natural areas, as well as a water stress assessment.

Prepare

The ESG Committee will be responsible for analyzing, developing, implementing, and continuously updating biodiversity objectives and strategies in line with our ESG strategy. The ESG team will be responsible for presenting biodiversity-related strategic initiatives to the Committee, as well as ensuring their timely follow-up and reporting to the Committee in case of relevant deviations.

As part of our commitment to biodiversity, we have established the following clear objectives and targets to ensure the preservation of species and ecosystem diversity in our operations:

ACTION	GOAL	TARGET	2022 RESULTS
Restore	Collaborate with other stakeholders to conserve biodiversity by promoting carbon sequestration. Main actions to preserve forests and support local ecosystems through restoration and conservation activities.	Establish a long-term partnership with a Forest Conservation program to promote forest conservation of 120 hectares by 2025 (1 hectare = 2.47 acres) **See detail in "2022 Initiatives".**	We have had an impact on 79.5 hectares as of 2022.
Reduce	Respect national regulations by avoiding the use of endangered, threatened, or specially protected species or invasive plant species; and ensuring respect for existing trees.	If any plants or trees are removed, promote the replanting of 10% more trees or native plants than indicated by the local authority remediation.	No replanting activities were necessary in our new developments.
Measure	Determine the level of risk and impact to biodiversity where we operate.	Conduct a biennial biodiversity assessment on 100% of our properties, in addition to the environmental impact assessment and social assessment carried out on all new developments, covering a comprehensive site assessment.	The portfolio of properties is not present in protected natural areas.

2022 Initiatives

We continue to be part of the long-term partnership we started with the Forest Conservation program in 2020.

The project will be implemented in different stages, and forest conservation activities will be carried out in a total area of 120 hectares distributed amongst five states of the Republic (State of Mexico, Jalisco, Guanajuato, Nuevo León, Coahuila) over 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, the protection of soils against erosion, the production of oxygen, the increase in the capture and infiltration of rainwater into the soil/ground, and the maintenance of biological diversity.

Forest conservation helps ensure that there is a greater volume of trees and other surrounding vegetation that can sequester atmospheric carbon and produce oxygen. Together with our consultant and property managers, we also support reforestation projects near the areas where we have a presence. This is particularly the case for those with the greatest need due to fire hazards.

> "During 2022 an assessment was conducted for 100% of the portfolio to ensure that our properties are not located in Protected Natural Areas".

As part of the specifications required in the LEED Volume program all our new developments have all native or highly adapted vegetation, the plant palette is validated and verified against the certification standards, which contributes to the existing ecosystem, including encouraging biological corridors and supporting pollinators in the area. Irrigation supports evaporation and the natural areas favor the contact of the collaborators of our properties with the local nature.

Declaration of Commitment to Biodiversity

Social commitment

Commitment to our stakeholders

Our team

Terrafina is internally managed by qualified specialists. Its structure consists of five team members: CEO, CFO, IRO, ESG Manager and Executive Assistant. We are externally advised by PGIM Real Estate.

During the year, and throughout Terrafina's history, no instance of discrimination has been recorded. We are an organization that believes in equal opportunities, and our team members 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.

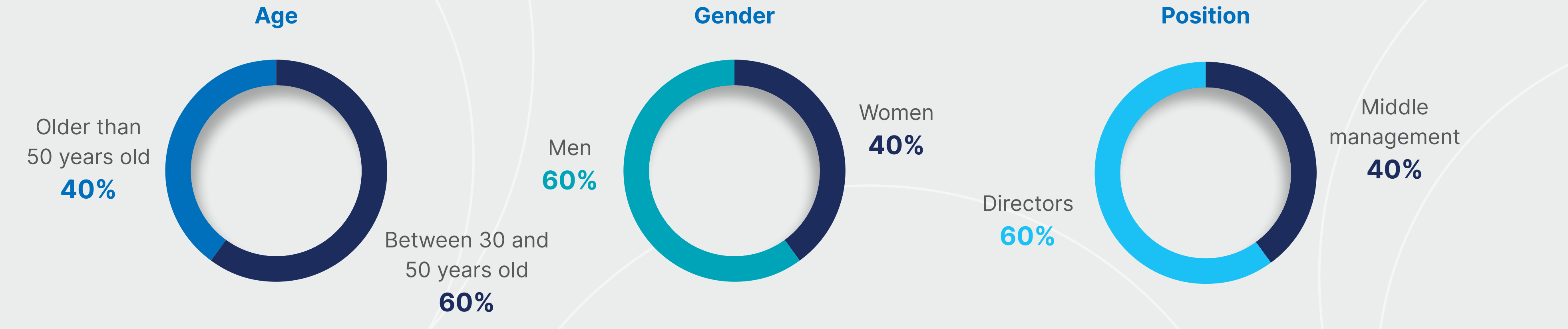
Labor practices and policies

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 our teams' personal and professional development. It looks to increase our team members' commitment and motivation towards the company. We understand that our success is correlated with theirs. To this end, in addition to training in ethics, company policies and procedures, our team members participate in industry forums and courses related to their activities and interests.

We continuously train our team. To define the plan in this area, we follow a model with annual periods where individual needs are defined depending on past performance and future objectives. On average, our team members had 15 hours of training during 2022. These covered topics that were recognized as important to them, including ESG-focused training.

405-1



405-1

PROFESSIONAL CATEGORY	BETWEEN 30 AND 50 YEARS OLD		OLDER THAN 50 YEARS OLD	
	Women	Men	Women	Men
Directors	-	1	-	2
Middle management and auxiliary positions	2	-	-	-

In addition, our team members receive regular performance and professional development reviews. We believe this is a fundamental part of their development and growth.

Benefits covering our team members:

- Training, development, and growth programs
- 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 such as: major medical insurance for team members and dependents, preventive check-up plan, dental and vision insurance, psychological assistance.
- Electronic grocery wallets
- Vehicle allocation plan
- Bonuses above amounts required by the law.
- Holidays above statutory holiday entitlement and holiday bonus.
- Performance bonus scheme for all team members.
- Flexible working hours, at the employee's request.
- Option of teleworking.
- Long-term incentives for executives.

Health and safety

2-24, 3-3, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1

Occupational health and safety continues to be a material topic for us, as we know that failing to manage it properly can have a negative impact on costs in line with lower productivity, potential reputational impact, and other risks. This is why we believe that our team members' health, safety, and well-being is key to achieving business objectives.

To encourage it, we go beyond regulatory requirements, aligning ourselves with industry best practices. It is important to us to offer benefits above and beyond the law and to promote a work-life balance. To this end, we offer our team members flexible working arrangements and the possibility of working virtually, maternity/paternity benefits, and medical, vision, and dental insurance, among other initiatives.

In compliance with NOM-035 Psychosocial Risk Factors in the Workplace, we offer team members an emotional and psychological helpline, as well as training on related topics. During the year, two separate sessions were offered on understanding depression and suicidal behavior, as well as questioning personal assumptions about mental health.

The workspace is under constant review and alignment with civil protection requirements, IMSS biosafety protocols, and other safety codes.

Occupational health and safety policies are included in the employee handbook.

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

403-9, 403-10

During 2022, no absenteeism due to illness, accidents, injuries, or fatalities was recorded by our team members.

Property Health and Safety Practices

403-7

Protecting the health and safety of our tenants is part of our service offering. It is each tenant's responsibility, and liability insurance is contractually required for any claims.

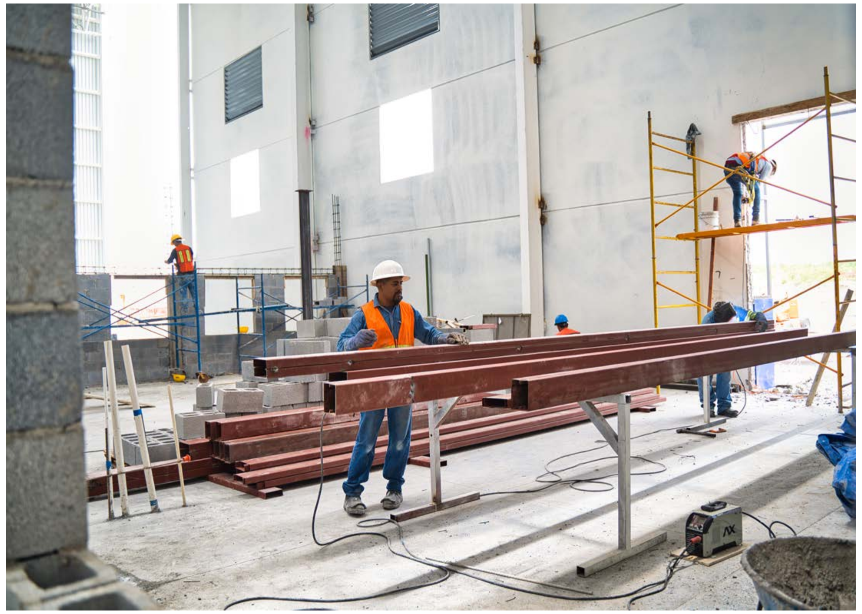
Our external risk consultant monitors 100% of the properties on an annual basis considering environmental and social issues. We supervise the maintenance, tidiness, and cleanliness of the property, as well as the programs and procedures for handling an emergency. If any areas of opportunity are detected, recommendations are given to tenants to address them. During these visits, the level of occupational safety risk is assessed, considering aspects such as industrial safety and civil protection. It is supervised that comprehensive safety procedures are in place, including fire, evacuation, customer accidents, flooding, among others. Likewise, reports are made on accidents, if any.

Health and safety in the construction process is monitored by the contractors and reports are submitted to the Development area, which is part of the SmartBlue® criteria.

While we believe our health and safety practices are adequate, we are always looking to do more. Therefore, we will be exploring options to gain greater insight into our tenant management and policies, such as monitoring accident and fatality data.

During the construction processes our advisor is involved in, there are also health and safety practices for staff participating in our works, even though they are not team members directly contracted by us. These include:

- Promote the health and well-being of team members.
- Hydration stations for workers, and we promote regular water intake.
- 10-minute daily warm-up and/or exercise program for everyone.
- Appropriate background music (depending on the contractor).
- Develop activities focused on preventing accidents in the work area, such as constant health and safety training and having a safety officer in each project.
- Safety team responsible for ensuring that all working conditions required by current NOMs are met.
- The Health and Safety Officer draws up 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.



As part of occupational health and safety management in properties, we strategically promote the application of criteria aligned with property certifications in all new construction. These include:

Indoor air quality

Ensure air quality in offices based on ASHRAE 62.1-2010 or CEN Standards EN 15251:2007 or that are naturally ventilated locations based on ASHRAE 62.1 2010.

Adequate ventilation

Achieve air renewal in living spaces (booths, offices) through natural ventilation or air conditioning.

Accessible design

ensure inclusive access design (ramps, corridor widths, toilet heights, signage, parking near access, handrails).

Essential transport

Provide transport facilities to ensure the accessibility and safety of workers within the construction site.

Green cleaning policies

Policies in conjunction with tenants to include environmentally and health friendly products during internal cleaning processes.

Green areas

Include designed green areas that include native and pollinating plants. These green areas may be part of the common and recreational areas for the operation.

We also promote the following for properties in operation during LEED O+M certification and performance monitoring with ARC Skoru®:

LEED O+M promotes indoor air quality management through recommendations and strategies based on adequate ventilation.

Human experience and satisfaction: this is a survey-based assessment of the tenant's satisfaction with the workspace, including aspects such as lighting, cleanliness, thermal and acoustic comfort.

Sustainability management with tenants

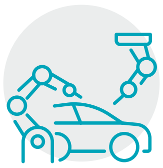
3-3, IF-RE-410a.3

Tenants

Terrafina leases industrial properties in Mexico's major cities to a diverse client mix.

By the end 2022, 3.4% of total revenues came from Terrafina's largest customer, while 18.9% and 29.6% came from the top 10 and 20 customers, respectively.

Our tenants are involved in different sectors:



Electric/hybrid cars
Our tenants support the evolution of the electric/hybrid trend by manufacturing for electric and hybrid cars.

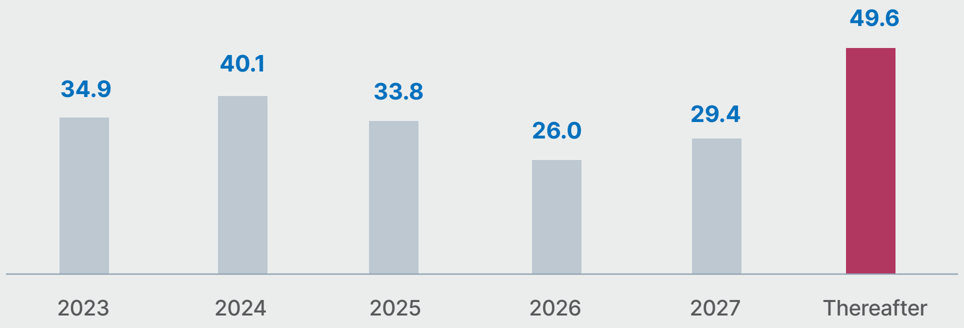
Aerospace
Mexico is a privileged location for the aerospace sector, boosted by a highly skilled workforce. Our tenants participate in the supply chains of the world's leading aerospace companies.

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.

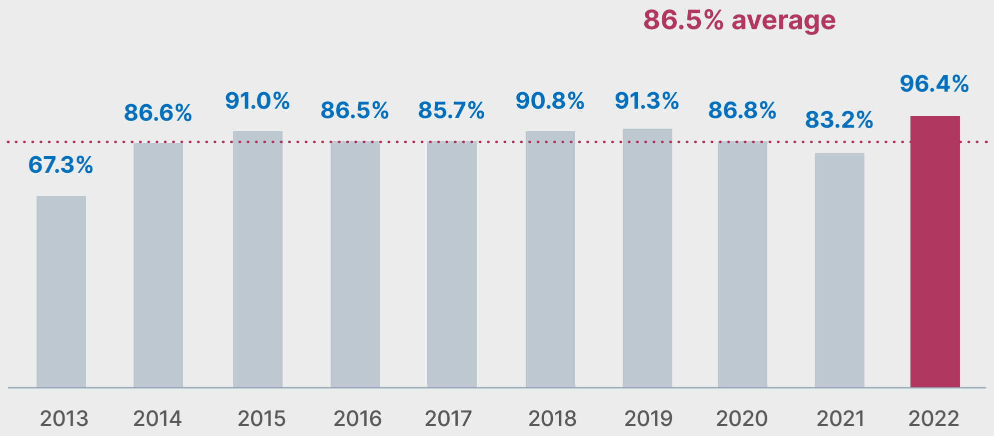
DIVERSIFICATION BY INDUSTRY SECTOR	2022
Logistics and Trade	34.1%
Industrial goods	20.8%
Consumer goods	13.8%
Logistics and Trade	12.6%
Electronics	9.6%
Aerospace	9.1%

- **73.4%** of our tenants are in manufacturing, while **26.6%** are in distribution and logistics.
- Manufacturing tenants have **lease terms of up to 10 years** and high switching costs.
- The tenant base consists mainly of **large multinational companies.**
- Distribution and 3-PL /e-commerce tenants have **lease terms of up to 5 years.**

Maturities per Annual Base Income (USD million)



Renewal rate (annual average)



Sustainable strategy with tenants

Our long-term strategy is to work with our tenants to achieve our sustainability objectives, specifically those related to the use of the properties. Because tenants control their operations within the properties, we require strong collaboration and alignment with both tenants and the property management team to implement joint initiatives, thereby impacting the sustainability culture of our value chain.

At Terrafina, we are currently working on the following tenant engagement initiatives that facilitate and streamline the implementation of certifications for both new developments and existing buildings:

- Sustainable clauses in leasing contracts
- Training campaigns
- Sustainable operational management guidelines (SSOG)
- Monitoring and management of consumption data
- Energy, water, and waste audits
- ARC Skoru® energy, water, waste, and air quality performance reports (energy ratings)
- Investing in sustainable efficiencies and clean technologies

We intend to continue with the more ambitious levels of certification as we have done so far, and to include those certifications that promote our tenants' involvement to reduce emissions, energy, and water consumption. In line with this, properties are also registered on the ARC Skoru® platform. This allows us i) to identify tenants with the best environmental and social performance (water, energy, and waste consumption, client transport and experience) in their operating practices, as well as large consumers with optimization opportunities, and ii) to select candidate tenants for the certification scheme. The performance certificates help us raise awareness and strengthen our relationships with tenants on ESG strategies. We maintain a close relationship by providing their performance certificate reports and facilitating the certification process for operating properties.

During 2022, we participated in the Green Lease Leaders recognition to understand our sustainable leases' strengths and opportunities. We can improve strategies to integrate environmental efficiency and social equity objectives into our leasing practices. Moving forward, we seek to modify and promote more collaborative contract language to help us improve property performance and our relationship with our tenants through better efficiency practices, engagement, and training, among others.

Tenant satisfaction

At Terrafina we are committed to our tenants' satisfaction. As our tenants are world-class companies, they share current concerns about the environment and especially the effects of climate change with us. Most of them have ESG programs we actively seek to develop synergies with. Among the indicators we measure year on year, the following stand out:

TENANT SATISFACTION

INDICATOR	2020	2021	2022*
Annual response rate	61%	67%	69%
Recommendation rate	73%	85%	81%
Percentage of intention to renew	69%	77%	85%
Annual overall satisfaction rate	68%	73%	70%
Percentage of clients with ESG practices	65%	71%	63%*

*Out of 96 responses.

