

Together, towards a sustainable evolution





No one left behind

Our purpose is to create value with and for our stakeholders with a long-term vision. That's how we make progress together.

Table of Contents

- 2 MESSAGE FROM OUR CEO
- 3 SUSTAINABLE TERRA
- 3 About Us
- 4 What Makes Us Unique?
- 6 2019-2020 Highlights
- 7 Our COVID-19 Response
- 8 Our Vision of Sustainability



16 TRANSVERSAL AXES

- 17 Anticorruption, Ethics and Conduct
- 20 Commitment and Transparency
- 23 Resilience / Risk Management
- 27 Management System



29 PLANET PILLAR

- 30 Climate Change
- 33 Emissions
- 42 Materials
- 42 Water Efficiency
- 43 Energy Efficiency



44 PORTFOLIO PILLAR

- 45 Satisfaction
- 46 Occupational Health and Safety
- 47 Sustainable Infrastructure
- 48 Certifications and Accreditations



49 ECONOMY PILLAR

- 50 Corporate Governance
- 52 Operating Committees
- 53 Creation of the ESG Committee
- 55 Corporate Governance Practices
- 56 Presence and Positioning



57 TALENT PILLAR

- 58 Health and Wellness
- 59 Labor Practices and Policies
- 61 Supply Chain ESG Evaluation



64 COMMUNITY PILLAR

- 65 Social Investment
- 67 Human Rights

68 TERRAFINA IN NUMBERS

- 72 Historical Distributions
- 73 Generated and Distributed Economic Value

74 ABOUT THIS REPORT

- 75 GRI CONTENT INDEX
- 84 VERIFICATION LETTER
- 85 CONTACT



Message from our CEO

102-14, 102-15

Terrafina's operating and financial results for 2020 were in line with our expectations, factoring in the economic recession caused by the pandemic. Uncollected rents in the year accounted for only 1% of rental income. Toward the second half of the year our tenant operations began to gradually stabilize. We believe this is a positive indicator for the industrial real estate sector in 2021. Based on this, for 2021 we are expecting an occupancy rate between 94%-95% and a distribution per CBF1 for our trust holders of US\$0.0830-US\$0.0840.

The crisis resulting from the COVID-19 pandemic also created an opportunity to strengthen ties with our various stakeholders. We recognize our impact on them, as well as the impact they have on our operations. That is why, throughout the year, we worked hand in hand with our collaborators, tenants, suppliers, investors, and creditors to get through this complex period in the best possible way, together.

We are committed to continue making an impact through our ESG strategy, recognizing today the great opportunity to make a positive change. Beyond meeting market trends, we recognize the opportunities and needs of Terrafina itself.

In the environmental pillar all our future developments will consider their impact on the environment. We have the opportunity to contribute to the reduction of our carbon footprint, pollution, and water waste. Our strategy now considers doing many more development projects than before. Strategically, we want to capture

opportunities in the e-commerce segment and take advantage of near-shoring trends, but this will be aligned with our environmental effort.

In the social pillar, we recognize that the industries in which we participate, particularly manufacturing for export, have a material impact on the quality of life in the communities where we are present. That is why we have developed strategies to focus on delivering a positive impact, based on a Social Investment Model that defines four pillars of intervention in the communities, generating responsible, innovative, resilient, and financially integrated communities.

In the corporate governance pillar, the Technical Committee designed an ESG Committee, reinforcing Terrafina's commitment to manage and integrate ESG risks and opportunities into the business strategy. Furthermore, the same Committee drives towards a continuous improvement leading Terrafina to keep evolving on its sustainability journey.

In addition, we have developed a strategy around issues that we believe are material to us and those around us. This includes a commitment to transparency, ethics, and truth; providing our collaborators with the tools to grow professionally in the organization; inclusion and diversity as a conviction; respect for human rights; as well as encouraging freedom of expression. All of this we believe is essential to set the direction of the organization.



As a final remark, I would like to end by highlighting the importance of climate change. At Terrafina we recognize the magnitude of the problem humanity faces today on this issue, and we understand our position which enables us to have a positive impact. To this end, we conducted an analysis following the TCFD framework to understand how we can effectively contribute to counteracting the effect of climate change. Finally, we are receptive to hearing recommendations from our stakeholders on how we can improve our performance.

2021 begins with some challenges. However, we are convinced that thanks to our focus on results, we will continue to generate value for all our stakeholders in the medium and long term.

Sincerely,

Alberto Chretin,
Chief Executive Officer and Chairman of the Technical Committee



Sustainable Terra

About Us

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-16

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

As of December 31st, 2020, our portfolio comprised 283 properties (274 developed and 9 land reserves) that are located in 33 cities and 15 states in Mexico. In total, we manage 39.2 million square feet (sqft) of Gross Leasable Area (GLA). We are primarily focused on providing light manufacturing, logistics, and distribution spaces in key regions that support the industrial activity growth and development in the country. We are internally managed by highly qualified industry specialists and externally advised by PGIM Real Estate.

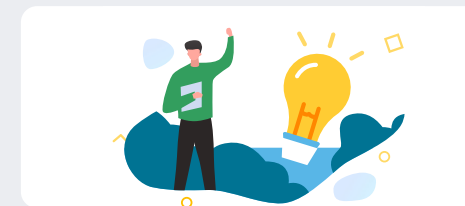


Our Values



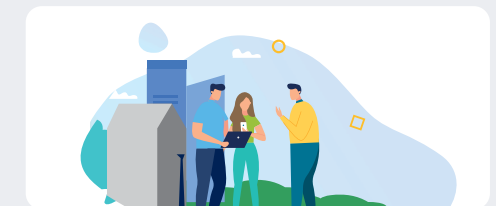
Passion

What drives us every day is our passion for excellence and our work's impact. We deliver our best in everything we do.



Innovation

We are constantly evolving with a creative mindset, determined to achieve the best results. We make a difference by creating innovative solutions and proposals that bring greater value to the company.



Trust

We are consistent with what we believe and do. We foster a close and long-term relationship with our stakeholders based on the integrity, honesty and transparency that reflect our work.



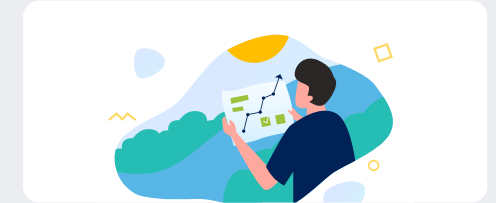
Resilience

We face challenges, learn from the past, and move forward dedicated to becoming stronger and more competitive. We are flexible and adapt to change.



Teamwork

Our strength is based on unity. The success of our work is the result of respect and the greatness of working together toward the same purpose.



Conviction

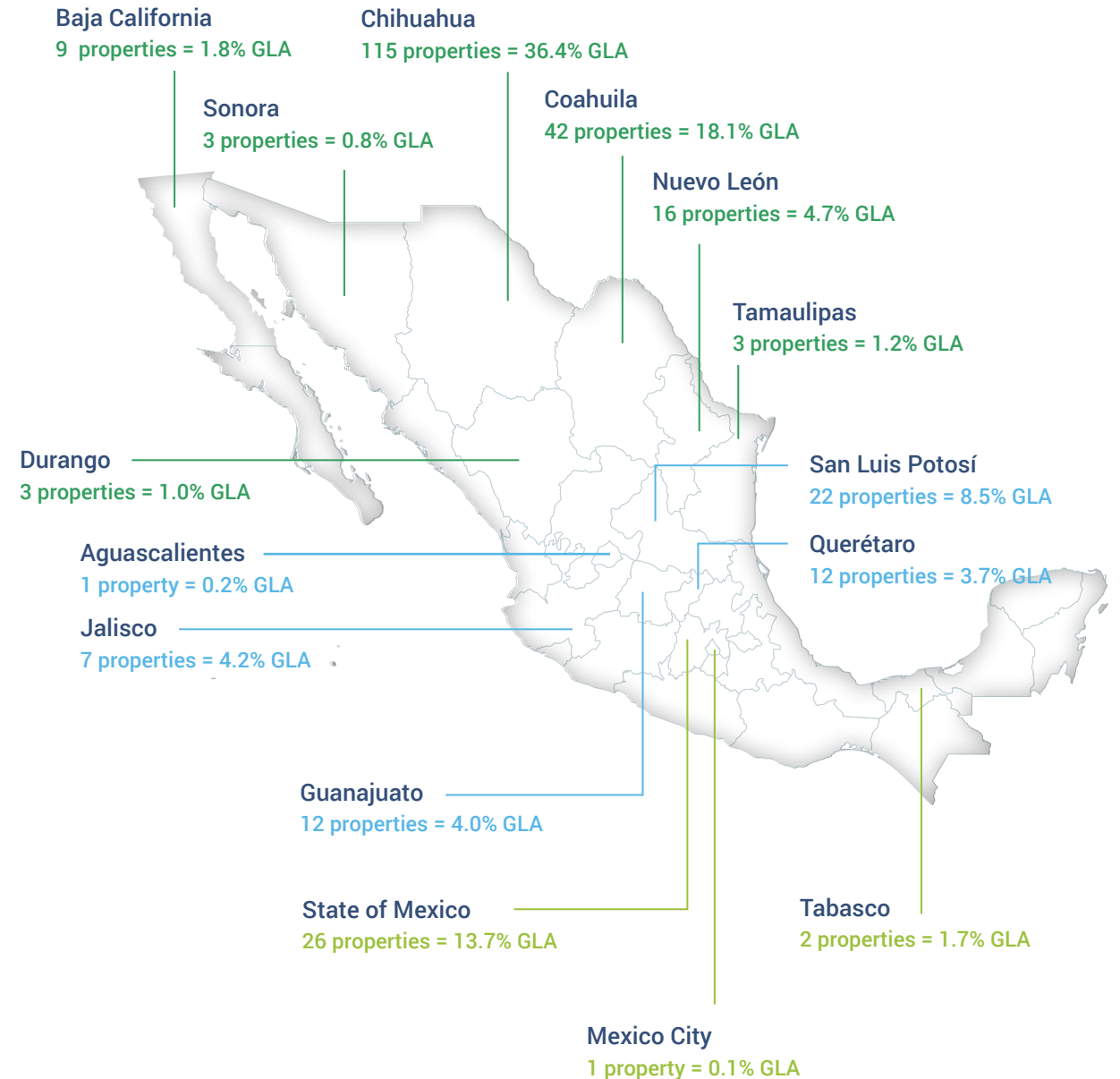
We are leaders with conviction, confident in our capabilities and experience. We make rational decisions, aligned with our values, and focused on creating positive impacts.

What makes us unique?

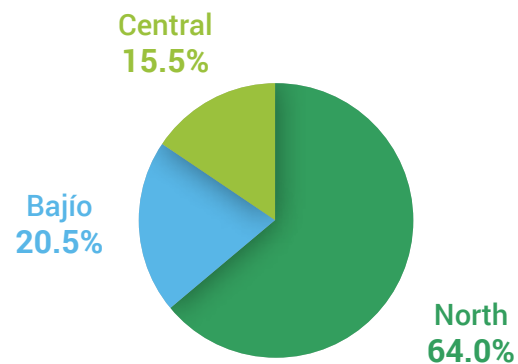
102-2, 102-4, 102-6, 102-10

- **Integration of a mostly A-class portfolio**, being one of the newest in the market and with key locations in Mexico's main industrial markets and submarkets.
- **Properties used primarily by multinational tenants** focused on manufacturing for export.
- **Stable cash flows** with 96% of rents denominated in U.S. dollars and most of them structured as triple-net.
- **Experienced internal management team with extensive knowledge of industrial real estate**, our portfolio, and financial markets.
- **Advised by PGIM Real Estate**, one of the largest and most relevant real estate managers in the world.
- **Strong corporate governance** that cements the foundation for business success.

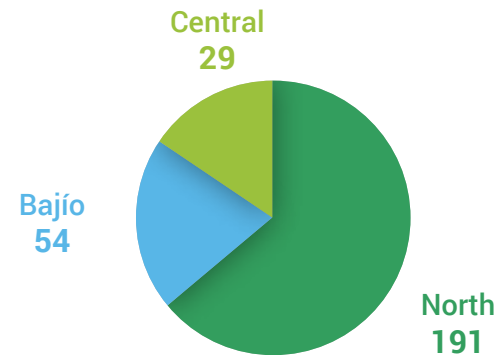
Breakdown of the number of properties and % GLA by state



Properties by region 2020 (% GLA)



Properties by region 2020 (number of properties)





Portfolio:

274 developed properties (vs. 289 in 2019).


39.2 million sqft of Gross Leasable Area (GLA)
(vs. 42.9 million sqft in 2019).

95.2% occupancy rate (vs. 96.5% in 2019).

13.7 years average asset age (vs. 13.0 years in 2019).