We maintain a collaborative working model that allows us to understand our tenant's concerns and operational needs. In line with our TerraSE (Stakeholder Engagement) program, we conduct an annual tenant satisfaction survey. This contains questions on the level of service and attention from property managers, and is a fundamental tool for identifying strengths and opportunities to improve the portfolio. It also allows us to identify whether we need to strengthen our communication channels with tenants.

In 2022, 124 properties won the Kingsley Excellence Award, which recognises high tenant satisfaction.

Sustainable supply chain

3-3, 308-1, 414-1, 419-1

The 2022 materiality analysis relaunch further highlighted the importance of properly managing sustainability practices across the value chain. For this reason, together with PGIM Real Estate, we drew up a code of conduct specifically written for suppliers and included the signing of 100% of suppliers' knowledge and acceptance of the Code of Ethics in the 2022 renewal process.

Within the total number of suppliers working with Terrafina,99% signed the Code of Conduct in acknowledgement. This demonstrates that we are on track to meet our goal of having 100% of suppliers sign the Code of Conduct by 2024. This code includes information on:

- Integrity and ethical business practices
- Gifts, entertainment, conflict of interest
- Reporting concerns
- Anti-retaliation
- Human rights and fair labor practices
- Supplier diversity
- Cybersecurity and data privacy
- Risk management
- Environment

During 2021, we conducted a pilot ESG assessment for a sample of suppliers. Based on this assessment' results, we are currently developing an action plan to identify areas of opportunity in our supply chain and establish strategies and guidelines consistent with our sustainability vision.

This ESG assessment consisted of a 30-item survey that helped us understand our suppliers' alignment with sustainable best practices and analyze the best strategy to promote them together.

We continue to require all our suppliers to align with our code of conduct, regulatory compliance, and our strict supplier registration processes, which include social and governance issues. Going forward, we will design a way to consider environmental aspects for critical suppliers or suppliers with significant risks related to these issues before they are contracted. We are still working on the contractual language we started to develop during 2021, to standardize our new ESG clauses' wording and criteria. We seek to explain their role and benefits for both parties to suppliers in detail.

View Supplier Code of Ethics here

> "Formal training is conducted with key suppliers such as property managers and we maintain constant contact and dialogue with them, addressing their concerns directly. We will seek to actively conduct training in the future with a wider range of suppliers".

Supply chain selection

2-8, 204-1, 308-1, 414-1, 419-1

Terrafina works with 442 non-critical suppliers and 3 medium and low risk critical suppliers, including our advisor (PGIM Real Estate). We define critical suppliers as those with which there could be an interruption or failure in the service provided to us, resulting in a significant financial, legal, or regulatory impact, or which in turn could impact one of our clients. This group also includes those who have access to confidential, personal, or monetary information (contact details, personal IDs, RFCs, among others) of Terrafina and its team. Critical suppliers are characterized by the fact that they represent a significant level of expenditure for the organization (over US$2 million dollars per year), so their selection is made by analyzing our advisor's global policies and standards. These suppliers are monitored by the Business Management area, in charge of third-party risk management.

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

We also complete an annual Inherent Risk Rating (IRR) survey to assess the operational (financial or reputational) risk of critical service suppliers. This survey assesses the risks posed by the supplier within 3 categories:

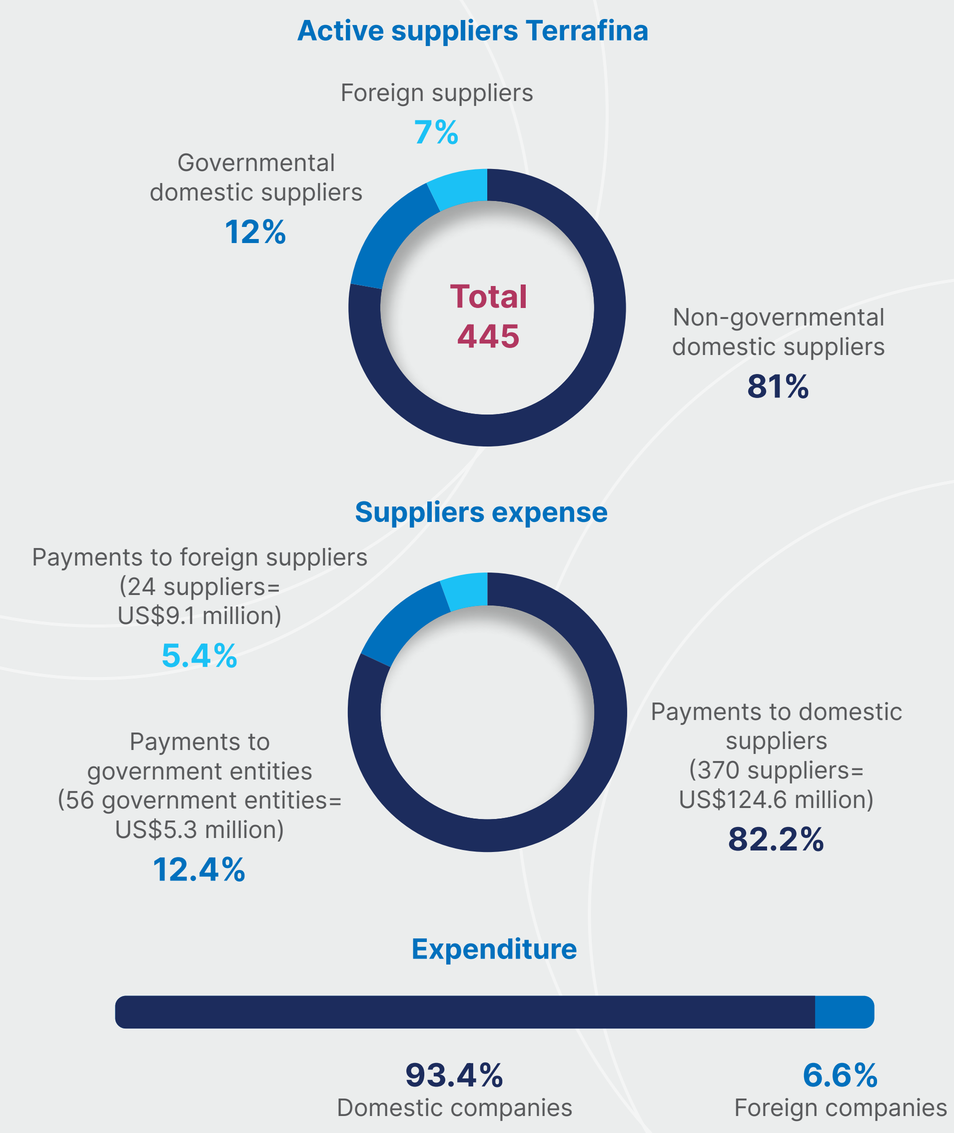
- Compliance & Litigation Risks
- Dependency & Reliability Risks
- Information Security Risks

After answering the questions related to these different topics, a weighted average of the risk the supplier represents within each of these categories is obtained. This determines the level of risk generated (high, medium, and low). This is measured considering potential legal, regulatory, and reputational impact.

In addition to this, an annual certification process is carried out for all medium and high anti-corruption risk suppliers (FCPA). This includes property managers, who are considered non-critical suppliers from a Vendor Management point of view. In addition to requesting this information from regular suppliers, property managers are also required to provide the following data:

- Declaration of relationship to officials
- Notification on letter related to social responsibility
- OFAC Validations and SAT Blacklists
- Validations of Politically Exposed Persons

Our suppliers perform different activities as part of the value chain model described above. We spent US$138.9 million in 2022, US$104.5 million in 2021, and US$62.3 million in 2020 on suppliers, broken down by type of service in the following charts.



Other expenses: include properties' water, security, and advertising.
Other payments to suppliers: legal, professional, and administrative expenses, as well as Trustee fee.
Capital expenditure for new developments: expansions and custom-built properties.

Social investment

2-23, 2-24, 2-28, 413-1

We continue our commitment to work and promote initiatives that foster the well-being 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 them and mitigate possible negative externalities of our operation. We considered respect for human rights while developing this policy, both in our operations and in the project selection process. We divide our social impact strategy into two broad approaches:

- Existing properties
- New developments

Both are based on the Social Impact Model:

SOCIAL IMPACT MODEL	
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

As part of our strategy, we seek to deploy community social projects based on analysis of the specific needs and issues in the communities surrounding our properties. The ESG due diligence process for new developments includes the implementation of at least one community project as a development requirement to mitigate our operations' potential negative impacts on these communities. This project is decided based on the results of the social assessments implemented as of 2022 as a best practice in new construction. We also include a set of social engagement initiatives for new developments and major renovations in the certification criteria. These are to 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 training for workers, such as orchards and pollinato garden keeping.
- **Social integration:** local community engagement program.
- **Alternative fuel vehicles:** covered parking spaces with safety features for alternative transport. Exclusive parking spaces for car sharing, electric and/or hybrid cars.
- **Improved or sustainable transport:** continuous pavements and paths for pedestrians in and around the building, and/or care of existing pavements and paths for pedestrians.

We continue to support the following initiatives and projects of:

"Juárez en Acción", Ciudad Juárez, which aims to regenerate public spaces and promote a culture of volunteerism.

Since 2016, Fundación Paso del Norte has been promoting a social volunteering initiative that includes clean-up actions, rescuing public spaces, sports activities, integral well-being, and positive activities to help the community. In 2022, Terrafina sponsored the urban regeneration project as the closing event of Juárez en Acción. We were present in the Bahía Blanca park, Juárez, where with the support of neighbors and volunteers, we were able to bring more life and color to the neighborhood's park. The rehabilitation and rescue of the park allowed children, young people, and adults spend a large part of their free time in a space where they can have a healthy coexistence.

Support for technology centers for public primary schools in communities where we are present to promote quality education and reduce the technology gap in children and adolescents in Mexico.

The main objective is to influence the development of digital skills in students and teachers in primary schools through training for teachers to strengthen leadership, empowerment, and development of digital skills with a vision for the future and to consolidate learning to learn and learning for life strategies in students. During 2022, together with PGIM Real Estate, we will support five new technology centers.

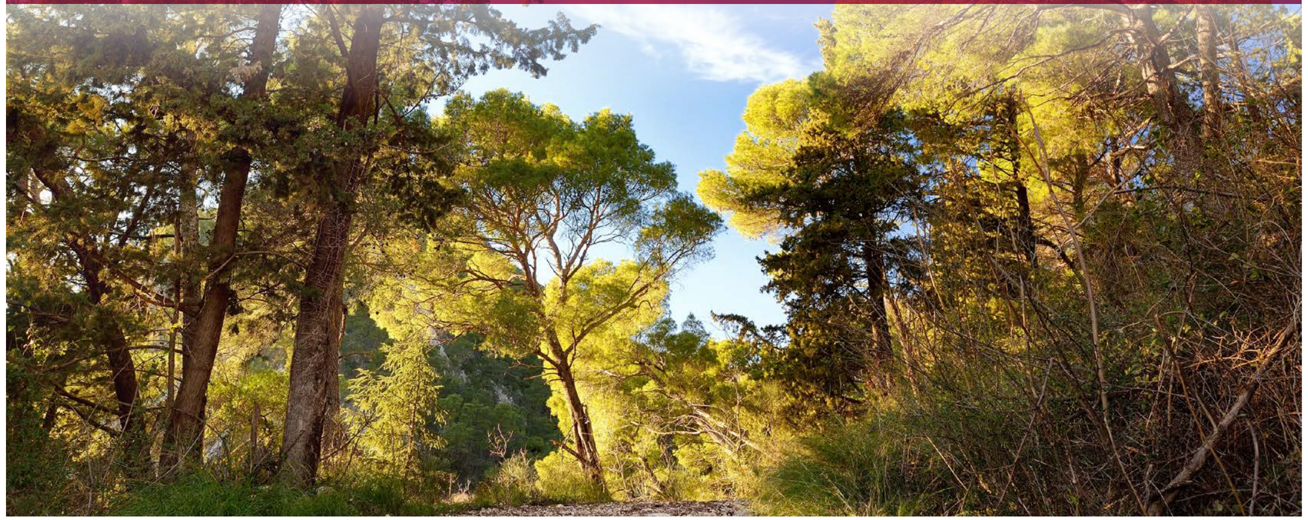
NAME OF THE PROJECT	NUMBER OF DIRECT BENEFICIARIES IMPACTED	DONATED AMOUNT	LOCATION	SDG
Traffic light for education We supported 5 hubs during 2022	2,675	Ps. 1,189,613	Silao, Gto. Cd. Apodaca, NL. El Marqués, Qto. El Salto, Jal. Lerma, Edo. Méx	 9. Industry, Innovation, and Infrastructure, specifically target 9.C *"Significantly increase access to information and communication technology and strive to provide universal and affordable access to the Internet in the least developed countries by 2020".*

There is also the Program for the Conservation of Natural Protected Areas (NPAs) in the regions where we are present. It looks to restore, protect, and preserve ecosystems, impacting local community development in collaboration with the "Better Partnerships, Better Forests" program of Reforestamos México A.C.

Our efforts have been carried out and are very important to favor the conservation and restoration of forest areas identified for having degradation and fragmentation problems. This reduces the supported sites' vulnerability, while increasing their resilience to the presence of phenomena that can compromise these ecosystems' permanence.

In addition to the environmental benefits of caring for forests, the benefits for members of the community and their families that joined the forestry brigade should not be overlooked, as we offered them economic support for the work they carry out in the field through the conservation, restoration, and management of their forest areas.

> With the conservation actions carried out on 10 hectares alone, it is estimated that more than 10,000 TonCO_2e will be captured".



STATES	NUMBER OF HECTARES BENEFITTED	NUMBER OF BENEFICIARIES	LOCATIONS BENEFITTED	PENDING HECTARES
State of Mexico	23.5	Direct: 20 Indirect: 74	Ejido San Martín Cuautlalpan, Faldas de Iztapopo	11.5
Jalisco	10	Direct: 20 Indirect: 76	Ejido La Primavera, ANP, Bosque la Primavera	5
Guanajuato	10	Direct: 22 Indirect: 50	Comunidad San Juan de Otates; ANP Sierra de Lobos	5
Nuevo León	10	Direct: 10 Indirect: 46	Ejido El Pajonal, Parque Nacional Cumbres de Monterrey	5
Coahuila	26	Direct: 10 Indirect: 46	Ejido Piedra Blanca, Sierra de Arteaga	14
Total	**79.5**	**Direct: 82 Indirect: 292**	**5 locations, 5 states**	**40.5**

Related objectives:

- We have supported social projects in more than 60% of the states where we are present, surpassing our goal of 50% of states with social projects by 2025 (Mexico City, Guanajuato, Chihuahua, Jalisco, State of Mexico, Nuevo León, Coahuila, Querétaro, San Luis Potosí, Baja California).
- In 2022, we donated a total of: Ps. 2,539,221.66 million and impacted more than 17,000 beneficiaries.

Human rights

2-23, 2-24, 410-1, 412-1, 412-2

At Terrafina we have a strong commitment to and respect human rights (HHRR) as part of our ESG (environmental, social and governance) approach in our operation and relationship with our stakeholders.

We are aligned with the implementation of the UN Guiding Principles on Business and Human Rights.

We have a **Human rights commitment declaration** in which we recognize our commitment to respecting the rights of our stakeholders and preventing risks of human rights violations. We are also committed to mitigating the potential impacts of our activities.

Human Rights Management with our stakeholders

- **Team:** We promote a culture of respect that values the diversity and integrity of each of our team members. Through our policies we promote respect for their rights.
- **Suppliers:** we share our Code of Ethics and require signatures of acknowledgement, as well as a declaration of compliance with current regulations.
- **Tenants:** we observe due compliance with the law and share our Code of Ethics and sustainability clauses.

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

In new developments, we incorporate certification processes that require compliance with international standards and best practices. These include health and well-being and labor compliance. We also have a Social Impact Policy with communities, which promotes respect for the rights of communities and their environment in relation with new developments and expansions.

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

Environmental, Social and Governance (ESG) Policy
Code of Ethics
Employee handbook
Integrity and Compliance Manual
Social Impact Policy (available in Spanish only)

We have identified and prioritized human rights risks within the framework of a due diligence process. The process followed has the OECD Due Diligence Guidance for Responsible Business Conduct as its theoretical framework. It must start from a commitment at the highest level to respect human rights. For more details on the process, identified risks and action plan see **Human rights risk analysis and action strategy**.

In 2022, we analyzed our previous human rights due diligence to make it more comprehensive, detailed, and in line with international best practices and standards.

Solid foundations

Responsible business commitment

Business ethics

3-3

Anti-corruption

2-23, 2-24, 205-1, 205-2, 205-3

Terrafina operates in a market with global participants. As a public company in an emerging market, we are aware of the potential risks our business model may face at every stage of its operation.

Good stewardship of our **Anti-Corruption Policy** is critical to safeguarding 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 Anti-Corruption Policy (available in Spanish only) contains procedures and requirements designed to prevent, detect, and deter violations of Policy ABC (Anti-Bribery & Corruption) and other applicable anti-corruption laws. This includes requirements relating to payments, gifts and entertainment, and political contributions or payments to governments. Terrafina prohibits the use of company funds to make political contributions to Government Officials and it is important to mention, that in line with this policy, Terrafina did not make any kind of political contribution in 2022. Payments or donations made by Terrafina or by individuals and companies subject to the anti-corruption policy to government agencies and agencies or public international bodies must be approved in advance by PGIM Real Estate Latin America Compliance. Any interaction with government officials must undergo detailed oversight by our external counsel's Regulatory and Compliance area and must be approved by the Regulatory and Compliance area. In doing so, we monitor compliance with anti-corruption legislation and company policies.