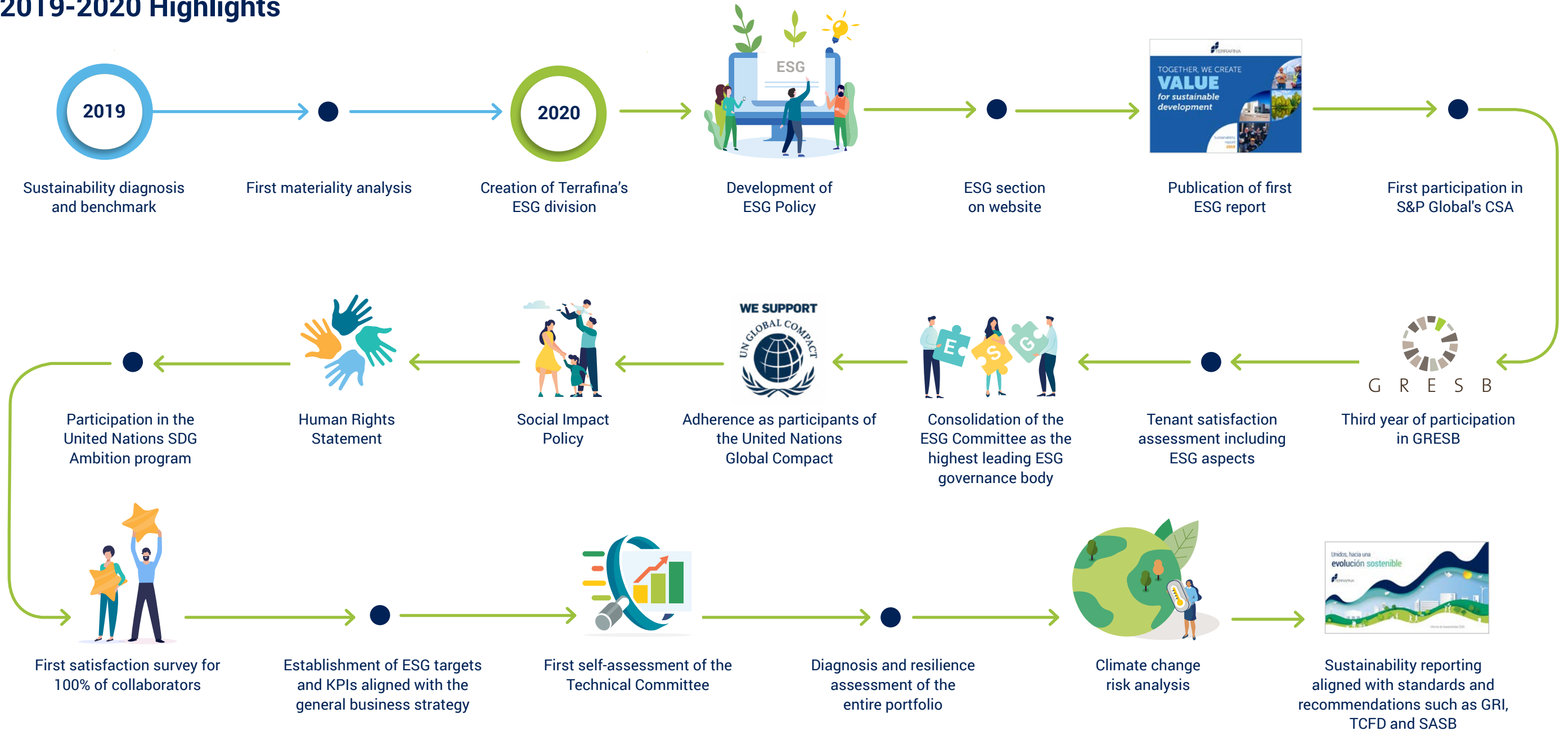
5.5 million sqft of land reserves (vs. 5.7 million sqft in 2019).

Presence in more than **15 states and 33 cities**
in Mexico (vs. 16 states and 35 cities in 2019).

In November 2020 Terrafina sold, as part of its capital recycling strategy, a portfolio of properties with a total GLA of 3 million square feet. For more details on this transaction, see our press release [here](#) 



2019-2020 Highlights



Our COVID-19 Response

Focus on sustainability

2020 was a year focused mainly on analyzing how we do our work. We rethought our day-to-day operations with an innovative and resilient vision, incorporating ESG aspects in a more integral way into our business model. The result: we are more aware of the impacts that social and environmental factors have on our operations.

Our collaborators

We prioritize the health and safety of our collaborators

- We provided full medical coverage at no cost to collaborators with insurance for cases with COVID-19.
- We promoted psychological support with mental health talks for better adaptation to the pandemic. We also promoted and maintained the crisis intervention line available.
- We implemented work from home, providing the necessary equipment.
- We shared information regarding COVID-19 for the establishment of distancing and protection measures for collaborators and their families.
- We complied with all previously established work commitments, without affecting any of the collaborators' benefits.

Passion and commitment of our team

- We confirmed our team's dedication, both in Terrafina's collaborators and our business partners who demonstrated commitment and experience by quickly adapting to an adverse situation with positive results.

- Our main challenge was to maintain a close relationship with our team members, even at a distance, by successfully creating a safe space and promoting virtual integration activities.
- Understanding the impacts and modifications that have been generated in family dynamics by the pandemic, together with our Advisor, we focused on strengthening inclusion and diversity efforts, as well as on further consolidating social policies and programs. We promoted talks and workshops related to diversity and inclusion virtually.
- We continued our efforts to promote ESG awareness within our stakeholders, offering the first sustainability webinar for property managers and team members.

Our tenants

Excellence in our service

- We focused our efforts on maintaining business profitability and adapting to meet our long-term fiduciary duty to investors. As such, we held discussions with property managers and tenants to support them in the face of the impact of the pandemic. We conducted a diligent case-by-case analysis for rent deferrals, among other support strategies.

Our communities

Close to the needs

- We supported projects focused on the needs of medical personnel in COVID-19 hospitals as a timely initiative to the urgent need of the pandemic in Mexico.

- We provided digital tools and educational platforms to those most in need, understanding that access to education and telecommunicating is limited for the majority of the population.

Our properties

A resilient portfolio

- We prioritized our portfolio's resilience, diagnosing and assessing our properties' risks and establishing strategies in conjunction with our property managers and expert consultants.

Transparency and strengthening corporate governance

Our corporate governance

- The key to our resilience in the face of this health crisis was our strong corporate governance and risk management system. In this way, we made quick but less reactive decisions. In doing so, we sought to reduce the impact of crises such as this pandemic, while at the same time ensuring that we met the expectations of our stakeholders and our business objectives.



Our vision of sustainability

102-21, 102-29, 102-46, 102-47, 103-1, 103-2, 103-3

Terrafina conducted its first materiality analysis in 2019 (see the results [here](#)).

To define the material issues in this analysis, we followed a three-step process:

Identification

1

We identified a list of potentially material factors for the organization through a study of global and industry standards (including GRI standards), as well as internal documents.

Prioritization

2

We prioritized and measured the impact of these issues on our operations by surveying our various stakeholders to understand their priorities.

Validation

3

We validated and reviewed the results of the previous step in a matrix that allowed us to visualize the materiality of the different topics. In line with our commitment to keep our sustainability strategy up to date, we expect to subsequently go through a fourth step of review and/or update.



Based on the results of this analysis, our major effort in 2020 was to define and strengthen the strategy for the 21 material topics that were chosen. To drive this effort, we used an analysis of the most significant sustainability standards and recommendations (including GRI, SASB, TCFD, among others), as well as global industry best practices. As a result, we were able to define key indicators to monitor and measure our performance. In turn, we set ambitious goals aligned with the UN Sustainable Development Goals (SDGs).

We also organized the material issues into 6 pillars for their better management, these being:

1. **Transversal Axes**
 - a. Anticorruption
 - b. Ethics and conduct
 - c. Commitment and transparency (stakeholder engagement)
 - d. Resilience / Risk management
 - e. Management system
2. **Planet Pillar**
 - a. Climate change (climate strategy)
 - b. Emissions
 - c. Materials
 - d. Water efficiency
 - e. Energy efficiency
3. **Portfolio Pillar**
 - a. Satisfaction
 - b. Occupational health and safety
 - c. Sustainable Infrastructure (asset remodeling and design)
 - d. Certifications and accreditations
4. **Economy Pillar**
 - a. Corporate Governance
 - b. Presence and positioning
5. **Talent Pillar**
 - a. Health and well-being
 - b. Labor practices and policies
 - c. ESG assessment of the supply chain
6. **Community Pillar**
 - a. Social Investment
 - b. Human Rights

Our way of creating sustainable value

We are committed to integrating the ESG aspects most relevant to our stakeholders and the business into the value creation process. To achieve our purpose, we believe it is necessary to have a close integration and relationship with our stakeholders. By doing so, we are able to generate synergies to accelerate positive impact.

The ESG strategy is supported by three transversal axes: Anticorruption and Ethics, Engagement and Transparency, and Resilience. These axes are fundamental for Terrafina's functioning and are backed by five pillars which are essential to our operation and stakeholders: Planet, Portfolio, Economy, Talent, and Community. This way we foster sustainability while we achieve our purpose of creating sustainable value together for a better future.



TRANSVERSAL AXES

ENGAGEMENT AND TRANSPARENCY



RESILIENCE



ANTICORRUPTION AND ETHICS





Our ESG KPIs and their targets for action and positive impact

102-29, 103-1, 103-2, 103-3

Material Topic	Objective	Goals	Terra Indicator	SDG
Anticorruption	To adopt and maintain the necessary measures to promote a fair and equitable environment, as well as zero-tolerance to corruption.	<ul style="list-style-type: none"> Train 100% of critical suppliers on ethics and compliance issues. 	<ul style="list-style-type: none"> Total number of detected cases (confirmed). Total number of reported cases (suspected). <ul style="list-style-type: none"> Total cost of financial losses associated with violations of the Code of Ethics. Hours of training per employee. Total percentage of collaborators, suppliers, and Technical Committee members who have received communication and training on anticorruption policies and procedures. 	16.5 16.6
Ethics and Conduct	Promote an ethics' culture with our stakeholders through mechanisms that encourage ethical behavior, based on Terrafina's values and our commitments to the Global Compact Network.	<ul style="list-style-type: none"> 100% of suppliers sign the Code of Ethics by 2024 in acknowledgement. Public Code of Ethics for suppliers by 2021. 	<ul style="list-style-type: none"> Percentage of collaborators who have read, understood, and agreed to the Code of Ethics. Percentage of suppliers reporting awareness of the Code of Ethics. Percentage of suppliers to whom the Code of Ethics is shared. Training hours per employee. 	16.5 16.6
Engagement and transparency	Identify, understand, and respond to the expectations and ESG concerns of our stakeholders, and strengthen relationships through open and transparent communication.	<ul style="list-style-type: none"> Train our value chain on sustainability issues under a comprehensive long-term program by 2023. Participate in industry-related working groups to promote innovation, sustainability and transparency in real estate by 2023. 	<ul style="list-style-type: none"> Benchmark Results: GRESB, CSA. UN Global Compact participation groups. 	16.5 16.6
Resilience – Risk Management	Develop and implement mechanisms to identify, prevent, and monitor ESG risks throughout the value chain that may impact the company in the short, medium, and long term.	<ul style="list-style-type: none"> Include technologies to facilitate ESG risk analysis by 2023. Materiality analysis by 2023. 	<ul style="list-style-type: none"> Disclosure of detected risks and mitigation strategies within the Sustainability Report. 	13.1 16.5 16.6 17.17
Management System	Manage and streamline our supply chain in accordance with ISO 14000 guidelines.	<ul style="list-style-type: none"> Approved ESG management system by 2022. 	<ul style="list-style-type: none"> Approved document (Terrafina ESG Management System). 	3 8.5 8.8 9.2 9.4



Material Topic	Objective	Goals	Terra Indicator	SDG
Climate Change	Analyze and transparently share with our stakeholders our portfolio's climate change risks and opportunities management. Set ambitious science-based targets to meet the objectives of the Paris Agreement.	<ul style="list-style-type: none"> Apply resilience assessment to portfolio by 2021. Analyze and develop vulnerability maps for Climate Change effects 2021-2022. Analyze financial implications and/or other risks and opportunities arising from climate change in the short, medium and long term (TCFD) by 2023. Develop workshops/trainings for team members and key partners for climate change risk management 2021. 	<ul style="list-style-type: none"> Identified risks and opportunities (TCFD). 	11.6 12.2 12.6 13.2
Emissions	Support the transition to a low-carbon economy.	<ul style="list-style-type: none"> Reduce GHG emissions intensity by 20% by 2030. 	<ul style="list-style-type: none"> GHG Emissions (tCO₂e) GHG Emissions intensity: scope 2 and 3 (tCO₂e/sqft). Variation in GHG emissions: scope 2 and 3 (tCO₂e) and (tCO₂e/sqft). 	12.2 12.6 13.1
Water Efficiency	Promote and implement programs with our partners and tenants to enable more effective and environmentally friendly water management processes.	<ul style="list-style-type: none"> Reduce water intensity by 20% by 2030. 	<ul style="list-style-type: none"> Water withdrawal (m³). Water intensity (m³/sqft). Variation in withdrawal (m³) and (m³/sqft). 	6.3 6.4
Energy Efficiency	Promote and implement programs with our partners and tenants to enable more effective and environmentally friendly energy management processes.	<ul style="list-style-type: none"> Reduce energy intensity by 20% by 2030. 	<ul style="list-style-type: none"> Energy consumption (kWh). Energy intensity (kWh/sqft). Variation in energy (kWh) and (kWh/sqft) 	7.3
Tenant Satisfaction	Improve our tenants' experience by identifying areas of opportunity and proposing innovative and sustainable solutions together, while maintaining stable levels of business.	<ul style="list-style-type: none"> Increase response rate over previous year. Increase overall tenant satisfaction score over previous year. 	<ul style="list-style-type: none"> Annual response rate. Annual overall satisfaction rate. Percentage of clients with ESG practices. 	9.2 9.4



Material Topic	Objective	Goals	Terra Indicator	SDG
Occupational Health and Safety	Prioritize and promote safe working environments for stakeholders.	<ul style="list-style-type: none"> Share health and safety best practice content for Property and Tenant Managers 2021-22 (focus on pandemic support). Include wellness, health and safety certification plan in our 2025 portfolio. 	<ul style="list-style-type: none"> Information and recommendations (mailings, brochures, documents) sent to Property Managers and/or tenants per year. Number of ARC Skoru® human experience certificates. 	3.d 8.8 9.2 9.4
Sustainable Infrastructure	Manage a green and resilient portfolio to enhance our tenants' experience and be prepared for the impacts of climate change.	<ul style="list-style-type: none"> Identify cost-benefit improvements by property by 2022. Integration/Investment in sustainable technologies and efficiencies by 2025. Increase percentage of properties with LED lighting fixtures in portfolio by 2025. 	<ul style="list-style-type: none"> Percentage of buildings with investment in sustainable technologies and/or efficiencies - ESG. Percentage of buildings that consider environmental and social issues in design, development and/or remodeling. Percentage of buildings with LED lighting fixtures. 	6.3 6.4 7.3 12.2 12.6 13.1
Certifications and accreditations	Manage a portfolio that is a leader in international sustainable best practices and in relation to market expectations.	<ul style="list-style-type: none"> 15% of GLA certified as green building by 2030. All new developments with international certification. 	<ul style="list-style-type: none"> Percentage of certified GLA. Sqft certified. Number of certified properties. 	11.6 11.a 12.2 12.6 13.2
Corporate Governance	Ensure the highest standards of corporate governance and transparency.	<ul style="list-style-type: none"> Update the Corporate Governance best practices manual by 2021. Strengthen our culture of diversity and inclusion through policies, initiatives and training by 2022. Develop training plan on sustainability issues at the Technical Committee level by 2022. 	<ul style="list-style-type: none"> Percentage of independent Technical Committee members. Percentage presence of women on the Technical Committee. Tenure in years per member. 	10.2 13.1 16.5 16.6 17.17
Presence and Positioning	Maintain and evaluate opportunities to increase our exposure in key markets by strengthening the multinational tenant base.	<ul style="list-style-type: none"> Maintain average occupancy level. (*to be modified according to the number of properties). Maintain high exposure to tenants with dollar-denominated contracts increasing revenue generation. 	<ul style="list-style-type: none"> Number of GLA properties (Gross Leasable Area) - occupied GLA. Percentage of target states in which we already have properties in operation. Percentage of portfolio by regions of the country. Percentage of occupancy vs. % of market occupancy. 	8.2