We also consider procedural requirements such as anti-corruption due diligence, contract processes, training, certifications, and anti-corruption oversight. This includes adherence to the Foreign Corrupt Practices Act (FCPA).

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

TERRAFINA'S INTEGRITY AND COMPLIANCE MANUAL

LABOR CONDUCT	OPERATIONAL POLICIES	REGULATORY REQUIREMENTS	COMMUNICATIONS WITH EXTERNAL PARTIES	MISCELLANEOUS POLICIES
• Code of Ethics • Fraud Policy • Insider Trading Policy • Personal Trading Policy • Gifts and Entertainment Policy • Conflict of Interest Policy • Discipline and Sanctions Policy • Company Policy • Investigation Procedures • Privacy Policy	• Business Continuity Plan	• Terrafina's Books and Records Management Policies and Procedures Manual • Money Laundering Prevention Policy • Anti-Corruption Policy	• Regulatory Consultation and Audit Policy • Customer Complaints Policy • Advertising Policy and Marketing Materials Manual • Email and Electronic Communications Systems Policy • Internet Use Policy	• Policy on Receipt of Confidential Inside Information

Suppliers' files are reviewed on an annual basis and customers' files are reviewed at each renewal. On this basis, we consider that our transactions with them, between reviews, meet our anti-corruption and anti-money laundering criteria.

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

With suppliers:

A. Development: permits and licenses

B. Security: contacting authorities in case of an emergency

C. Consultants: reports to authorities for approval

In real estate acquisitions/disposals:

A. Resources of illicit origin

On an ongoing basis in our operations:

A. Conflicts of interest

B. Gifts and entertainment

Ongoing anti-corruption training

2-24, 205-2

Since the beginning of our operations, at Terrafina we have included training on the Code of Ethics and anti-corruption in the induction process, and on an annual basis for existing team members.

As of 2020, 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 case studies.

- ✔ Suppliers and auditors have received anti-corruption policies and procedures.
- ✔ As contracts with suppliers have been renewed, they have been asked to sign off on our policies, including anti-corruption policies. 99% of our suppliers signed up in 2022.
- ✔ 100% of Technical Committee Members are aware of anti-corruption policies and procedures.
- ✔ 100% of team members are aware of and have been trained on anti-corruption policies and procedures.
- ✔ 100% of business partners are aware of and have been trained on anti-corruption policies and procedures.

Ethics and conduct

2-23, 2-24, 2-26, 3-3, 404-1

To always be in line with global best practices, we developed policies and procedures such as our Code of Ethics and Integrity and Compliance Manual in conjunction with our advisor, PGIM Real Estate.

Thanks to its long history and experience in the market, it has a robust ethical framework, and is considered one of the most ethical companies in the world. These policies are constantly reviewed and updated. We continuously monitor the United Nations SDGs, the UN PRI (United Nations Principles for Responsible Investment) recommendations, the communication and recommendations of the Global Compact and suggestions from other bodies that promote best corporate practices. We consult legal firms for the implementation of best practices or in specific cases that require greater specialization on the subject.

Within these practices we have:

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

"In 2022, 100% of our team members read, understood, and accepted the Code of Ethics. They also participated in courses on the Code and other related policies, as in previous years".

Ethics training per person was 1.6 hours during the year. It is also important to remember that all our team members receive training as part of their induction when they join the company. We also train property managers.

Since last year we have updated the Supplier Code of Ethics. We shared it with 100% of suppliers during 2022, who signed it in acknowledgement and accordance with the renewal processes. To date, 99% of our suppliers have signed to confirm their awareness of our policies.

Complaint mechanisms

If any concerns related to Ethics issues should arise, we have different communication channels at all our stakeholders' disposal.

To identify and report any breach of the Code of Ethics, our policies, or other applicable external regulations, we offer the **Ethics Hotline (integridad@terrafina.mx)**, where PGIM Real Estate manages these cases with a fair and professional perspective.

> At Terrafina, we establish that ethical concerns may be reported without fear of reprisal".

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.

If 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 noncompliance with the Code of Ethics.

Legal and regulatory environment management

3-3

Managing the legal and regulatory environment is key for a business for several reasons:

1. **Compliance:** Businesses are subject to various laws, regulations, and government policies with which they must comply. Failure to comply with these rules can result in fines, penalties, or even closure of the business. Proper management of the legal and regulatory environment helps ensure compliance with all applicable regulations.

2. **Reputation protection:** Violation of laws and regulations can have a negative impact on a company's reputation. Customers, investors, and other stakeholders may perceive a company as unethical or untrustworthy, which can lead to the loss of business or investors.

3. **Risk reduction:** Managing the legal and regulatory environment helps companies identify and mitigate legal and compliance risks, which in turn can help prevent costly and potentially disastrous problems in the future.

4. **Improving operational efficiency:** Proper management of the legal and regulatory environment can help companies optimize their processes and operations, which can reduce costs and improve efficiency.

In short, this issue is crucial to ensuring Terrafina's long-term success.

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 anti-corruption 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 2022, 100% of our team members and property managers completed four courses on ethics, conflicts of interest, anti-money laundering, and anti-corruption. In addition, all our team members 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.

> "We also have a training program for Technical Committee members on Terrafina's ESG material topics".

These trainings cover topics such as human rights, responsible investment, climate change, among others, which enhance Committee members' knowledge and conscious decision making. During 2022, training on climate change risks was conducted for ESG Committee members.

Presence and positioning

The strategy we have designed for our portfolio focuses on maintaining and analyzing opportunities to increase our exposure in key markets and regions of the country, while strengthening our multinational tenant base.

The properties in 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.

Northern markets, where Terrafina has a significant presence through its manufacturing properties, continued to be strong during 2022 thanks to high levels of demand. This also translated into significant rent increases. Multinational companies' interest in increasing or establishing their operations in Mexico for the first time through nearshoring continues to have a positive effect on the industrial sector.

This is particularly visible in the automotive sector, given the potential growth of activities related to electric vehicles (EVs). In this area, Terrafina has positioned itself as a market leader. We have also been active in other key sectors such as medical equipment, electronics, and logistics, which have contributed significantly to supply chain ecosystems, thus boosting manufacturing for export.

Terrafina's growth story has been assertive, with a growth plan that we are proud to have fully delivered ahead of our three-year schedule. **Overall, a total of 1.8 million square feet were committed and will contribute a total of US$12.2 million in NOI to the portfolio upon stabilization.** Importantly, these properties will contribute to cash flow generation totaling US$8.8 million in NOI by 2023.

At the beginning of 2023, we announced the launch of an innovative vehicle to support our future growth, enabled by PGIM Real Estate. Through a partnership with an international pension fund, a joint venture *(Sidecar)* was structured that will focus on the acquisition, development, leasing, and management of industrial assets. Through this, Terrafina will deploy up to US$450 million to increase its presence in key markets and sectors, protecting investors' interests by using the AFFO reserve and maintaining a neutral leverage level of 35% (in line with our internal debt policy), hence avoiding investor dilution through the issuance of new certificates. We estimate that the investment strategy's execution will be completed in the next two to three years. After the fifth year, Terrafina will have a preferential right to exercise its call option to acquire its partner's 50% stake.

The main attributes of this transaction include:

- It provides Terrafina with the resources to capture the opportunities of the current environment, while significantly enhancing the Company's growth trajectory.
- Deters incremental growth in Terrafina's revenues, NOI and AFFO, without diluting existing CBFI holders.
- It grants Terrafina preferential exit rights.
- Allows for self-financing of the execution of exit rights, aligned with the growth and non-dilution strategy.

"This partnership represents an opportunity to further strengthen Terrafina's position as a relevant player in the consolidation of industrial real estate space. It is also a great alternative to take advantage of current nearshoring trends without diluting our existing shareholders. Furthermore, the Sidecar will provide additional resources to grow in key markets and industries, while maintaining a healthy and disciplined balance sheet".

Alberto Chretin, CEO of Terrafina

Our portfolio at the end of the fourth quarter of 2022 had a strong presence in the most important industrial centers in Mexico 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, railways, 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 that the central region predominantly hosts logistics and distribution activities, geographic diversification also reduces our concentration in a single, specific industry sector.

Number of industrial properties: 276

GLA (Gross Leasable Area) occupied:

Gross: **39.4 million sqft**
Occupied: **38.0 million sqft**

% of the portfolio by regions of the country:

64.3% North, 20.3% Bajío, 15.4% Central

Occupancy % vs. market occupancy %:

National occupancy **96.5%**
(JLL Mexico Industrial Report Year End 2022),

National occupancy, **Terrafina occupancy 96.4%**
(JLL Mexico Industrial Report Year End 2022).

Year-on-year tenant retention rate: **99.1% by 2022 year-end.**

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 facility replaced the existing revolving credit facility (US$300 million) as well as another credit line (US$179 million) maturing in January 2023 and October 2022, respectively.

Subsequently, work was carried out throughout 2022 and 2023 to improve the sustainable credit line's conditions with a new line that materialized in July 2023 for a total amount of US$500 million. **This credit line has improved terms and conditions and matures in July 2027. This facility replaces the US$300 million revolving credit facility and the US$185 million term loan issued in 2021.**

This new facility's issuance, led by PGIM Real Estate and aligned with Terrafina's ESG strategy, is linked to one of Terrafina's existing ESG target metrics, namely "square feet certified as a green building" (the "KPI"). As a result of Mexico's solid industrial real estate fundamentals and Terrafina's strong historical performance, the Company was able to: i) access better pricing conditions, with a 50-basis point reduction compared to the previous credit facility, ii) expand the weighted average maturity on Terrafina's balance sheet iii) increase the diversification of financial institutions with which the Company has a relationship; and, iv) access pricing that can be adjusted -/+ 5 basis points subject to meeting the KPI.

> With this new sustainable credit facility, we reaffirm our commitment to continue aligning our strategy with our stakeholders' priorities. Our ESG efforts' progress has allowed us to improve our capital structure, gaining access to better interest rates and maturity terms".
>
> **Alberto Chretin, Terrafina's CEO**

Risk Management

Behind every business risk is an opportunity, so we seek to be resilient in the face of all the challenges that may arise.

Resilience and risk management

2-23, 2-24, 2-26, 2-27, 201-2, 205-1, 403-3, CRE8

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

See sections **“Sustainable Buildings"** and **"Climate Change”** in our **TCFD report.**

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 and continuous improvement system, 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. See **"Social investment"** section.

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 per property**
- **Design of property emergency response plans and training for future implementation**
- **Consideration of property insurance risks**
- **Communicating our progress to stakeholders**

The strategies we are implementing are:

1. Analysis of risks by property, supported by Measurabl® (data recording platform), and **Moody's climate analysis** (through its platform, 427®).
2. Identification of the most at-risk properties and generation of budgets to address climate risks within 2 years.
3. Education and awareness-raising work with tenants to find synergies in addressing the resilience of their facilities.
4. Obtained performance scores on the ARC platform for 66.6% of our properties, which helps us to have an Energy rating of their energy performance compared to their peers.
5. Assessment of the level of efficiency of the assets, on a scale of 0-100 through the ARC Skoru® platform, to identify properties with high levels of performance, as well as those with areas of opportunity for improvement and investment. This platform is validated by the USGBC and verified by an external data verification process.

Our properties currently report their ESG performance on the Measurabl® platform and the ARC Skoru® platform. They also play a key role in achieving international certifications.

> "The Measurabl® and ARC Skoru® platforms allow us to gather the information we need to make the best decisions regarding the ESG risks and opportunities each of our assets is exposed to."

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.

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

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

CATEGORY	RISK	DESCRIPTION
Operational	• Portfolio concentration in the industrial manufacturing for export sector	• Economic slowdown in the manufacturing sector • High dependence on political-economic conditions in the United States and Mexico • High exposure to the automotive and industrial goods sector
	• Increased development and operating costs	• Contingencies in construction and in obtaining permits and licenses • Costs derived from insurance payments, services, taxes, repairs, or periodic renovations, among others
	• Energy supply and cost issues	• Lack of reliable energy supply or increased energy costs for tenants, which may lead to capital movement out of the country – Regulatory uncertainty and slow transition to renewable energy in Mexico
	• Tenants' payment default – Tenants' non-compliance with laws and regulations	• Rent arrears or uncollectible rents to tenants with operational problems – Legal and reputational issues for Terrafina in the process of clarifying responsibilities
	• Lease 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

Continues →

CATEGORY	RISK	DESCRIPTION
Financial	• Exchange rate fluctuations	• Financial losses related to our US 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
Market	• Competition	• Companies with similar models in the same locations and with riskier strategies that generate market disruption
	• Relationship with Advisor	• Absence of exclusivity and potential conflicts of interest
Regulatory	• Financial losses due to illegal acts	• Extinction of property ownership or fines for regulatory offences
	• New tax provisions	• Adverse legislative or regulatory reforms in tax matters
	• New regulations	• New environmental and safety regulations
Emerging	• Social context	• Movements of social instability – Global political tensions
	• Cybersecurity	• Risk of cyber-attacks • Data leaks
	• Climate change effects	• Impacts on the conditions for future leasing of real estate • Climate change risks identified in regions of presence
	• Transition to a low carbon economy	• Regulations on energy supply • Tenants' requests for more efficient infrastructure (energy and water) and renewable supply
	• Evolution of the COVID-19 pandemic	• Uncertain extent of impact on economy, industry and company operations as economies reopen and vaccination plans progress

ESG risks

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 environmental problems and incidents.
- Overseeing procurement due diligence and property operations.
- Assessing the activities of potential tenants in relation to potential environmental risks.
- Providing support for regulatory negotiations.
- Developing and provide support to institute best management practices to mitigate environmental risks.
- Providing support in claims management and environmental insurance procurement.
- Reviewing any water intrusion problems.

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.

For details of how all these factors are considered within the sustainability criteria in the planning, design, pre-construction, and construction of our projects, please see the **"Sustainable Buildings" section**. In the event of non-compliance, property managers and/or tenant representatives, together with an environmental consultant, determine whether any penalties should be applied.

Some of the risk management best practices we follow are that:

- Our contracts include sustainability clauses
- We conduct climate change risk analysis
- We follow international standards in our different processes
- We follow a due diligence process for all organizations we interact with
- We have a whistleblower hotline that allows us to recognize any irregularity or violation that puts the company or its stakeholders at risk

Nowadays, cyber risks have become increasingly relevant due to the pandemic and remote work. At Terrafina we have a cybersecurity manual and provide training to team members 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, including incident response scenarios, thus preventing any type of attack and risk to Terrafina's sensitive information.

PROPERTIES ESG RISK MANAGEMENT

1 IN INVESTMENT APPRAISAL

Technical Due Diligence:
- Phase I
- Phase II

Social assessment for new developments

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

Compliance, legal and fiscal due diligence

SUPERVISION:

Transactions, Asset Management, Portfolio, Compliance, Legal

PGIM Real Estate Investment Committee

2 UNDER CONSTRUCTION / ACQUISITION

Sustainability criteria
- LEED Certification
- Implementation of risk mitigation recommendations resulting from ESG Due Diligence

Implementation of community social project

SUPERVISION:

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

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

3 IN OPERATION

Green Clause:
- SSOG (Sustainable Standard Operating Guidelines)
- Tenant tips
- Gap Analysis

Sustainability criteria
- LEED O+M certification
- Rating: ARC Skoru®

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 (information campaigns, education, other)

Data monitoring platform (Measurabl®)
Climate Change Scenario Analysis (TCFD)

SUPERVISION:

Tenants, Property Managers, Risk Consultant

PGIM Real Estate Asset Management + Environmental Consultant + ESG Terrafina

Management system

2-13, 2-23, 2-24

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

We constantly work to improve communication with the areas involved in the implementation of our ESG strategy. We train them on sustainability issues and have standardized the language used in ESG matters so that each person within the organization can act as an agent of change according to their area of expertise. In doing so, we aim to foster a culture of ESG risk prevention and opportunity identification.

We ensure we track the key performance indicators (KPIs) established in 2020 as benchmarks of our progress for each of our material topics. In doing so, we adhere to the best internationally recognized sustainability standards for the industry and the global best practices of our competitors. We are always looking to improve our performance and thus optimize our impact on all our stakeholders.

During 2022, training was offered to team members with organizations such as Global Compact, WRI and other international organizations and external consultancies to discuss the relevance of sustainability issues in business and the potential impact of climate change.

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 **ESG policy's** approach and direction include:

- 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 our stakeholders' well-being.
- 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 Operating Standards (list of 75 aspects that are assessed annually in each of the managed properties).
- Monitoring of property conditions to identify and mitigate non-compliance with our environmental guidelines.
- Environmental data collection and monitoring
- Training and dissemination of ESG information

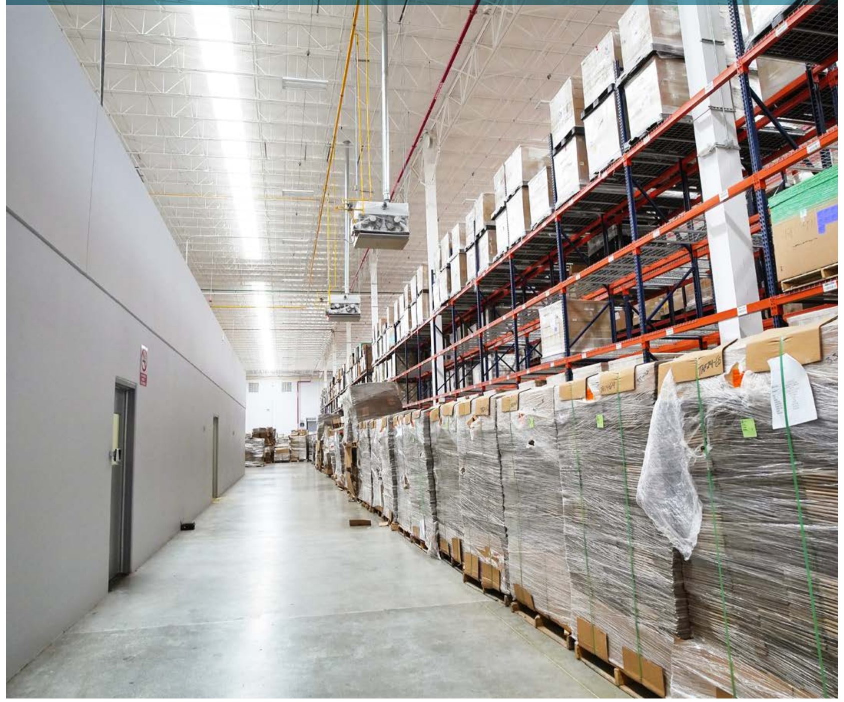
Tenants:

- Sustainable Operating Standards (list of 75 aspects that are assessed annually in each of the managed properties).
- Tenant Tips, which group best practices aligned with the progress of their environmental performance.
- Training and dissemination of ESG information.

During 2022, the following trainings were carried out:

PROPERTY MANAGERS

- Training on energy efficiencies
- Training on hydric stress
- Guidelines for ESG investment projects
- Sustainability Day



Diagnosis: Identify our current situation (strengths and areas of opportunity) in accordance with ESG best practices and industry requirements, to maintain a leadership position.

Materiality: Identification of material topics and linkage to the 2020-2025 ESG strategy (Incorporate extraordinary risks). Our materiality was updated in 2022.

2020 ESG Strategy: The ESG strategy is focused on strengthening the actions that have been taken in accordance with the best practices of our Advisor, PGIM Real Estate, and the alignment and incorporation of strategic initiatives with Terrafina's business model. Its main focuses are resilience, engagement, and transparency, anti-corruption, and ethics.

ESG Committee: Consolidation of supervisory body - ESG Committee. Presentation and approval of strategy and action plan.

ACTION PLAN

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

LEVEL 1

Governance

- Determination of priority and value activities.
- Generate efficient tools for management and administration of ESG issues.

LEVEL 2

Implementation

- Application and communication of best practices aligned to the interests of Terrafina and its stakeholders.

LEVEL 3

Evaluation

- Design and implementation of internal monitoring and evaluation mechanisms.
- Verification and audits of external information.

Governance of ESG risks

2-12, 2-13

The ESG Committee assesses the effectiveness of the organization's environmental, social, and corporate governance risk management processes. It is composed by three independent members of the Technical Committee: Eduardo Solís, as chairman; Carmina Abad, and José Luis Barraza, who, with their extensive experience and academic and professional background, oversee and promote the adoption of best practices to mitigate and convert risks into opportunities.

This committee meets at least every six months and makes recommendations on processes to improve or deepen based on the results of national and international assessments, analysis processes and best practices. The ESG Committee reports to the Technical Committee, so indirectly the Technical Committee (our highest governance body) also oversees the organization's ESG strategy.

At Terrafina, we work in conjunction with our advisor, PGIM Real Estate, which has a risk analysis structure comprised of the investment risk and operational risk team. They work hand in hand with the Asset Management and *Portfolio Management* teams. The former 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 performance of the funds. In addition, the

operational risk team supports the business with operational risk management advice focusing on areas of audit, internal controls, risk assessments and new product developments. The various issues are analyzed based on their complexity and communicated to the highest governance body in regular meetings with it. Such communication is formal and analyses the various aspects of each situation to make any company decision in an objective and transparent manner.

Climate change (TCFD)

2-24, 201-2, IF-RE-450a.1, IF-RE-450a.2

At Terrafina, we are adopting international best practices in ESG risk analysis and strategies in response to the global climate emergency.

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:

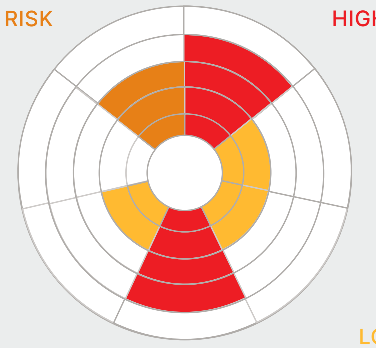
- **Physical risks:** these are risks that will be caused in the environment due to extreme variations in the weather. These can result in fires, water stress and extreme temperatures.
- **Transition risks:** include market and deregulation risks as the main challenges to be faced.

We have developed strategies to minimize the impact of these risks on our assets, mapping the transition to a low-carbon economy. These consider the political and social context and cybersecurity, as well as the impacts derived from macroeconomic effects. We rely on ARC Skoru® scores and LEED certifications to ensure that proposed initiatives are in line with international standards and criteria.

Under this same approach, we are reporting for the third time in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)[5] and using the materiality of sector issues in accordance with the Sustainability Accounting Standards Board (SASB)[6] indicators, as well as our reporting process to GRESB and CSA.

We do this study by focusing on the four thematic areas required by this framework: 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.

Overall Physical Risk Exposure



97% of our properties (267 out of 276) are located in areas at high risk of water stress.

2% (5 out of 276) are located in medium water stress risk zones.

67% of our properties (185 out of 276) are in areas with high risk of heat waves.

30% (83 out of 276) have a medium risk of heat waves.

67% of our properties (185 out of 276) are in areas with medium risk of fires.

31% (86 out of 276) have a high risk of fires.

24% of our properties (65 out of 276) are in areas with medium risk of hurricanes and weather events.

27% of our properties (74 out of 276) are located in areas with medium flood risk.
6% (17 properties) with high risk.

17% of our properties (46 out of 276) are located in medium earthquake risk zones.

5. The TCFD, Task Force on Climate-Related Financial Disclosures, is a working group established 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.

6. SASB stands for "Sustainability Accounting Standards Board" and is a non-profit organization dedicated to developing and publishing sector and industry specific ESG accounting and disclosure standards, with a focus on material issues for each sector and industry. It is a framework designed by investors for investors.

Description of physical and transition 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-demanding plants • Rainwater harvesting and reuse • Adaptive gardening
	Heat waves	• Increased demand for air-conditioning equipment • Increased energy demand for air-conditioning and ventilation	**Medium** and **high risk level**	• Provision of thermal insulation in ceilings and/or walls • Installation of air conditioning systems and efficient equipment • Cooling ceilings • On-site renewable energy to reduce pressure on the electricity system • Ventilation and daylighting strategies
	Fires	• Damage to utility infrastructure (electricity, water, air-conditioning, etc.) • Temporary closure of the property due to damage • Partial or total loss of property	**Medium risk level**	• Safeguarding of goods and information • Training • Availability of fire prevention and firefighting infrastructure
	Hurricanes and extreme weather events	• Damage to utility infrastructure (electricity, water, air-conditioning, etc.) • Temporary closure of the property due to damage • Partial or total loss of property	**Medium risk level**	• Flood prevention projects (described in more detail below) • Training and emergency communication plans • Emergency supplies

Continues →

Transition opportunities and 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 increased 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 that are considered adverse to climate change.	Investors not interested in assets that are not aligned with their climate change strategy	Afores obliged to analyze the ESG performance of their investments (CONSAR). Higher interest rates on funding due to 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 climate action expectations and market climate reporting. Continuous improvement in ESG projects and initiatives. Participation in international evaluations that make progress on ESG issues transparent. Modify business goals if necessary to be aligned with global best practices.
Market Uncertainty in the behavior of the commodities market.	Variation in raw material costs.	Lower returns on development projects. **Medium** risk level.	Increased cost or lack of electricity and/or gas. Shortages, delays and increases in materials for maintenance and construction. **Medium** risk level.	Lack of development projects due to depressed returns on investment costs. **Medium** risk level.	Efficiency in the use of energy. Promotion of 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 the technology for environmental management of assets (solar panels, air conditioners etc.). **Medium** risk level.	Impact on tenant demand of not adapting to new technologies quickly. **Medium** risk level.	Increased maintenance and development costs due to having to adopt different technologies. **Medium** risk level.	Suppliers' handbook with options for cutting-edge technologies. Technology impact analysis each 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.	Non-compliance with ESG commitments due to poor alignment with tenants and value chain. **Medium** risk level.	Lack of growth due to lack of funding. **Low** risk level.	Development of ambitious strategy aligned with international practices and oversight by the ESG Committee. Green clauses found with tenants. Value chain engagement strategy.

At Terrafina, we have followed a strategy for identifying physical and transitional risks aligned with the strategy of our advisor PGIM Real Estate, who, during 2022, with the support of property managers, led the implementation of a 100% portfolio resilience assessment.

This assessment considers various climate change risk indicators including physical, transition and social risks, aligned with TCFD recommendations. An assessment of the portfolio was made by 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, for all the properties in the portfolio. Under this methodology, we analyze the medium and high probability risks faced by our properties.

Some of the most relevant points we identified through this analysis were that:

- Our properties could be physically affected by extreme weather events and natural disasters. These could affect operations and have a negative effect on our results and financial condition.
- Regulatory and policy changes due to the emergence of climate change could have an adverse effect on the business. It is necessary to have robust action plans and policies in place to address such challenges.
- Lack of engagement and alignment of our key stakeholders on environmental, social, and corporate governance issues could result in a failure to meet our sustainability commitments.

In addition, each property has conducted an analysis to identify the climate risks to which it is exposed, as well as a vulnerability analysis of the building and site. With this information, the ESG area has developed a strategy to identify and manage the risks and vulnerabilities of the entire operation.

> Terrafina offers constant advice to its tenants and property managers so that they can include these strategies in their operations. We have mapped the action plan and are working with tenants on implementing it".

The metrics and targets used to assess and manage climate-related risks and opportunities, which in turn help us measure our progress and contributions to the Paris Agreement are as follows:

TOPIC	ENERGY EFFICIENCY	EMISSIONS	WATER EFFICIENCY	CERTIFICATIONS
Target	Implement programs with our partners and tenants to enable a process of more effective and environmentally friendly energy management.	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 of international sustainable best practice and in relation to market expectations.
Goal	Reduce energy intensity* by 20% by 2030, with 2018 as the baseline.	Reduce GHG emissions intensity* by 20% by 2030, with 2019 as the baseline.	Reduce water intensity* by 20% by 2030, with 2019 as the baseline.	Achieve 27% 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). Emission intensity: Scope 2 and 3[1] (tCO_2e/sqft)*. Variation in emissions: Scope 2 and 3[1] (tCO_2e) and (tCO_2e/sqft).	Water use (extraction) (m^3). Water intensity: (m^3/sqft)*. Use variation: (m^3) and (m^3/sqft).	Percentage of GLA with ARC Skoru® performance certification. Certified square feet. Number of certified properties.
Contribution to 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 target set is according to comparable data.
1. Aligned to GRESB report.

TOPIC	TARGET	STRATEGIC ACTIONS
GHG emissions	**20% reduction** in GHG emissions by 2030	• 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. • Supporting best practices for the reduction of transport of your personnel through operation and maintenance certifications. • Commissioning and retro-commissioning in all our new construction. • Conduct awareness and training campaigns for our tenants and property managers on emissions topics.
Energy efficiency	**20% reduction** in energy intensity by 2030	• Replace and/or install LED lighting fixtures. • Take advantage of natural lighting. • Install advanced systems for measuring and controlling electricity consumption. • Install occupancy sensors to reduce electricity 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 key tenant improvements. • Install automated measurement systems. • Conduct awareness and training campaigns on energy efficiency issues with our tenants and property managers.
Water efficiency	**20% reduction** in water use intensity by 2030	• Drive greater engagement and transparency with our business partners and tenants through training, management, and best practice tools. • Incorporate water-saving devices. • Treat and reuse wastewater. • Install advanced metering systems. • Use efficient irrigation systems. • Prefer native and low water-demanding plants. • Conduct awareness and training campaigns on water efficiency issues with our tenants and property managers.
Certifications	✔ **Certify 100% of new developments** as sustainable.	• Promote a greater engagement with our business partners and tenants on sustainability issues. • Generate alliances with international and national certifiers. • Analyze and select operating assets to be certified. • Incorporate technologies to measure and rate property performance. • Use international energy rating systems (Energy Ratings). • Through the LEED v4 BD+C Volume Program it is expected to: – Reduce water consumption in new construction by up to 40%. – Reduce energy consumption in new construction by up to 35%. – Divert up to 75% of construction waste in new construction.

Corporate governance

Strong corporate governance helps to generate value for all our stakeholders over the long term.

Corporate governance

2-9 to 2-13, 2-15, 2-17 to 2-20, 2-26, 3-3

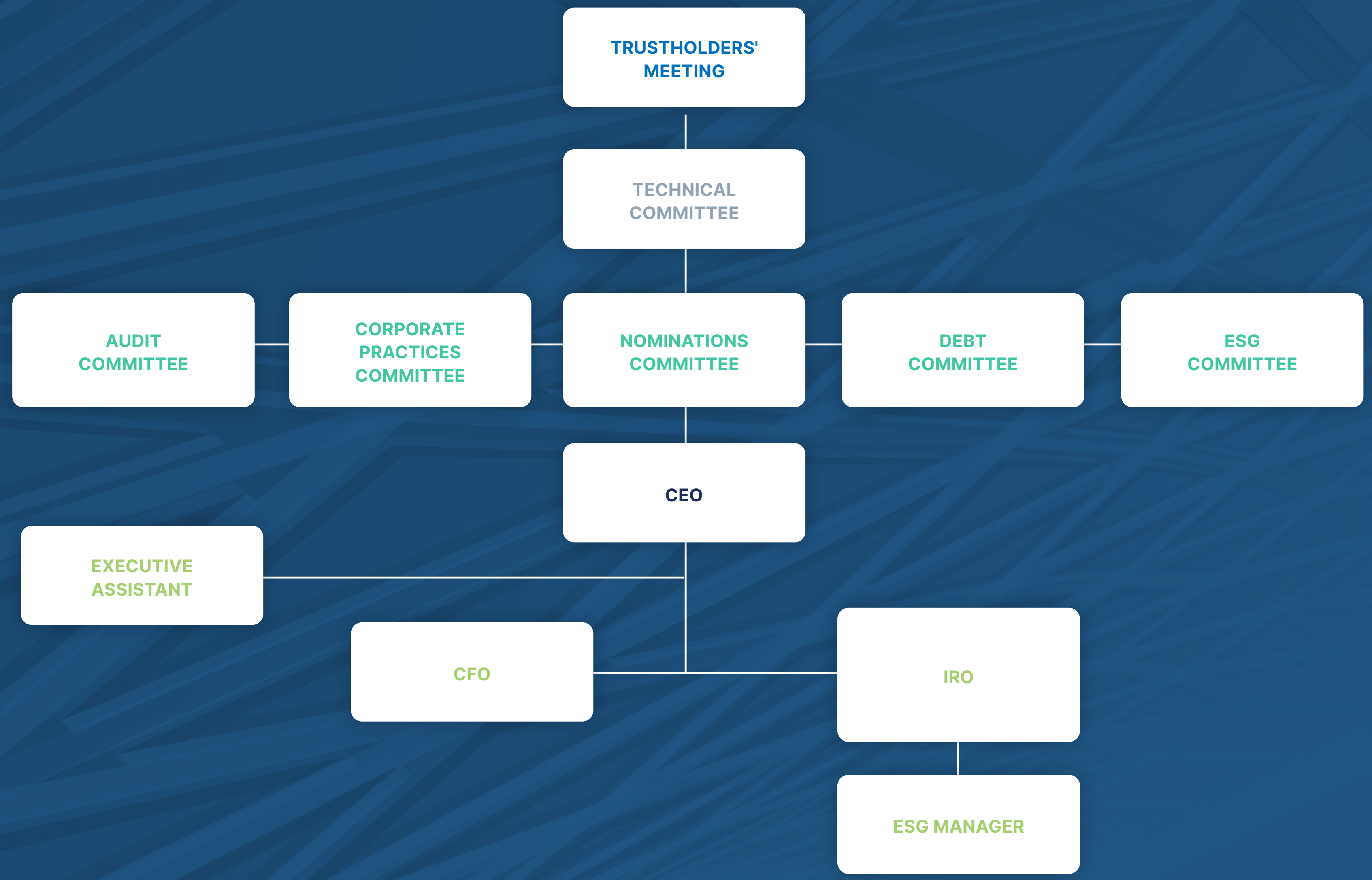
Our corporate governance is designed following what we consider to be the best global practices for platforms such as ours.

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.

Trustholders' Meeting

The holders of our *Certificados Bursátiles Fiduciarios Inmobiliarios* (CBFIs) participate regularly in the Holders' Meeting. This meeting is held on an ordinary basis once a year, at which they approve the financial results and elect or ratify the members of the Technical Committee.

The following organization chart illustrates all our governance bodies:



Technical Committee

2-11, 2-12, 2-13, 405-1

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 2022, 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 April 2022. It is important to mention that Alberto Chretin, our Chief Executive Officer, is also chairman of the Technical Committee.