Material Topic	Objective	Goals	Terra Indicator	SDG
Health and Well-being	Prioritizing, nurturing and fostering the health and well-being of our talent.	<ul style="list-style-type: none"> Maintain zero cases of work-related injury. Maintain zero cases of fatalities due to occupational injury/accident. 	<ul style="list-style-type: none"> The number and rate of fatalities resulting from an occupational accident injury. The number and rate of work-related injuries with major consequences (not including fatalities). The most frequent types of occupational injuries. Annual absenteeism percentage from illness and/or accident. 	3.4 8.8
Labor Practices and Policies	Promote an environment of job growth supported by training and innovation as a competitive advantage, strengthening productivity.	<ul style="list-style-type: none"> Linking ESG objectives in performance evaluation by 2022. Keep or increase the general percentage satisfaction from collaborators. Offer wellness programs for collaborators and encourage their participation. 	<ul style="list-style-type: none"> The total number and rate of employee turnover during the year, by age group, gender and region. Hours of training per employee. Total level of satisfaction/engagement. Percentage response of satisfaction survey. 	4.4 5.1 5.5 8.3 8.8 10.3
ESG Supply Chain Evaluation	Identify and include ESG aspects in the selection and interaction with stakeholders, as well as their management of the value chain.	<ul style="list-style-type: none"> Supply Chain ESG Management Approach by 2022. ESG due diligence on new acquisitions and developments by 2021. 	<ul style="list-style-type: none"> Number of critical suppliers. Number of non-critical suppliers. Document with ESG criteria in supplier risk analysis approved for 2022. 	13.1 16.5 16.6 17.17
Social Investment	Generate alliances and initiatives that promote development and contribute to the solution of social and environmental problems in the communities where we operate.	<ul style="list-style-type: none"> Support social programs in 50% of the states where we operate by 2025. 80% of collaborators participate in volunteer activities by 2025. Develop, promote, and/or support projects during and after the pandemic. 	<ul style="list-style-type: none"> Total investment in social issues Regions with social programs (percentage of regions) States with social programs (number of states) Number of direct beneficiaries (total beneficiaries) Employee participation in volunteering (volunteering hours per employee / percentage of collaborators who participated in volunteering activities) Number of strategic alliances 	1.4 1.5 4.4 8.3
Human Rights	Confirm our commitment to the respect and promotion of human rights.	<ul style="list-style-type: none"> Develop a Human Rights risk assessment for our value chain by 2022. Report annually to the Global Compact. Promote respect for Human Rights through participation in related forums by 2025 	<ul style="list-style-type: none"> Annual Signatory of UN Global Compact. Annual report in accordance with Global Compact criteria. Human Rights assessment. 	5.1 8.8 10.2 10.3 16.2 16.5



We are aligned with global objectives

102-29

We understand Terrafina's major responsibility as one of the leading organizations in the industrial real estate segment. We are committed to our environment and our stakeholders. Therefore, each of our main strategic actions add to the fulfillment of the United Nations 2030 Agenda through our contribution to 13 of the 17 Sustainable Development Goals (SDGs).

During 2020, in the process of deepening our ESG strategy, we placed special emphasis on aligning it with its impact on the SDGs. We joined the Global Compact as a demonstration of our commitment to join efforts to achieve these goals, especially those related to our sector. For this reason, together with a group of large leading companies in sustainability, we are part of the first Mexico's SDG ambition, an initiative that aims to accelerate the integration of the SDGs. We will work on this initiative during 2021 to achieve more ambitious targets. We also participate in the Sustainable Cities working group (SDG 11), seeking to deepen our impact in line with our philosophy of joining efforts with different sectors and companies committed to making a change.

SDG	Goals	Strategic Action	Focus	Material topics
	16.5	Solid corporate governance corporativo	<ul style="list-style-type: none"> We safeguard the stability of the company and look after the interests of the trust holders, basing our decisions on solid business arguments. Our Technical Committee has a majority of independent members, recognized business people who know the needs for the exercise of the industrial activity, in addition to the advice of PGIM Real Estate. 	<ul style="list-style-type: none"> Anticorruption Ethics and conduct Corporate governance
	16.6			
	1.4	Social commitment to our talent and community	<ul style="list-style-type: none"> We support the community by offering decent work opportunities, improving their quality of life and purchasing power, as well as helping them through social investment projects. We seek the health, safety and well-being of our employees by respecting their labor rights and providing development workshops. The full and effective participation of women and equal leadership opportunities at all decision-making levels are part of what strengthens our operation. 	<ul style="list-style-type: none"> Social investment Labor practices
	1.5			
	4.4			
	5.1			
	5.5			
	8.3			
	8.8			
	10.2			
10.3				
	11.6	Social and environmental criteria in selection and development	<ul style="list-style-type: none"> We establish environmental and social criteria for asset selection, supported by PGIM Real Estate's world-class expertise. We have also incorporated high standards in asset development through the SMART Blue® program. We have a network of property managers made up of real estate specialists who, with their experience, support the management and development of quality assets and ensure compliance with social and environmental standards. We incorporate climate change-related measures into our company's policies, strategies, and operational and development plans. 	<ul style="list-style-type: none"> Climate change Certifications and accreditations Sustainable infrastructure Materials
	11.a			
	12.2			
	12.6			
	13.2			

• Commitment and transparency
• Human rights

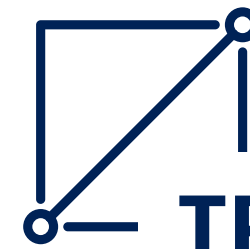


We have adhered to the UN Global Compact, the world's largest initiative in corporate sustainability, through the UN Global Compact's Mexican Network to align our operation with the Ten Principles and work in favor of the SDG.