Committee members' expertise in risk, social strategies and initiatives, and corporate governance, among other topics related to integrating sustainability into the business, promotes more informed discussion and decision-making aligned with our strategy.

NAME	GENDER	SERVICE TENURE	INDEPENDENT	2022 RATIFICATION
Alberto Chretin	Male	9 years	No	Yes
Enrique Lavín	Male	3 years	No	Yes
Eduardo Solís	Male	9 years	Yes	Yes
Arturo D'Acosta	Male	9 years	Yes	Yes
Carmina Abad	Female	6 years	Yes	Yes
José Luis Barraza	Male	9 years	Yes	Yes
Víctor Almeida	Male	9 years	Yes	Yes
Timothy Pire	Male	1 year	Yes	Yes

Average Board member service tenure: 6.9 (2022).

Average attendance at meetings: 88%, during 2022 a requirement of at least 75% attendance was established.

> It is important to highlight our committee's alignment with ESG issues. Technical Committee members are selected for their integrity, reputation, and professional experience. We seek to maintain a balance of expertise on issues that may be relevant to our operations in the real estate industry".

We see diversity in the composition of the Committee, in terms of experience, skills, knowledge, abilities, ethnicity, age and gender, as a strength. This is complemented by the information directors receive on company activity, industry trends, risk analysis, and other training in Committee training updates. We also consider independence within the criteria for selection of Technical Committee members. Independent members receive a financial consideration for their participation in Committee sessions, which is established by the Nominating Committee and approved by the Meeting of Holders. In addition, at Terrafina we maintain the objective of having a Technical Committee whose level of independence is greater than 50% of independent members.

Finally, at Terrafina we implemented a biannual self-assessment of directors that considers the quality and efficiency of their work. **In 2022, we obtained very positive results, considering variables such as 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.

Operating Committees

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

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

COMMITTEE		GENDER	RESPONSABILITIIES
Audit Committee 100% independent 20% female participation	Arturo D'Acosta *(Chairperson)*	M	• Ensuring that the company's audit and reporting obligations are fulfilled, including the evaluation of the external auditor's performance. • Issuing recommendations on the financial statements. • Overseeing that company policies and established internal controls are being applied.
	Eduardo Solís	M	
	Carmina Abad	W	
	Victor Almeida	M	
	Timothy J. Pire	M	
Corporate Practices Committee 100% independent 20% female participation	Victor Almeida *(Chairperson)*	M	• Support corporate governance decision-making and ensure the absence of conflicts of interest.
	Eduardo Solís	M	
	Carmina Abad	W	
	Timothy J. Pire	M	
	José Luis Barraza	M	
Nominations Committee 100% independent 33% female participation	José Luis Barraza *(Chairperson)*	M	• Recommend candidates as independent members of the Technical Committee and the consideration for them.
	Carmina Abad	W	
	Arturo D'Acosta	M	
Debt Committee 100% independent 20% female participation	Carmina Abad *(Chairperson)*	W	• Monitor compliance with debt ceiling, leverage guidelines and debt coverage ratio.
	Eduardo Solís	M	
	Arturo D'Acosta	M	
	Timothy J. Pire	M	
	Victor Almeida	M	
ESG Committee 100% independent 33% female participation	Eduardo Solís (*Chairperson)*	M	• Overseeing the linking of ESG aspects in Terrafina's strategy. • Recommending actions on the identification 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.
	Carmina Abad	W	
	José Luis Barraza	M	

ESG Committee

2-9, 2-12, 2-13

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 the interests and expectations of our stakeholders.

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

During 2022, we were recognized as a member of the S&P Sustainability Yearbook and named an Industry Mover (2021). This is for 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 assessed 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 the commitment of our ESG Committee, 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 ongoing, so we are always looking to adopt best practices and be more innovative on the road to sustainability.

Senior Management

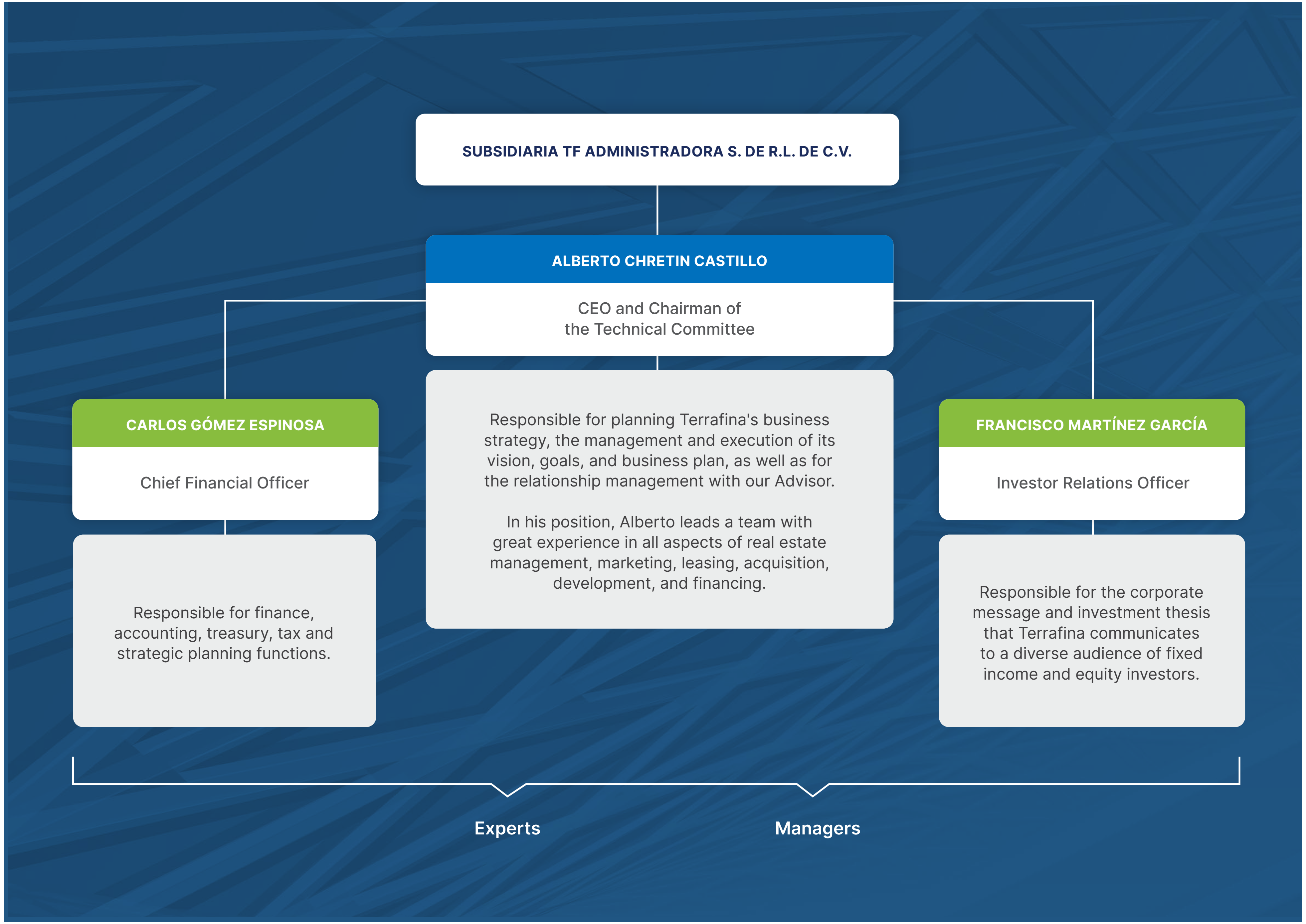
2-9, 2-11, 2-12, 2-13, 2-19, 2-20

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

They are responsible for executing 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 the 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.



Financial information

We work every day to implement a business strategy that allows us to grow sustainably into the future.

Discussion and analysis of 2022 results

Revenue recognition based on collections

Terrafina's revenue accounting is aligned with cash generation, so the main indicators are: Net Operating Income (NOI), Earnings Before Interest Expense, Taxes, Depreciation and Amortization (EBITDA), Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO). These are calculated from rental revenues, subtracting uncollected billed revenues, and also include the recovery of collections from previous quarters.

This methodology will continue to be used by Terrafina for the calculation of indicators that are a benchmark in the industrial real estate sector.

It is important to note that in 2021 and 2022, Terrafina had no deferrals in its collections throughout the year.

OPERATING RESULTS FOR THE LAST FIVE YEARS

	2018	2019	2020	2021	2022	VARIATION (22-21)
Number of Developed Properties	287	289	274	273	276	+3 properties
Gross Leasable Area (GLA) (million sqft)*	41.1	42.3	39.2	38.6	39.4	+0.8 million sqft
Land Reserve (million sqft)*	6.06	5.66	5.51	5.51	4.6	-0.9 million sqft
Occupancy Rate (at year-end)[1]	95.3%	96.5%	95.2%	94.9%	96.4%	+150 bps
Rental Income (millions of dollars)	191.0	191.1	199.1	187.4	196.0	+4.6%
Average Rent/Square Foot (dollars)	5.15	5.19	5.28	5.40	5.63	+ US$0.23
Average Remaining Rent Term (years) (at year-end)	3.37	3.85	3.75	3.75	3.6	-4.0%
Renewal rate (annual average)	90.80%	91.30%	86.8%	88.1%	99.1%	+1,100 bps

*million sqft: million square feet
1. Indicates the average renewal rate for the contract year including early renewals.

Northern Region | **98.4% occupancy by the end of 2022**

The northern region had the most dynamic leasing activity, accounting for 72% of contracts. High demand levels reflected in this region were largely attributable to nearshoring trends, benefiting from the expertise and strategic location of export manufacturing activity. These markets recorded an average portfolio occupancy of 98.1% and an average annual rent of $5.52 per square foot. Manufacturing activity was dominant, being the region of choice for multinational companies to establish their operations. We expect this region's strong performance to continue through 2023. Chihuahua, Ciudad Juárez, and Ramos Arizpe stood out as the most relevant markets at year-end.

Central Region | **98.4% occupancy by the end of 2022**

The central region, particularly highlighted by the Cuautitlán Izcalli market in the State of Mexico, maintained an average occupancy rate of 96.1% with an average annual rent of US$6.23 per square foot. A steady demand for logistics and distribution space has played a key role in the strong performance, as there remains limited space availability at present. This region accounted for 14% of leasing activity at year end.

Bajío Region | **88.6% occupancy by the end of 2022**

Finally, the Bajío region accounted for 14% of leasing activity. The markets of Querétaro, Guadalajara and San Luis Potosí stood out, with an occupancy rate of 88.6% and an average annual rent of $5.50 per square foot. These figures showed a steady recovery supported by the dynamics in active leasing for the automotive sector. We will continue to focus our efforts to increase leasing activity in the region.

Operating data

- **280 properties:** At year-end 2022, Terrafina had a total of 276 developed properties, of which 73.4% are dedicated to manufacturing and 26.6% for logistics and distribution. The other four are land reserves for future development or sales.
- **7.4 million sqft leasing activity:** In addition, Terrafina had leasing activity totaling 7.4 million sqft, of which 34.6% corresponded to new leases (including expansions), 47.4% to lease renewals and 18.0% to early renewals.
- **During 2022, no strategic property or land reserves sales** took place.
- **96.4% average occupancy:** Average occupancy at year-end 2022 was 96.4%, exceeding the expected guidance for occupancy levels for the year of 94% to 95%.

Financial results

CUMULATIVE FINANCIALS	DEC22	DEC21	VAR.	DEC22 fx 20.1242	DEC21 fx 20.2773	VAR.
	(millions of pesos)			(millions of dollars)		
Net Collections [1]	3,974.8	3,844.0	3.4%	197.5	189.6	4.2%
Rental Revenues [2]	3,944.3	3,798.9	3.8%	196.0	187.4	4.6%
Other Operating Income	78.5	144.7	-45.7%	3.9	7.1	-45.1%
Cash-basis income [3]	4,056.0	3,936.8	3.0%	201.5	194.1	3.8%
Cash-basis income + Tenant improvement Reimbursements[4]	4,073.6	3,952.4	3.1%	202.4	194.9	3.9%
Net Revenues	4,084.7	3,975.1	2.8%	203.0	196.0	3.6%
Net Operating Income (NOI)*	3,795.5	3,692.4	2.8%	188.6	182.1	3.6%
NOI Margin	93.6%	93.8%	-22 bps	93.6%	93.8%	-22 bps
EBITDA [*5]	3,344.2	3,271.0	2.2%	166.1	161.3	3.0%
EBITDA margin	82.4%	83.1%	-67 bps	82.4%	83.1%	-67 bps
Funds from Operations (FFO)*	2,486.0	2,433.5	2.2%	123.5	120.0	2.9%
FFO margin	61.3%	61.8%	-57 bps	61.3%	61.8%	-57 bps
Adjusted Funds from Operations (AFFO)*	2,103.9	2,074.4	1.4%	104.4	102.3	2.1%
AFFO margin	51.6%	52.5%	-91 bps	51.6%	52.5%	-91 bps
Distributions	1,472.7	1,452.1	1.4%	73.1	71.6	2.1%
Distributions per CBFI [6]	1.8997	1.9441	-2.3%	0.0942	0.0959	-1.8%

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 figure 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	2022	4Q22	2022	4Q22
	(thousands of pesos)		(thousands of dollars)	
Rental revenues	4,006,222	1,007,282	199,070	51,145
Other operating income	78,517	21,089	3,900	1,071
Real estate operating expenses	-667,612	-202,202	-33,226	-10,267
Other operating expenses related to investment properties	-4,686	19,214	-261	982
Fees and other expenses	-458,786	-125,452	-22,815	-6,367
Realized gain (loss) on real estate sales	-324	0	-16	0
Net unrealized gain (loss) on fair value adjustment of investment properties	3,668,766	282,952	182,171	14,470
Net unrealized gain (loss) on fair value adjustment of loans	1,020,806	-1,595,924	48,028	-81,539
Net unrealized gain (loss) on fair value adjustment on derivative financial instruments	11,782	-1,418	585	-72
Net realized gain (loss) on derivative financial instruments	0	0	0	0
Foreign exchange gain (loss)	-919	4,206	-31	212
Operating profit	**7,653,766**	**-590,253**	**377,405**	**-30,367**
Financial income	8,849	4,884	445	248
Financial cost	-970,615	-239,221	-48,180	-12,150
Financial expenses - net	**-961,766**	**-234,337**	**-47,735**	**-11,902**
Share of profit from equity accounted investments	103,132	10,020	5,175	512
Net profit for the period	**6,795,132**	**-814,570**	**334,845**	**-41,757**
Exchange rate gain (loss) from functional to reporting currency	-2,199,032	-1,790,793	0	0
Changes in the fair value of loans at fair value through other comprehensive income	753,944	842,603	38,665	43,519
Comprehensive income for the period	**5,350,044**	**-1,762,760**	**373,510**	**1,763**

Income Statement

Collections

Net collections in 2022 were US$197.5 million, an increase of 4.2% compared to the previous year, as a result of increased rents bolstered by high demand for industrial properties in Mexico.

Revenues

Rental income for the year was US$196.0 million, a growth of 4.6% compared to 2021. Revenues increased as a result of favorable rental growth dynamics, with properties strategically located in key markets. They also benefited from a high renewal rate, maintaining a steady cash flow through 2022.

Net income, which includes rental and other income (income from tenant reimbursements for property taxes, maintenance, and repairs, as well as insurance derived from triple net contracts) was US$203.0 million, an increase of 3.6% compared to 2021. Other income decreased to US$3.9 million, a decrease of 45.1% compared to the prior year.

Net operating income (NOI)

The NOI for 2022 was US$188.6 million, an increase of 3.6% compared to the previous year. Importantly, operating expenses increased in 2022 (US$13.0 million in 2021 compared to US$12.0 million in 2021). As a result, the variation in the NOI margin was a decrease of 22 basis points, reaching 93.6% for the year.

EBITDA

EBITDA in 2022 increased 3.0% to US$166.1 million as a result of a higher rental income base.

The EBITDA margin recorded for the year was 82.4%, a decrease of 67 basis points compared to the 2021 margin. This is mainly explained by increases in real estate expenses, commissions and administration expenses during the year aligned with the portfolio's GLA growth.

Financial costs

Net finance costs totaled US$43.1 million in 2022, compared to US$41.4 million in 2021. The main reason for this 4.1% increase is due to the increases in interest rates during the year. During the year, there were no debt negotiations or repayments.

Funds from Operations (FFO)

FFO increased 2.0% to US$104.4 million in the year, as higher net collections offset higher finance costs, as well as a positive revaluation of the value of some of the properties in the portfolio. As a result, the FFO margin decreased by 57 basis points to 61.3%, compared to 61.8% in 2021.

Adjusted Funds from Operations (AFFO)

AFFO in 2022 was US$104.4 million, increasing 2.0% versus 2021. This is explained by a higher revenue base recorded throughout the year.

The AFFO margin was 51.6%, a decrease of 91 basis points compared to the margin achieved in 2021.

BALANCE SHEET	DEC. 31ST-22 (thousands of pesos)	DEC. 31ST -22 (thousands of dollars)
ASSETS		
Non-current assets		
Investment properties	52,411,408	2,706,991
(Cost: 31/12/2022 Ps.42,763,270 US$2,208,675; 30/09/2022 Ps.42,443,769, US$2,090,229)		
Investments in joint venture	539,639	27,872
Deferred income receivable	285,655	14,754
Loan receivable	131,077	6,770
Restricted cash	30,473	1,574
Current assets		
Other accounts receivable	293,070	15,137
Recoverable taxes	145,153	7,497
Prepaid expenses	26,540	1,371
Derivative financial instruments	25,139	1,298
(Cost: 12/31/2022 Ps. 8,782, US$454; 09/30/2022 Ps. 121,189, US$5,968)		
Deferred charges receivable	46,622	2,408
Accounts receivable	65,007	3,358
(Net of allowance for doubtful accounts: 12/31/2022 Ps. 101,069, US$5,221; 9/30/2022 Ps. 121,189, US$5,968)		
Cash and cash equivalents	733,100	37,864
Total assets	**54,732,883**	**2,826,893**
Net assets attributable to investors (shareholders' equity)		
Net contributions	17,871,392	1,515,932
Retained earnings	9,709,610	339,141
Currency translation adjustment	8,120,766	-
Own credit risk reserve	898,950	35,313
Total net assets	**36,600,718**	**1,890,386**

BALANCE SHEET	DEC. 31ST-22 (thousands of pesos)	DEC. 31ST -22 (thousands of dollars)
LIABILITIES		
Non-current liabilities		
Loans	15,972,269	824,950
(Cost: 12/31/2022 Ps. 16,786,421, US$867,067; 09/30/2022 Ps. 18,325,970, US$917,000)		
Tenant deposits	342,002	17,664
Suppliers and other accounts payable	134,668	6,955
Current liabilities		
Suppliers and other accounts payable	384,875	19,878
Loans	1,230,848	63,572
(cost: 31/12/2022 Ps. 1,230,848, US$63,576; 30/09/2022 Ps. 138,078, US$6,800)		
Tenant deposits	607,503	3,486
Total liabilities (excluding net assets attributable to Investors)	**18,132,165**	**936,506**
Total liabilities and net assets	**54,732,883**	**2,826,893**

Balance Sheet

Investment properties

Total assets increased by 6.9% compared to 2021, reaching US$2,826.9 million. This was mainly explained by an increase in the market value of investment properties from US$238.4 million to US$2,707.0 million. This is an increase of 9.7% compared to 2021, which is mainly derived from the increase in the valuation of properties that were completed in 2022, as well as an increase in the value of properties located in primary markets.

The land reserve at the end of 2022 was recorded at US$25.1 million. The revaluation of the reserve is explained by the sale of a land reserve from five plots of land for 5.5 million sqft to four plots of land for 4.9 million sqft.

Banks

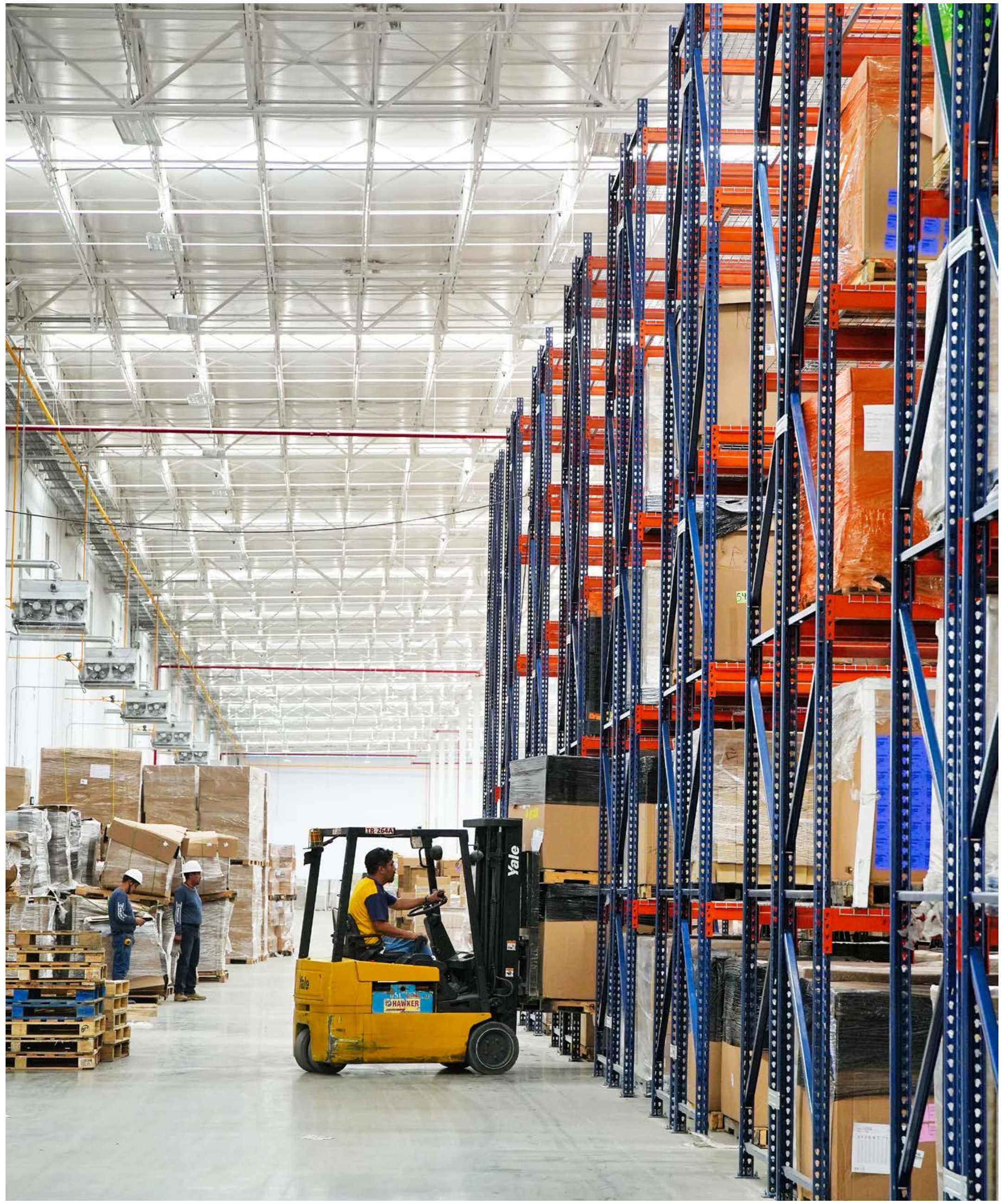
Cash stood at US$37.9 million, decreasing by 57.5% compared to 2021. This decrease was mainly explained by using cash for development activities generated because of asset sales in 2021.

Net assets

Within net assets, it is worth noting that the repurchase fund activity was reactivated for an amount of US$22.7 million in 2022. This, together with the results for the year, brought total net contributions to US$1,515.9 million at the end of 2022.

Liabilities

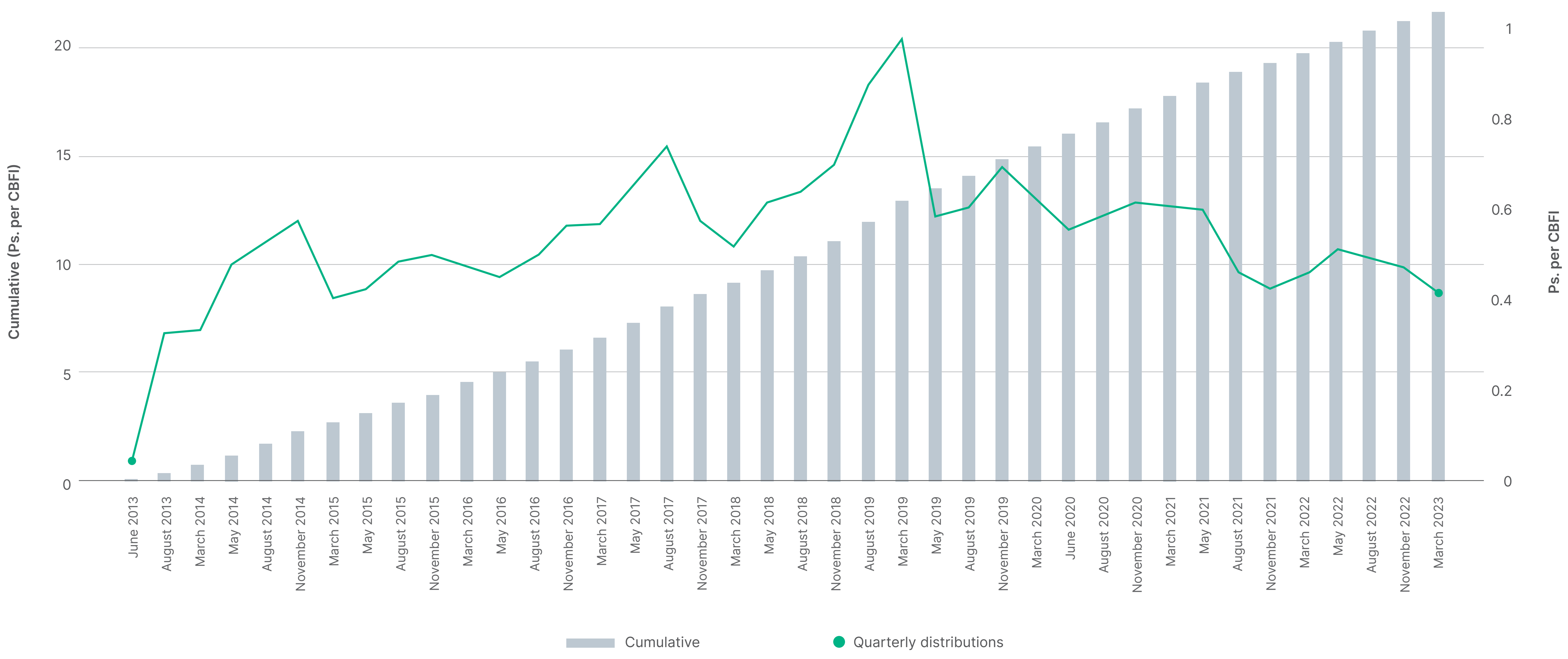
Total liabilities decreased 9.2% to US$936.5 million compared to 2021. This variation is explained by a 9.5% lower total debt level, which closed the year at US$888.5 million. Net debt at year end was US$850.7 million, decreasing 4.7% year on year due to the reduction in total debt described above.



Historical distributions

Terrafina paid out a total of US$73.1 million in distributions during the year. This is an increase of 2.0% year on year, driven by increases in revenues.

Distributions per CBFI for 2022 amounted to US$0.0942 on an average basis of 772.5 million CBFIs outstanding.



Economic value generated and distributed

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

CATEGORY	BREAKDOWN	2022		2021		2020		VARIATION	
		Exchange rate: 20.1242		Exchange rate: 20.5835		Exchange rate: 21.4834		2022 vs 2021	
		Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars
Economic Value Generated (EVG)		**4,022.82**	**199.92**	**4,003.20**	**194.5**	**4,355.10**	**202.7**	**0.49%**	**2.79%**
Rental revenue		3,944.30	196.02	3,856.30	187.3	4,233.90	197.1	2.28%	4.65%
Other income		78.52	3.90	146.9	7.1	121.2	5.6	-46.55%	-45.07%
Economic Value Distributed (EVD)		**1,506.95**	**75.38**	**954.1**	**46.4**	**-3,387.80**	**-157.7**	**57.94%**	**62.45%**
Operational Expenses	Repair and maintenance	-281.66	-14.04	-225.9	-11	-278.6	-13	24.68%	27.63%
	Electricity	-4.50	-0.22	-7	-0.3	-8.3	-0.4	-35.71%	-25.51%
	Other expenditure	-21.03	-1.05	-19.1	-0.9	-13	-0.6	10.12%	16.20%
	Property manager fees	-78.99	-3.92	-77.2	-3.8	-82.6	-3.8	2.31%	3.28%
Administrative Expenses	Broker fees	-104.00	-5.17	-137.3	-6.7	-105.7	-4.9	-24.25%	-22.83%
	Insurance	-41.15	-2.05	-36.2	-1.8	-29.4	-1.4	13.67%	13.66%
	Taxes	-89.85	-4.46	-105.7	-5.1	-94.7	-4.4	-15.00%	-12.53%
Corporate Expenses	External advisor Fees (PGIM Real Estate)	-268.83	-13.36	-252.5	-12.3	-268.6	-12.5	6.47%	8.63%
	Other supplier payments	-144.75	-7.20	-149.9	-7.3	-136	-6.3	-3.43%	-1.37%
	Payroll and collaborator compensation	-39.34	-1.96	-37.9	-1.8	-41.5	-1.9	3.79%	8.79%
Distributions (payments to CBFI holders)		1,472.74	73.11	1,474.00	71.6	-1,867.70	-86.9	-0.09%	2.11%
Capital expenses for new developments		1,108.30	55.70	528.9	25.7	-461.8	-21.5	109.55%	116.73%
Property acquisitions		0	0	0	0	0	0	0.00%	0.00%
Economic Value Retained (EVR)		**2,515.87**	**124.54**	**3,049.10**	**148.1**	**7,743.00**	**360.4**	**-17.49%**	**-15.91%**

The exchange rate is considered in accordance with the consolidated financial statements document.

TCFD Report

We have metrics and targets strengthened by strong governance that allow us to increasingly mitigate the climate change risks we face.

TCFD Report

Climate change presents various risks to our business continuity, such as extreme weather conditions, loss of biodiversity, global crises, as well as debt crises. Furthermore, it is estimated that by 2052, the annual costs to repair or replace buildings damaged by climate change effects could increase by up to 25% , which is why climate risks have started to be considered in investment risks and resilience is considered a competitive advantage.

Being aware of this and of the great impact that climate change will have on the value of our assets, at Terrafina we analyze ESG risks and opportunities with the same attention as we analyze other risk factors such as operational, financial, and market risks. That is why we applied best practices to our reporting and started to include TCFD recommendations in 2020.

The TCFD is a working group set up by the Financial Sustainability Board, whose main objective is to analyze the risks that climate change will generate, as well as its impacts on the financial sector. To this end, 11 voluntary recommendations were structured into four thematic areas that represent its core elements: governance, strategy, risk management, and metrics and objectives.

This is how the actual and potential impacts of climate-related physical and transition risks and opportunities on the organization's business, strategy, and financial planning are identified and managed.

- **Physical risks** are those that will be caused in the environment due to extreme variations in climate. These can include fires, water stress and extreme temperatures, among others.
- **Transition risks** include market, regulatory, financial, technological, and reputational risks as the main challenges to be faced.

To learn more about our risks, see **the Climate Change (TCFD) section.**

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Organizational governance around climate-related risks and opportunities.	The actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	The processes used by the organization to identify and assess climate-related risks.	The metrics and targets used to assess and manage climate-related risks and opportunities.
a) Board oversight of climate-related risks and opportunities. **b)** Management's role in assessing and managing climate-related risks and opportunities.	**a)** The climate-related risks and opportunities that have been identified in the short, medium, and long term. **b)** The impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning. **c)** The resilience of the organization's strategy, taking into account different climate-related scenarios.	**a)** The organization's processes for identifying climate-related risks. **b)** The organization's processes for managing climate-related risks. **c)** Processes for integrating climate-related risks into the organization's overall risk management.	**a)** The metrics used by the organization to assess climate-related risks and opportunities in accordance with its risk management strategy and process. **b)** Greenhouse gas (GHG) emissions of Scope 1, Scope 2 and, if applicable, Scope 3. **c)** The objectives set by the organization to manage climate-related risks and opportunities and the results achieved.

7. First Street Foundation, 2021. The 4th National Risk Assessment: Climbing Commercial Closures.

Governance

The organization's governance around climate-related risks and opportunities.

a) Board oversight of climate-related risks and opportunities.

The ESG Committee, which is composed of three independent directors with extensive risk and industry experience and meets at least twice a year, oversees, manages, and approves the strategy. It includes financial, regulatory, market, operational, and other social, governance, and environmental risks such as climate change, emissions, energy, water, sustainable infrastructure, among others. Subsequently, the ESG Committee reports on the progress of the strategy through meetings and reports to the Technical Committee, Terrafina's highest governance body.

The ESG Committee is supported by senior management, Terrafina's sustainability team, and our advisor, PGIM Real Estate's team. The joint collaboration of all these actors allows us to identify risks, develop appropriate action plans, establish metrics and targets in conjunction with Terrafina's other strategic departments, and measure progress.

The budget for ESG activities, which includes the investments necessary to meet the climate objectives and strategy, is presented and approved annually. The budget's application in the portfolio is led by the ESG team and PGIM Real Estate, which oversees the investment process and operation of the portfolio.

Our advisor, PGIM Real Estate in turn has a clearly defined ESG governance structure advised by environmental experts. The Global Management Council , PGIM Real Estate's highest governance body, is responsible for overseeing the progress of the program, as well as setting environmental, social, governance and resilience objectives, which are integrated into all real estate investment, asset management and risk management processes through its ESG Policy, which complements our strategy.

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

The analysis of risks and opportunities related to climate change is carried out by the ESG Committee, with the support of senior management and the sustainability area, to align the long-term sustainability and business strategy. Likewise, the ESG management is responsible for continuously monitoring the risks and opportunities related to climate change and the implementation of the company's sustainability program with the help of professional experts in the field and PGIM Real Estate.