SDG	Goals	Strategic Action	Focus	Material topics
	6.3	Infrastructure efficiency and sustainability	<ul style="list-style-type: none"> We strive for efficiency in the infrastructure of each of our assets with measures to save water and electricity consumption. We strive to ensure that the materials and resources used in the development of our properties are obtained and managed in a sustainable manner. We seek to strengthen resilience and adaptive capacity to climate-related risks and natural disasters in all the infrastructure we develop. 	<ul style="list-style-type: none"> Water efficiency Energy efficiency Materials Emissions Sustainable infrastructure / Certifications and accreditations
	6.4			
	7.3			
	12.2			
	12.6			
	3	Tenant strength and our positioning	<ul style="list-style-type: none"> We safeguard the health and safety of our tenants by offering them a safe operating environment in line with sanitary standards. We are proud of the diversification of our portfolio, which allows us to collaborate with innovative industries, mostly focused on technological development, that generate important employment opportunities with their operation. 	<ul style="list-style-type: none"> Health and safety Presence and positioning Management system Tenant satisfaction Sustainable infrastructure / Certifications and accreditations Materials
	8.5			
	8.8			
	9.4			
	13.1	Strength and adaptability of our business model going forward	<ul style="list-style-type: none"> We take climate risks into account when analyzing our business model, incorporating new technologies and initiatives to mitigate their effects. Strong corporate governance protects the integrity of the company, accompanied by high standards and a culture of compliance. We understand our responsibility to develop infrastructure that promotes inclusive and sustainable industrialization. 	<ul style="list-style-type: none"> ESG supply chain evaluation Resilience / Risk management Corporate governance
	16.5			
	16.6			
	17.17			

• Commitment and transparency
• Human rights



TRANSVERSAL AXES

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

Anticorruption, Ethics and Conduct

Anticorruption

205-1, 205-2, 205-3, 103-1, 103-2, 103-3

We renovated our training to a more innovative one to meet our annual goals of:

- 100% collaborators trained on anticorruption issues.
- 100% property managers trained on anticorruption issues.

Terrafina operates in a market with global participants. We are a public company, in an emerging market, and therefore we understand the potential risks that our business model represents in its different phases of operation. Good management of our anticorruption policy is fundamental to safeguarding Terrafina's reputation. Failure to do so could have material economic and reputational consequences. At the same time, 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.

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

2020 Achievements

- There were no cases of corruption related to our activities, as in previous years.
- There were no employee dismissals due to corruption cases, nor have we had to take disciplinary measures related to this.
- We have not terminated nor renewed contracts with business partners for corruption-related violations.
- There are no corruption-related legal cases brought against us or our collaborators.
- We do not make contributions to political parties and/or representatives.

All our suppliers and customers go through a due diligence process where, among other things, a corruption and money laundering risk review are performed. Our suppliers' files are reviewed annually, and our customers' files are reviewed at each renewal. Based on this, we consider that the operations we carry out with them, between one review and another, comply with our anticorruption and anti-money laundering criteria.

As part of our efforts to fight corruption, we have identified the main risks related to the former in our operation, which are:

With suppliers:

- Development: permits and licenses
- Security: contact with authorities in case of emergency
- Consultors: reports to authorities for approval

On an ongoing basis in our operations:

- Conflicts of interest
- Gifts and entertainment

In acquisitions/dispositions of properties:

- Resources from illicit proceeding



Terrafina's Integrity and Compliance Manual



Labor Conduct

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



Operating Policies

- Business Continuity Plan



Regulatory Requirements

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



Communication with External Parties

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



Miscellaneous Policies

- Proprietary Confidential Information Management Policy

Ongoing training

The costs of poorly delivered training on corruption issues can be very high. That is why at Terrafina we continuously innovate to provide annual training to our collaborators and key stakeholders. Starting in 2020, adapting and improving our training model to the situation caused by the pandemic, the team trainings were conducted online, taking advantage of intelligent platforms that facilitate the understanding and awareness of collaborators with practical application cases. At the end of the courses, a certificate of successful completion of the annual training was issued.

- 100% of the members of the Technical Committee are aware of and have been trained on anticorruption policies and procedures.
- 100% of collaborators are aware of and have been trained on anticorruption policies and procedures.
- 100% of business partners are aware of and have been trained on anticorruption policies and procedures.
- Legal providers, accountants and auditors have been trained on anticorruption policies and procedures.

At Terrafina we continuously innovate to provide annual training to our collaborators and key stakeholders.

Ethics and Conduct

102-16, 102-17, 103-1, 103-2, 103-3, 404-1

2020 Achievements

- 100% of collaborators know and understand our "Integrity and Compliance Manual" and "Code of Ethics".**
- The Code of Ethics was shared with Terrafina's suppliers, and a clause was included to sign of acknowledgement in renewals and new contracts.**
- We had no cases of complaints for non-compliance with the Code of Ethics.**

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

- Code of Ethics.
- Integrity and Compliance Manual.
- Training and commitment program for collaborators, Technical Committee, suppliers, and others.
- Process and channels for reporting and dealing with non-compliance.

UN PRI: United Nations Principles for Responsible Investment.

They also participated in courses on the Code of Ethics and related policies, as in 2019. Training on ethics topics per person was of 1.55 hours in the year. It is also important to remember that all our collaborators receive training as part of their induction when they join the company. We also train property managers.

In order to always be in line with global best practices, our Code of Ethics and Integrity and Compliance Manual are constantly being reviewed and updated. For these purposes, we continuously monitor the United Nations SDGs, the recommendations of UN PRI, the communication and recommendations of the Global Compact and suggestions from other organizations that promote best corporate practices. Likewise, our Advisor has a robust ethical framework, being considered one of the most ethical companies worldwide. We also consult legal firms for the implementation of best practices or in specific cases that require greater expertise on the subject.

In addition, as part of Terrafina's continuous improvement strategy, we are working on a public Code of Ethics for public suppliers. As part of the supplier update process, this Code of Ethics will be shared, and a signing process will be conducted to confirm awareness.

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

In the event of a confirmed non-compliance, it will be evaluated by the Audit Committee and the Technical Committee. With this, we seek to ensure transparency in the handling of cases, while safeguarding Terrafina's compliance culture. The cases detected by the whistleblower hotline are complemented with the findings that may be obtained in external audits.



In 2020, 100% of our collaborators read, understood, and agreed with our Code of Ethics.

Commitment and Transparency

(Stakeholder Relations)

102-13, 102-21, 102-33, 102-34, 102-40, 102-42, 102-43, 102-44, 103-1, 103-2, 103-3

2020 Achievements

- Incorporation of ESG items in the annual satisfaction survey given to property managers and tenants to learn more about interests and initiatives related to sustainability.
- Inclusion as a signatory of the Global Compact, in an effort and commitment to the achievement of the 10 UN Principles and the 2030 Agenda.
- First-time participation in the S&P Global's CSA
- Development of our stakeholder engagement program: Terra SE (stakeholder engagement)
- Communicate risks and opportunities in accordance with GRI, TCFD and SASB methodologies in our sustainability report.

At Terrafina, we know that we create value through the commitment of our alliances and those who participate in the company. For this reason, in 2020 we finalized the definition of our stakeholder engagement program, TERRA SE (Stakeholder Engagement). This program is based on the AA1000SES and establishes how we identify, select, and engage with our main stakeholders. We also define the engagement process for identifying, understanding, and responding to sustainability concerns and potential issues.

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

For Terrafina it is key to develop and maintain long-term relationships with our stakeholders. We continually analyze whether our communication channels are robust enough to generate trust and commitment among all of them. In addition, we conduct surveys with our investors and analysts on a quarterly basis. **We believe that the best way to grow is together.** To this end, continuous communication of our shared objectives, the challenges we face, and opportunities for improvement allows us to get to know each other better. This in turn helps to further improve the portfolio's performance, ensuring the company's long-term strength and stability.

The consultation processes are delegated to the ESG area in conjunction with other areas that maintain closer contact with the different stakeholders, under the supervision of the highest governance body, which approves ESG initiatives in the ESG Committee sessions.

We seek to have open and transparent communication at all times, which, in addition to fostering the company's growth, provides the various participants with certainty as to how the company's decision-making process is carried out.





The following is a description of our relationship with our **stakeholders**, focused on addressing key issues and offering them different channels of communication with Terrafina:

Stakeholder	Value proposition	Communication channels	Key topics and concerns
Trust holders	<ul style="list-style-type: none"> Maximizing value, minimizing risk. Transparency. Responsible investment (ESG). Strong business ethics. 	<ul style="list-style-type: none"> Holdings' meetings. Annual report to the BMV* and CNBV**. Quarterly reports and calls. <ul style="list-style-type: none"> Relevant events. Sustainability report. Investor forums. Web page. Emails or calls with the management team. Perception studies. Certifications and accreditations. 	<ul style="list-style-type: none"> Financial situation of the company. Composition of the Technical Committee and corporate governance structure. Trust holders' rights. Succession plan. Financial results. Portfolio quality. Articulation and functioning of corporate governance. Incorporation of ESG criteria in the choice of the portfolio.
Tenants	<ul style="list-style-type: none"> Increase satisfaction and retention. Location combined with high quality, sustainable and resilient properties. Optimize operational efficiencies, decrease carbon and water footprint. Partnerships to achieve common goals (regulation, resilience, community). 	<ul style="list-style-type: none"> Follow-up by Property Managers (visits, meetings, calls). Follow-up by PGIM Real Estate's Asset Management and Portfolio Management team. Satisfaction survey. Third party relationship (maintenance providers, risk assessment, etc.). Sustainability report. Participation in industry events. Visits to properties 	<ul style="list-style-type: none"> Efficient and environmentally friendly real estate solutions. Environmental and carbon footprint data collection (energy, waste, water). Social programs in common.
Collaborators	<ul style="list-style-type: none"> Promote the motivation and satisfaction of our collaborators, teamwork and leadership. Establish equity, equality and diversity. Work-life balance, fair compensation, personal and professional growth. 	<ul style="list-style-type: none"> Participation spaces (forums and trainings). Presentation of company results. Ethical whistleblower hotline. Continuous training. 	<ul style="list-style-type: none"> Business results, including ESG issues. Personal and professional growth and development. Occupational health and safety. Relationship with other stakeholders.
Suppliers, PGIM Real Estate	<ul style="list-style-type: none"> Strengthen professional alliances to improve the quality of our services. Implement ESG solutions for clients. Growth through supporting stakeholder needs. Prevent and mitigate real estate risks. 	<p>With Suppliers:</p> <ul style="list-style-type: none"> Selection and contracting processes Ongoing operational meetings Annual quality evaluations Annual training Ethical whistleblower hotline <p>With PGIM Real Estate:</p> <ul style="list-style-type: none"> Coordination meetings. Visitas a las propiedades. Quarterly Technical Committee meetings. Internal performance documents. Ethical whistleblower hotline. 	<p>With all</p> <ul style="list-style-type: none"> ESG topics. Business ethics. Product and service procurement standards. <p>With Suppliers</p> <ul style="list-style-type: none"> Financial stability. Business performance. <p>With PGIM Real Estate</p> <ul style="list-style-type: none"> Operational efficiency. Portfolio quality and strength.

* Mexican Stock Exchange
** National Banking Securities Commission

<p>Communities and CSOs</p>	<ul style="list-style-type: none"> • Diagnose socio-economic impacts and needs. • Improve quality of life and well-being. • Enhancing and exchanging knowledge, skills and experience. • Partnering for common goals. 	<ul style="list-style-type: none"> • Participation in industry forums. • Meetings with local authorities and/or leaders. • Collaboration with Civil Society Organizations (CSOs). • Consultations and interaction during the development of social projects. 	<ul style="list-style-type: none"> • Implementation of social projects to promote their development. • Generation of employment opportunities.
<p>Authorities</p>	<ul style="list-style-type: none"> • Regulatory compliance. • Approach to a common global agenda. 	<ul style="list-style-type: none"> • Meetings with authorities (for requirements or projects). • Other consultations. • Participation in sectoral forums. 	<ul style="list-style-type: none"> • Legal compliance at the federal, state and municipal levels in operations. • Tax compliance. • Regulatory changes. • Compliance with obligations as a public company.
<p>Industry associations, academia</p>	<ul style="list-style-type: none"> • Active, transparent and credible participation to solve common objectives. • Sharing best practices for continuous ESG improvement. 	<ul style="list-style-type: none"> • Participation in association and industry committees on an ongoing basis. • Participation in forums, trainings and events on an ongoing basis. • Participation in industry certifications and accreditations on an annual basis. 	<ul style="list-style-type: none"> • Support of projects for common purposes. • Shared best practices. • Regulatory changes.



We are aware that alliances generate growth opportunities, as well as contribute to the improvement of the sector. For this reason, we are an active member of several industry associations. Terrafina is a founding member of the Mexican Association of Real Estate FIBRAs (AMEFIBRA), which represents fifteen property trusts in different sectors, such as industrial, commercial, hotel and office. **In 2020 we participated in AMEFIBRA's ESG Committee, where we worked together with the REITs in the development of an ESG best practices manual, with the objective of joining efforts to develop sustainability practices in the sector.** We actively seek to share our experience and propose solutions for the industry. We are also part of the Mexican Association of Private Industrial Parks (AMPIP). Founded in 1986, it represents more than 250 industrial parks in the country. It is comprised of private developers, REITs, asset investment funds, and industrial trusts administered by state governments. In turn, we actively participated in webinars and workshops implemented during the year, with ESG issues being the most relevant.

We also joined the association's initiatives for economic support for COVID-19 protection supplies for health personnel in COVID-19 public hospitals. Likewise, we are members of the Urban Land Institute (ULI), actively participating in initiatives focused on the Real Estate sector. [Learn more](#)



As of November 2020, we are a participant in the United Nations Global Compact.






Resilience / Risk Management

102-11, 102-15, 102-30, 102-31, 103-1, 103-2, 103-3, 201-2, 205-1, 403-3, CRE8

100% of the assets in operation and new developments at Terrafina are evaluated for ESG risks.

2020 Achievements

-  Approved cybersecurity manual and training for Terrafina collaborators.
-  Designed a resilience assessment for Terrafina's portfolio.
-  Analyzed the climate risks in our portfolio.

As an organization, we are interested in knowing and understanding our risks in order 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 and 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 over the long term.