Senior management oversees the progress of initiatives related to the climate change strategy and the allocation of resources, along with other aspects of the business. This strategy is implemented in collaboration with Terrafina's operating areas and our advisor, PGIM Real Estate (Legal, Development, Asset Management and Portfolio Management). Representatives from these areas participate in monthly sessions of PGIM Real Estate's LATAM ESG Committee, which complements Terrafina's specific strategy with a global strategy. These sessions focus on the adoption of international best practices in the portfolio, such as physical risk analysis, certifications, resilience assessments, water and energy audits, tailored budgeting, and engagement programs, among others.

> "Terrafina's ESG team follows a management system and is constantly updated on industry best practices to develop an ambitious climate strategy".

Terrafina's ESG team follows a management system and is constantly updated on industry best practices to develop an ambitious climate strategy. It also seeks to prevent, reduce and/or mitigate any identified risks. Terrafina participates in various international and domestic assessments that indicate areas for improvement in the strategy, resulting in the recurrent implementation of programs focused on ESG opportunities.

Our risk and opportunity assessment is complemented by PGIM Real Estate's scenario analysis, which considers the impact of a broad set of stressors on a range of sustainability metrics, as well as ESG due diligence that assesses new acquisitions and existing assets to identify areas for improvement. Climate change and building resilience guidelines and surveys are developed to address natural risks, water and energy supply risks, regulatory risks, biodiversity risks, climate change preparedness, and adaptation to identify the portfolio's main environmental and social risks.

Strategy

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

a. Description of identified climate-related risks and opportunities

At Terrafina we have followed a strategy of identifying physical, transition, and social risks aligned with our advisor, PGIM Real Estate's strategy, who during 2022 led, together with the support of property managers, the application of a biannual resilience assessment to 100% of the portfolio. This assessment is aligned with TCFD recommendations as it considers physical, transition, and social risks that are addressed through various categories such as water, energy, waste, transport, and social and climate change resilience. This allows us to identify opportunities, increase investor confidence, and increasingly attract and retain potential customers.

In addition to identify physical risks, which include impacts such as thermal stress, water stress, earthquakes, sea level rise, floods, hurricanes and typhoons, and wildfires, we use the Moody's 427® risk platform across all properties in the portfolio, including new developments and existing assets. Under this methodology we can analyze the main medium and high probability risks our properties are exposed to, and develop strategies and actions to address them, with water stress and heat waves being the most relevant.

Once the most relevant risks have been identified, we work with the asset management team and property managers to develop a strategy and create an action plan per property, which includes further assessment of the risks identified in the field. The budget for the implementation of resilience strategies to mitigate the identified risks is developed considering these factors. New acquisitions and developments also include a physical risk and resilience analysis as part of our Due Diligence, which is part of our advisor's process.

For our total exposure to physical risks, see **the Climate Risks (TCFD) section.**

In terms of transition risks, our advisor continuously analyses these through portfolio-wide risk assessments and communicates the risks identified to the Terrafina team, which include potential changes in regulations, best practices in property certifications, energy and carbon-related requirements, market, and reputation, among others. We are also part of industry associations that communicate relevant changes in laws and regulations that allow us to stay informed of potential risks and opportunities in the sector.

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 global market shifts, as well as disruptions in the supply chain, are the most relevant. This has forced us to be innovative and implement practices that allow us to prevent impacts, as well as to adequately manage our stakeholders' expectations.

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

The risks and opportunities related to climate change directly impact our corporate strategy, budget allocation, operation of our assets and business continuity. The main ones we have identified are regulatory and policy changes to ensure compliance with decarbonization targets, impacts to our properties from extreme weather events, costs associated with achieving our GHG emissions reduction targets, and investments in physical strategies to mitigate the impacts of climate change on our assets and make them more resilient.

- Our properties could be physically affected by extreme weather events and natural disasters that may affect operations, which could have a negative impact on our results and financial condition.

Our portfolio's vulnerability is determined by our properties' geographical location, which exposes them to climate risks. The main risks we face are extreme weather-related events such as heat waves, water stress, forest fires and floods. These events can cause damage to our infrastructure, which could result in temporary closures, partial or total loss of properties, affecting the operation of our tenants and generating financial losses due to repair costs.

- Regulatory and policy change due to the emergence of climate change 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 completely avoid the impacts of climate change. The climate emergency could lead to stricter regulations that consider current global decarbonization targets, which could result in increased costs or taxes. This could affect our tenants' operations or the development process. The current modifications implemented by the government in the national electricity industry could once again alter this sector's dynamics by limiting clean energy generation and increasing pressure on the current energy system. This could have a negative impact on electricity prices and thus on our tenants' costs and investment decisions.

Lack of engagement and alignment of our key stakeholders on environmental, social, and corporate governance issues could result in non-compliance with sustainability commitments.

Achieving this will be based on the assumption that our key stakeholders will align and engage with our ESG strategy, and comply 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 targets. This in turn could affect Terrafina's perception and reputation.

Once climate risks have been identified for each property, strategies are developed to reduce their vulnerability. We have also set certification targets for properties and have included the necessary efficiency implementation costs in 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 adjustments, and air conditioning systems.

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

The identification of climate risks, resilience, and adaptation to climate change are priorities for Terrafina, as climate change is undoubtedly the biggest environmental challenge we face today.

That is why, as part of our strategy and in conjunction with our advisor, we assess the climate-related risks and opportunities of all our properties through 3 climate scenarios, RCP 8.5, RCP 4.5, and RCP 2.6 using Moody's Physical Climate Risk Exposure (PCRX) tool. This tool considers scenarios up to 2065, 2100 and beyond 2100, and is based on the best climate models and environmental data reviewed by the Intergovernmental Panel on Climate Change (IPCC). This has allowed us to establish the following scenarios and timelines for action planning and climate policy.

Physical and transition risk analysis; possible scenarios

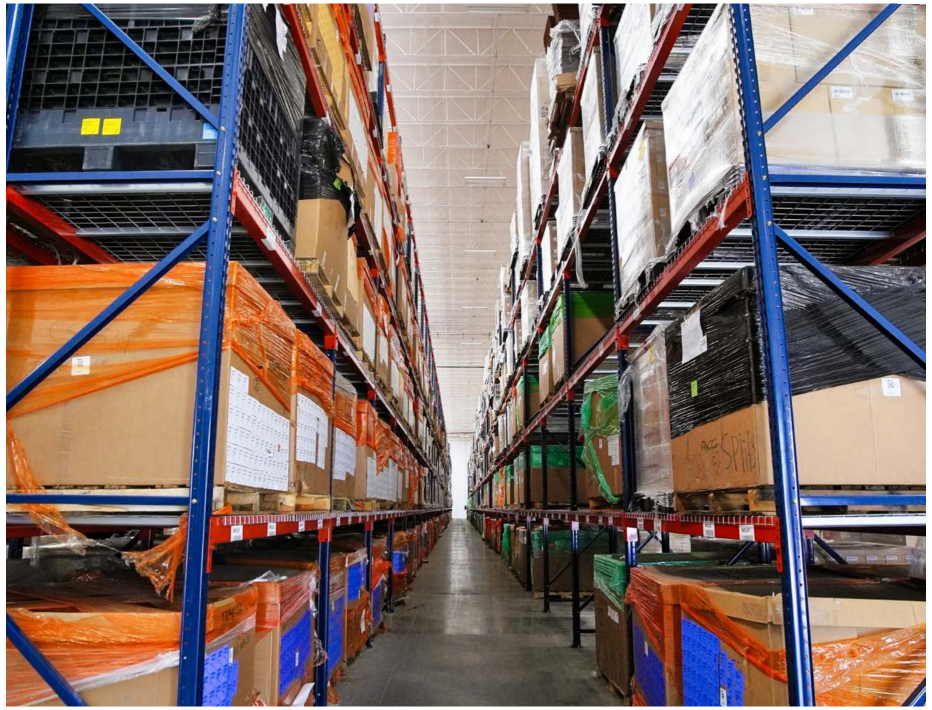
I) The first scenario, based on RCP 8.5, considers that there will be a 4°C increase in the average global temperature by 2100 due to no successful shift towards decarbonization and a continuation of BAU (business as usual). Under this scenario, we expect significant impacts in Mexico, which will mainly generate a higher number of forest fires, increased water stress, and heat waves or very extreme temperatures by 2100. Given that a large percentage of our properties are medium to high risk in these categories, our operations and those of our tenants would be compromised.

The preventive actions we are carrying out from now on are:

- Building with cool roofs with increased insulation in all new constructions
- Assessment of the actual likelihood of fire at each of our assets at risk
- Development of water stress program under analysis and budgeting process
- Resilience analysis for each asset
- Financial impact analysis
- Analysis of potential properties for wastewater treatment plant (WWTP) projects
- Energy and water audits to identify areas for improvement

II) The second scenario we analyzed is RCP 4.5, which foresees an intermediate scenario aligned with the Paris Agreement Goals, in which temperature increase is expected to be around 2°C by 2100.

In this scenario, in addition to the preventive actions of the first scenario, we have to 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 the buildings in their regular operation, either through efficient systems and equipment, taking advantage of natural light, creating synergies for the installation of photovoltaic panels or sustainable building certifications such as LEED v4.1 O+M or LEED v4 BD+C.



III) The third scenario, RCP2.6, envisages more radical actions to reduce emissions by half by 2050 and an increase in the earth's average temperature of less than 2°C by 2100. Under this scenario, major regulatory changes and transition impacts are foreseen, as well as a significant increase in energy prices.

At Terrafina we believe that, although this scenario is not very feasible, the most important thing is to work on the diversification of the energy system and on the capacity for self-generation through renewable sources such as solar energy. For this reason, more than 8 suppliers have been evaluated and there is already a pilot plan to implement photovoltaic projects. This would allow us to have alternatives to support our tenants to face energy price increases and supply problems. To this end, we are carrying out analyses of extreme events, possible adaptations to installations, self-supply programs, and creating synergies for the installation of photovoltaic panels in our properties.

During 2022, our tenants, together with our property managers, increased their ESG data collection in the Measurabl® system, reaching 77.6% coverage for water, 80.2% for energy and emissions, and 20.9% for waste. This information allows us to understand each of our assets' performance, identify properties with potential areas for improvement, and gain a better understanding of the potential impact of climate risks such as water stress, heat waves and wildfires on assets to develop better climate change strategies.

The targets we set from 2019 onward are in line with Mexico's commitments in the Paris Agreement on emissions and energy.

Terrafina also intends to align with the Science Based Targets (SBT) for its climate strategy.

2022 resilience analysis results

Derived from the resilience analysis' results we carried out at 100% of our properties, a flood and cyclone resistant landscape design was implemented, and an appropriate plant selection was made given the climatic zone, looking for a set of native and drought tolerant plants (including in some cases xeriscaping practices where we seek to reduce or eliminate the need for irrigation). We are analyzing the following actions to prevent flooding in case of extreme events:

- Use of permeable pavement in car parks to improve groundwater infiltration and reduce stormwater runoff.
- Use of underground storage tanks for emergency water supply and irrigation.
- Site levelling 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. Cleaning of sediment and debris.
- Use of sustainable drainage and other water harvesting systems on vegetated site.
- Implementation of watertight closures and flood shields.
- Protection of pavements and outdoor areas against flooding (e.g., temporary installation of dry sandbags in case of flooding).

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks.

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

Terrafina includes climate risk analyses as part of its business risk analysis. Therefore, as part of integrated risk management, environmental assessments are conducted at all properties in the portfolio at least once a year. These assessments are based primarily on physical inspections meant to identify potential risks at each property and categorize them according to the degree of risk at each site, tenant type and industry. In the event that a detected condition represents a significant risk, we coordinate with our strategic partners and suppliers to respond appropriately to the identified risk 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 to achieve the optimal level of environmental performance at our properties.

In addition, all of our advisor's asset managers have access to Moody's risk module, where they can consult the risk levels of our properties to seven climatic and natural factors, which are updated quarterly and support the development of adaptation and resilience strategies in the face of climate change.

During 2022, we conducted a resilience analysis of our properties focused on advancing actions to increase resilience to the main climate risks identified. As a result of this analysis, resilience activity programs were developed to address the most significant climate risks and an action plan was developed to adapt and increase the resilience of our properties.

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

To track weather-related risks, we use tracking and monitoring tools such as Moody's 427 and Measurabl® to analyze possible 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 of the environmental conditions of the sites in our portfolio, reduce potential negative effects, document ideal rental conditions and disposal 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 carried out 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 team has developed a strategy to identify and manage the risks and vulnerabilities of the entire operation, considering physical, social, and transition risks.

Physical risks: Terrafina, together with its PGIM Real Estate advisor, assesses the exposure of properties to physical weather risks during the Due Diligence process. It also determines the most significant risks based on the percentage of the portfolio that is exposed to each risk.

Social risks: we seek to develop and manage buildings that are safe for their occupants. We achieve this through sustainable building certifications such as LEED, which improves occupant health and well-being through green cleaning and indoor air quality practices and policies, promotes property access and connectivity, and seeks to increase occupant satisfaction. In addition, we include safety, security, mobility, and community projects in our ESG due diligence of new developments. This is to support and promote long-term collaborative projects to positively impact the communities where we have a presence and mitigate potential negative externalities of our operation.

Transition risks: At Terrafina we seek to reduce our properties' exposure to climate-related transition risks by monitoring climate-related policies, continually consulting with environmental consultants, as well as training and developing education programs for our tenants and property managers.

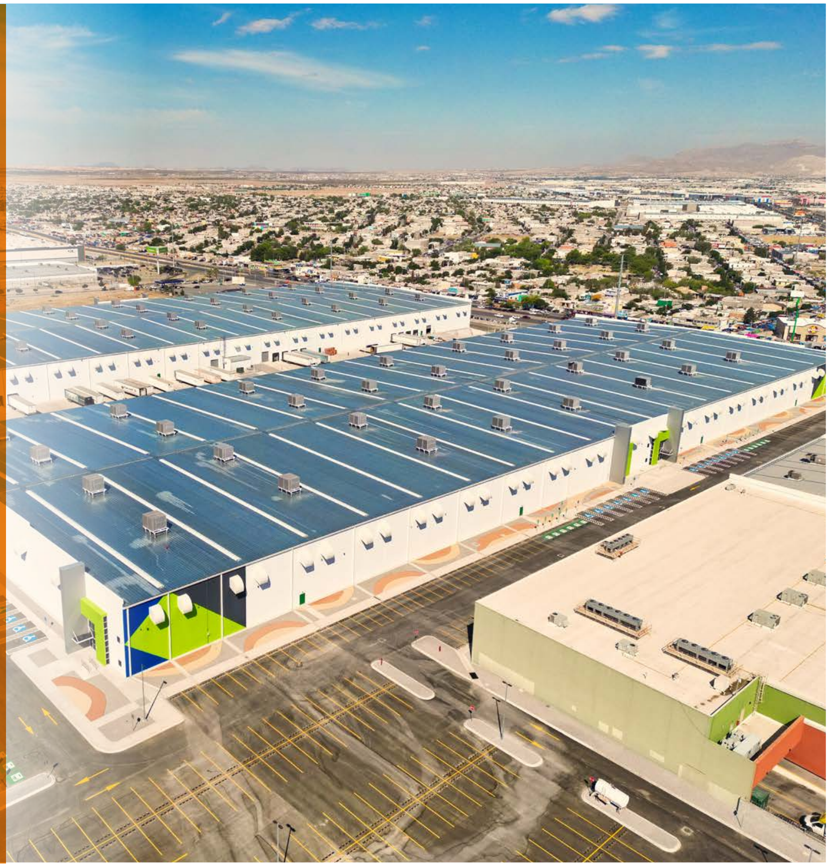
c. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the organization's risk management.

At Terrafina, the identification, assessment and management of climate-related risks is integrated into the investment process. Climate risks are analyzed by our advisors, discussed at PGIM Real Estate LATAM ESG Committee level and with key areas on a monthly basis to integrate resilience measures into the climate change strategy. To this end, we annually develop an Asset-Level Work Plan which identifies the main ESG priorities for each asset in line with our strategy and that of our advisor, including sustainable certifications, energy efficiency and water efficiency projects and measures and ESG data coverage.

Metrics and targets

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

"The Asset-Level Work Plan is constantly reviewed and updated, allows us to prioritize actions that have the potential to reduce the climate risks identified for our assets. Once assessed, the annual budget is presented and approved".



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

Terrafina has established metrics to assess climate-related risks and opportunities. These include energy and GHG emissions performance, water efficiency, sustainable building certifications and building energy ratings (Energy Ratings).

In addition, it has carried out an analysis of each property to identify the climate risks to which it is exposed, as well as a vulnerability analysis of the building and the site. With this information, the ESG team has developed a strategy to identify and manage risks and vulnerabilities across the operation. As mentioned above, Terrafina provides ongoing advice to its tenants and property managers so that they can include these strategies in their operation. The action plan is mapped, and tenants are being worked with on its implementation.

b. Greenhouse gas (GHG) emissions of Scope 1, Scope 2 and, if applicable, Scope 3

As part of our environmental impact monitoring, we calculate Greenhouse Gas (GHG) emissions associated with our properties and are thus implementing concrete actions to reduce them. Terrafina annually discloses Scope 1, 2 and 3 emissions to its investors and the general public through its Annual Sustainability Report and GRESB report, defining the scopes as follows:

- **Scope 1:** fuel consumption that is controlled or owned by Terrafina such as office and vehicles. (During 2022 remote working was maintained for all 5 team members).
- **Scope 2:** corresponds to energy generated we pay for from Terrafina (common areas and leased areas in some contract types).
- **Scope 3:** these correspond to fuel combustion and the generation of electricity paid for by tenants.

c. The objectives established by the organization to manage climate-related risks and opportunities

Next steps

We know that total energy consumption mainly comes from the operation of the properties in the portfolio, which are not under our operational control, but under the tenants'. We are therefore aware of the challenge of achieving this goal and mitigating the impact of climate change. We are aware of the challenge of achieving this objective and mitigating the impact of climate change. We work with conviction to achieve the best results, so we seek to build strong partnerships with our tenants to jointly reduce Scope 2 and 3 emissions, as well as meeting other environmental reduction objectives through:

- Internationally recognized certifications such as LEED v4.1 O+M and LEED BD+C
- Energy, water, and waste audits
- Training campaigns
- Sustainable clauses in leasing contracts
- Verified training (Green Training) for 30% of the contractors of our new developments
- Sustainable operational management guidelines (SSOG)
- Monitoring and management of consumption data
- Performance reports on energy (energy ratings), water, waste, and air quality
- Investing in sustainable efficiencies and clean technologies

During 2023, training on climate change issues will continue for board members and staff, and the financial estimation of climate risks and opportunities will be further developed, taking into consideration the three climate scenarios (RCP 2.6, RCP 4.5, RCP 8.5)".

For our metrics and targets, see **the Climate Change (TCFD) section**

“During 2023, training on climate change issues will continue for board members and staff, and the financial estimation of climate risks and opportunities will be further developed, taking into consideration the three climate scenarios (RCP 2.6, RCP 4.5, RCP 8.5)".

About this report

2-1, 2-3, 2-4, 2-5, 2-14, 2-28

Transparency and Reporting

With this integrated annual report, we establish a key means of communication for our stakeholders in which we present our main financial, operational, corporate governance, labor, social and environmental actions and results. It shows the main achievements and challenges we have had during the period from January 1 to December 31, 2022. The entities covered in the financial statements presented in the report are CIBanco, 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.

The report has been prepared in accordance with:

1. The United Nations Global Compact's 10 Principles, of which Terrafina is a signatory.
2. The Sustainable Development Goals (SDGs) of the United Nations.
3. GRI Standards (Global Reporting Initiative).
4. SASB Standards (Sustainability Accounting Standards Board).
5. The TCFD (Task Force on Climate-Related Financial Disclosures) framework.

Terrafina carries out external verification processes that include its participation in the GRESB Infrastructure Sustainability Index Assessment, as well a third-party external verification from Valora.

This report has been reviewed by the areas responsible for each of the content areas, and finally reviewed and approved by the ESG Committee, the Technical Committee and the Chief Executive Officer, who were informed of any relevant information to be included in this publication by 2022.

GRI Content Index

Terrafina has prepared the report in accordance with the GRI Standards for the period from January 1st to December 31st, 2022.

DISCLOSURE	DESCRIPTION	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
GRI 1: Foundation 2021					
GRI 2: General Disclosures 2021					
1. The organization and its reporting practices					
2-1	Organizational details			6-9, 100	• 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			100, 114	
2-4	Restatements of information			100	
2-5	External assurance		10	100, 112-113	
2. Activities and workers					
2-6	Activities, value chain, and other business relationships			6-9	In 2022, we announced the construction of three industrial properties totaling 800,000 square feet as part of our growth strategy for 2021-2023. The first project involves two "built-to-suit" buildings in Ciudad Juárez, with a combined area of 650,000 square feet. The second project consists of a 150,000 square feet building located in the Apodaca market. These developments will require an approximate total investment of US$50 million and are expected to generate an annualized Net Operating Income (NOI) of US$4.5 million.
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 from 2018 up until this year (2022).
2-8	Workers who are not employees			48	

DISCLOSURE	DESCRIPTION	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
3. Governance					
2-9	Governance structure and composition	5.5, 16.7	1, 6, 7, 10	76-80	
2-10	Nomination and selection of the highest governance body	5.5, 16.7		76	
2-11	Chair of the highest governance body	16.6		77, 80	
2-12	Role of the highest governance body in overseeing the management of impacts	16.7	1, 7	15, 68, 77-80	
2-13	Delegation of responsibility for managing impacts		1, 7, 10	66-68, 77-80	
2-14	Role of the highest governance body in sustainability reporting			100	
2-15	Conflicts of interest	16.6		57, 76	
2-16	Communication of critical concerns	16.3		15-20	
2-17	Collective knowledge of the highest governance body			57-59, 76	
2-18	Evaluation of the performance of the hightest governance body			78	
2-19	Remuneration policies			80	The Technical Committee and CEO have ownership over 0.019% of CBFIs.
2-20	Process to determine remuneration			76, 80	
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.

DISCLOSURE	DESCRIPTION	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
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, 7, 21-24, 49, 52, 54, 61, 64, 66	
2-24	Embedding policy commitments			2-3, 7, 21-24, 42-44, 49-52, 54-57, 61, 64, 66, 69-74	Terrafina's mission and vision are approved by its CEO, as are the ESG Policy and Strategy.
2-25	Processes to remediate negative impacts		1, 7, 10	15-20	
2-26	Mechanisms for seeking advice and raising concerns		1, 3, 7, 10	55-56, 61, 76	
2-27	Compliance with laws and regulations			61-65, 78	
2-28	Membership associations			21-23, 49	In 2022, we donated a total of Ps. 2,539,222 million through various social initiatives in collaboration with the associations we are affiliated with, reaching over 17,000 beneficiaries. Total spending on associations: AMPIP: Ps. 164,000; AMEFIBRA: Ps. 415,000; NAREIT: Ps. 196,959.
5. Stakeholder engagement					
2-29	Approach to stakeholder engagement			11-18	
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.
GRI 3: Material Topics 2021					
3-1	Process to determine material topics			11-14	
3-2	List of material topics			12-14	

Disclosures by material topic

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
1. Business ethics	GRI 3-3: Management of material topics	3-3		1, 7, 10	54-59	
	GRI 201: Economic Performance	201-1	8.1, 8.2, 9.1, 9.4, 9.5		90	
		201-2		7, 8, 9	61-62, 69-74	
	GRI 205: Anticorruption	205-1	16.5	1, 7, 10	54-56	
		205-2	16.5	10	54-56	
		205-3	16.5	10	54-56	
	GRI 206: Anti-competitive behavior	206-1			Answer in table	Terrafina has never had any controversy regarding competition issues.
2. Corporate governance	GRI 3-3: Management of material topics	3-3		1, 7, 10	75-80	
	GRI 415: Public Policy	415-1			Answer in table	We do not make contributions to political parties and/or representatives.
3. Sustainable buildings	GRI 3-3: Management of material topics	3-3		1, 7, 10	26-29	
	Construction and real estate sector section	CRE8			26-29	

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
4. Employee health and safety	GRI 3-3: Management of material topics	3-3		1, 7, 10	42-44	
	GRI 401: Employment	401-1			Answer in table	During 2022 there were no employee hires or terminations, so there was no employee turnover.
		401-2	3.2, 5.4, 8.5		42	No distinction is made since all employees are full-time. Benefits are detailed on page 42.
		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 403: Occupational Health and Safety	403-1		3, 4, 5, 6	43-44	
		403-2		3, 4, 5, 6	43-44	
		403-3		3, 4, 5, 6	43-44	
		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	43-44	
		403-6		3, 4, 5, 6	43-44	
		403-7		3, 4, 5, 6	43-44	
		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	43-44	
		403-10	3.3, 3.9, 8.8	3, 4, 5, 6	43-44	
	GRI 404: Training and Education	404-1			42-44, 55	
		404-2	8.2,8.5		42-44	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			42-44	
	GRI 405: Diversity and Equal Opportunity	405-1	5.1, 5.5, 8.5	1, 6	42, 77-78	
		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	42	

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
5. Energy efficiency	GRI 3-3: Management of material topics	3-3		1, 7, 10	30-32	
	GRI 302: Energy	302-1	7.2, 7.3, 8.4, 12.2, 13.1	7, 8, 9	30-32	
		302-2	7.2, 7.3, 8.4, 12.2, 13.1	7, 8	30-32	
		302-3	7.2, 7.3, 8.4, 12.2, 13.1	7, 8	30-32	
		302-4	7.2, 7.3, 8.4, 12.2, 13.1	7, 8	30-32	
6. Water and wastewater management	GRI 3-3: Management of material topics	3-3		1, 7, 10	32-33	
	GRI 303: Water and Effluents	303-3	6.3, 6.4, 8.4, 12.2	7, 8, 9	32-33	
		303-4	6.3, 6.4, 8.4, 12.2	7, 8	32-33	
		303-5	6.3, 6.4, 8.4, 12.2	7, 8	32-33	
7. Legal and regulatory environment management	GRI 3-3: Management of material topics	3-3		10	48, 54-57, 62	

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
8. GHG Emissions	GRI 3-3: Management of material topics	3-3		1, 7, 10	34-37	
	GRI 305: Emissions	305-1	3.9, 12.4, 13.1, 14.3, 15.2	7, 8	34-37	
		305-2	3.9, 12.4, 13.1, 14.3, 15.2	7, 8	34-37	
		305-3	3.9, 12.4, 13.1, 14.3, 15.2	7, 8	34-37	
		305-4	13.1, 14.3, 15.2	7, 8	34-37	
		305-5	13.1, 14.3, 15.2	7, 8	34-37	
9. Sustainability management with tenants	GRI 3-3: Management of material topics	3-3		2, 4, 5, 8	45-46	

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE	SDG GOALS	UNGC PRINCIPLES	PAGE(S)	ANSWER IN TABLE
10. Sustainable supply chain	GRI 3-3: Management of material topics	3-3		1, 7, 10	47-48	
	GRI 204: Acquisition Practices	204-1			48	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			48	
	GRI 413: Local Communities	413-1			49	
		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 314: Supplier social assessment	414-1			48	
	GRI 419: Socioeconomic Compliance	419-1			Answer in table	See answers contained in 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.

SASB report

CODE	METRIC	DESCRIPTION
Activity Metrics		
IF-RE-000.A	Number of properties, by real estate subsector	Terrafina's portfolio consists of 276 developed properties (39.4 million sqft GLA) and 4 land reserves (4.6 million sqft).
IF-RE-000.B	Leasable land area, by real estate subsector	In total, we manage 39.4 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 96.4%.
Energy Management		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total surface area, by real estate subsector	By 2022, Terrafina's electricity consumption data coverage percentage rose from 63.9% (2021 report) to 80.2%.
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 762,618,212 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, 1.66% corresponds to renewable energy and 3) As of 2022, 1.24% 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 2022 was 83 properties (11,122,068 sqft) representing 28.2% of the GLA. The electricity consumption intensity was 35.14 (kWh/sqft). This represents a decrease of 0.3% over the 2021 data.
IF-RE-130a.4	Percentage of the qualified portfolio that 1) has an energy qualification	1) 13.5% of Terrafina's portfolio (39,440,325 square feet) is certified with energy distinctions (23 ARC Skoru-certified properties and 4 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 2022, the percentage of total water use data coverage rose from 53.1% (2021) to 77.6% (2022). According to the climate risk study, 96.7% 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 57 properties (8,368,179 sqft) representing 21.2% of the GLA. The water use intensity for 2022 was 0.177 m^3/sqft. This represents an increase of 5.91% over the 2021 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 2022, 30% 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 actively working with our tenants to make our electricity consumption more efficient, reduce our emissions by 20%, our energy intensity by 20%, as well as our water intensity by 20% by 2030. Among the actions implemented are: sustainable clauses in contract language; charters to promote data collection; satisfaction survey with ESG feedback; consistent communication, training and counseling with property managers to achieve the greatest efficiency in the use of resources and promote it with tenants; we share tenant tips on sustainability; the sustainability operating standards guide (SSOG); and we promote ARC Skoru and LEED O+M certification, aligning policies, improvements in efficient processes; and we provide feedback on the operation according to the report of 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	17 properties are in high risk flood zones representing 6.2% 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	At Terrafina we conducted an assessment of the main risks our properties are exposed to, and based on 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 2022, the number of properties detected with major physical risks from climate change were: • 96.7% of our properties (167 of 276) are located in areas at high risk of water stress • 67% of our properties (185 out of 276) are in areas with a high risk of heat waves • 67% of our properties (185 of 276) are in areas with medium risk of fires • 24% of our properties (65 of 276) are in zones with medium risk of hurricanes and weather events

Verification Letter

2-5

MADRID - A CORUÑA
AMSTERDAM – LONDRES – PARIS - ISTANBUL
CIUDAD DE MÉXICO – CIUDAD DE PANAMÁ – CIUDAD DE GUATEMALA – QUITO

Limited Independent Assurance Report of Fideicomiso Irrevocable number F/00939 (hereinafter "Terrafina")

To management of Fideicomiso Irrevocable number F/00939 (hereinafter "Terrafina")

Scope

According to your request, we have been required to provide a limited level of assurance on the performance indicators selected by Terrafina; included in the "Annual Report 2022" (hereinafter "Annual Report") and mentioned in "Annex A" for the fiscal year form January 1 to December 31, 2022.

Terrafina Responsibilities

Terrafina has been responsible for the preparation, content and presentation of the "Annual Report" including the compliance of the contents proposed (criteria) in the *Global Reporting Initiative (GRI) Standards* and the accounting parameters of the Sustainability *Accounting Standards Board* (*SASB)* for the Real Estate and Real Estate Services Industry.

This responsibility considers the design, implementation and maintenance of the internal control that is considered necessary to allow the information contained in the "Annual Report" to be free of material misstatement due to fraud or error.

Valora Consultores Responsibilities

Our responsibility consisted in expressing a conclusion of the presentation of indicators and information listed in Annex A, according to the GRI Standards and the SASB accounting parameters for Real Estate and Real Estate Services Industry.

To ensure that the process of independent assurance accomplishes the ethical requirements necessary to ensure the independence of our work as non-financial information auditors. Our work was developed according with the ISAE 3000 Standard, *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)*.

Procedures performed

The scope of our independent assurance, as well as the evidence gathering procedures performed was of limited assurance level, which is less than a reasonable security job and therefore also the level of security being provided. This Independent Assurance Report should in no way be understood as an audit report.

The procedures we perform are described below:

- Selection of information to review based on the materiality and prior knowledge of the company.
- Interviews with employees responsible for generating and 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 previously identified material aspects.
- 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 and SASB Standards.

ConclusionBased on our review and the evidence presented by Terrafina we were not aware of any situation that causes us to believe that the indicators contained inside the "Annual Report 2022" of Terrafina, has not been reliably obtained, is not fairly presented, has significant deviations or omissions, or has not been prepared in accordance with the requirements established in the GRI Standards and the SASB accounting parameters.

Gerardo Gustavo Torres Fernández
Director of Transformation and ESG Impact, Valora Sostenibilidad e Innovación S.A. de C.V.
August 31, 2023, Mexico City.

Verification Letter

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TERRAFINA

Annex A.

Detail of the revised criteria for the GRI and SASB standards within the organization:

Information contents

GRI/SASB	Information content name	Compliance level of the GRI /SASB content (clauses)
2-13	Delegation of responsibility for managing impacts	a, b
2-23	Policy commitments	a, b, c, f
2-29	Approach to stakeholder engagement	a
403-1	Occupational health and safety management system	a, b
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	1, 2, 3
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	1,2,3,4,5

Performance indicators

GRI/ SASB	Name of the content or indicator	Scope of information	Compliance level the GRI/SASB content (clauses)	Reported information	Unit
205-3	Confirmed incidents of corruption and actions taken	Corporate	a, b, c, d	0	Number of incidents
302-1	Energy consumption within the organization	Corporate	a, c, e, f, g	309.2	kWh
302-2	Energy consumption outside of the organization	Tenants (80.2% Gross Leasable Area)	a, b, c	762,618,212	kWh
302-3	Energy intensity	Tenants (80.2% Gross Leasable Area)	a, b, c, d	26.12	kWh/sqf
302-4	Reduction of energy consumption	Tenants	a, b, c, d	0	kWh
303-5	Water consumption	Tenants (77.6% Gross Leasable Area)	a, b, c	5,418,664	m³ water
305-1	Direct (Scope 1) GHG emissions	Corporate	a, b, d, e, f, g	0	Total emissions scope 1 tCO_2
305-2	Energy indirect (Scope 2) GHG emissions	Tenants (80.2% Gross Leasable Area)	a, b, c, d, e, f, g	51,400.83	Total emissions scope 2 tCO_2
305-3	Other indirect (Scope 3) GHG emissions	Tenants (80.2% Gross Leasable Area)	a, b, d, e, f, g	325,637.34	Total emissions scope 3 tCO_2
403-9	Work-related injuries	Employees	a, d, g	0	Number of incidents
405-1	Diversity of governance bodies and employees	Employees	a, b	2	Senior management men> 50 years old
				1	Senior management men 30- 50 years old
				2	Middle management and administrative women 30 - 50 years old
413-1	Operations with local community engagement, impact assessments, and development programs	All operations	a	60	Percentage of states with social projects where Terrafina has presence

TERRAFINA

GRI/ SASB	Name of the content or indicator	Scope of information	Compliance level the GRI/SASB content (clauses)	Reported information	Unit
CRE-8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation, and redevelopment	Tenants	a, b	3	Number of certifications (LEED, ARC y SmartBlue)
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Tenants	1-4	80.2	Percentage of total Gross Leasable Area (GLA)
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Tenants (28.2% Gross Leasable Area)	1-8	0.5	Percentage change in energy consumption

Contact

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For inquires or comments regarding the content of this report, please contact:

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