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

Category	Risk	Description
Operating	<ul style="list-style-type: none"> • Concentration of the portfolio in the industrial manufacturing export sector. • Increased development and operating costs. 	<ul style="list-style-type: none"> • Economic slowdown in the manufacturing sector. • High dependence on political and economic conditions in the United States and Mexico. • High exposure to the automotive and industrial goods sector. • Contingencies in construction and in obtaining permits and licenses. • Costs derived from insurance payments, services, taxes, repairs or periodic renewals, among others.
	<ul style="list-style-type: none"> • Energy supply and cost problems. • Non-compliance with tenant payments. <ul style="list-style-type: none"> • Non-compliance with laws and regulations from tenants. • Rent renovation calendar. 	<ul style="list-style-type: none"> • Lack of reliable energy supply or increased energy costs for tenants, which may result in the movement of capital out of the country. • Delays in the payment of rents or uncollectible rents to tenants with operational problems. <ul style="list-style-type: none"> • Legal and reputational problems for Terrafina in the process of clarifying responsibilities. • Delays in the lease signing/renewal process, non-renewal of leases.
Financial	<ul style="list-style-type: none"> • Exchange rate fluctuations. • Limitations in the availability of funding. • Interest rates increases. • Reduced asset liquidity. • Macroeconomic conditions. 	<ul style="list-style-type: none"> • Difficulties in accessing necessary capital or financing sources. • Increases in financial expenses. • Difficulty in closing asset sale transactions. • Global and local economic slowdown. • Tensions due to regulatory changes or conflicts in trade agreements.
Market	<ul style="list-style-type: none"> • Competition. • Relationship with Advisor. 	<ul style="list-style-type: none"> • Companies with similar models in the same locations and with riskier strategies that generate market disruption. • Lack of exclusivity and potential conflicts of interest.
Regulatory	<ul style="list-style-type: none"> • Financial losses from unlawful acts. • New tax provisions. • New regulations. 	<ul style="list-style-type: none"> • Extinction of ownership of properties or fines for regulatory offenses. • Adverse legislative or regulatory reforms in tax matters. • New environmental and safety regulations.
Emerging	<ul style="list-style-type: none"> • Social context. • Cybersecurity. • Climate change effects. • Transition to a low carbon economy. • Evolution of the COVID-19 pandemic. 	<ul style="list-style-type: none"> • Social instability movements. • Risk of cyber-attacks. • Data leaks. • Impacts on conditions for future leasing of real estate. • Climate change risks identified in regions of presence. • Energy supply regulations. • Tenant requests for more efficient infrastructure (energy and water) and renewable supply. • Uncertain extent of impact on the economy, industry and company operations as economies reopen and vaccination plans progress.

ESG Risk Factors

The ESG Committee is the highest governance body that directly evaluates the effectiveness of the organization's risk management processes in environmental, social, and corporate governance issues. This Committee meets at least semiannually and makes recommendations on processes that need to be improved or deepened according to the results of evaluations, analysis processes and national and international best practices. In 2021 this Committee aims to develop an ESG best practices manual to share

with our stakeholders and align initiatives to achieve the objectives with our value chain. The ESG Committee reports to the Technical Committee on a semi-annual basis, so the Technical Committee (our highest corporate governance body) also oversees the organization's ESG strategy indirectly.

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

At Terrafina we work with our Advisor, who has a risk analysis structure comprised by the investment risk and operational risk teams, which work hand in hand with the Asset Management and Portfolio Management teams. The investment risk team is comprised of a global investment risk manager and a team of regional managers 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 that focuses primarily in the areas of auditing, internal controls, risk assessments and new product developments. The various issues are analyzed based on their complexity and are communicated to the highest governance body in regular meetings. This communication is formal and analyzes the various aspects of each situation in order to make any company decision in an objective and transparent manner. Our Technical Committee has extensive experience in risk and audits, which facilitates good risk management at all levels.

Crisis Management Program

Risk Management - Governance

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.



In addition, reviews and updates of suppliers, collaborators and committee members are carried out 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.

Risk Management - Environmental and Social

The environmental risk analysis is focused on:

- Monitor all environmental, health and safety issues throughout the life cycle of the property until the required outcome has been produced and properly documented.
- Provide technical and commercial support to resolve all environmental issues and incidents.
- Oversee procurement due diligence and property operations.
- Evaluate the activities of potential tenants in relation to potential environmental risks.
- Provide support for regulatory negotiations.
- Develop and provide support to institute best management practices to mitigate environmental risks.
- Provide support in claims management and environmental insurance acquisitions.
- Review any water intrusion issues.

As part of the integral risk management, environmental and social evaluations are performed annually to all properties in the portfolio by an external consultant. Based on the analysis, the degree of risk is categorized, depending on the type of company and/or industry,

the volume and handling of chemical substances, hazardous waste, and operational activities carried out within the property. If any risk is detected, recommendations are issued to improve the tenants' current practices. When these represent a significant risk, a review is coordinated with the support of specialized providers in conjunction with the partner/manager. These reviews are based on international standards such as the American Society for Testing and Materials (ASTM) Designation E 1527, as well as other federal, state and/or local laws. Other significant environmental programs or issues that could affect the market value or environmental condition of the property are also identified and addressed during this process. If deemed necessary, a Phase II study is arranged. To carry out these tasks we use customized tracking tools to monitor changes over time, as well as maintain constant communication with stakeholders.

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

All new development, expansion and remodeling processes include an ESG risk analysis and are reviewed against a sustainability criteria checklist that requires evidence of compliance in all phases: planning, design, pre-construction and construction of the project. With this, properties must achieve all environmental and social criteria of the internal certification (SmartBlue®) which is used by



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



PGIM Real Estate as a tool to ensure compliance with sustainable processes and criteria aligned to international certifications. In case of any non-compliance, the Property Managers and/or tenant representatives, together with the environmental consultant, determine if any type of penalty should proceed.

In addition, we include sustainability clauses in tenant contracts, we perform climate change risk analysis, we align ourselves with best practice recommendations, we follow international standards in our different processes, we follow a due diligence process of all the organizations with which we interact, and we have a whistleblower hotline that allows us to recognize any irregularity or violation that puts the company or its stakeholders at risk.

Currently, cyber risks have increased relevance due to the pandemic and remote work. For Terrafina, cybersecurity is an emerging risk according to the information we control. During 2020, a third-party diagnosis was conducted on cybersecurity risks and the tools we have in order to establish measures aligned to our needs. Based on these results, a cybersecurity manual was developed, and a 1.5-hour training was given to 100% of Terrafina's collaborators. It is important to mention that our Advisor establishes strong security controls and procedures based on policies, codes and guidelines. Likewise, it carries out mandatory trainings for its team members that include incident response scenarios, thus preventing any type of attack and risk to Terrafina's sensitive information.





Management System

102-11, 102-19, 103-1, 103-2, 103-3

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

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

Also, during the year, we formalized Terrafina's ESG strategy, defining key performance indicators (KPIs) for each material issue. To this end, we analyzed the best internationally recognized sustainability standards for the industry and the global best practices of our competitors. In doing so, we are able to establish a series of metrics that will allow us to ensure the management of all material issues in the organization. We will continuously monitor these indicators, always seeking to improve our results and thus optimize our impact on all our stakeholders.

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

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

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

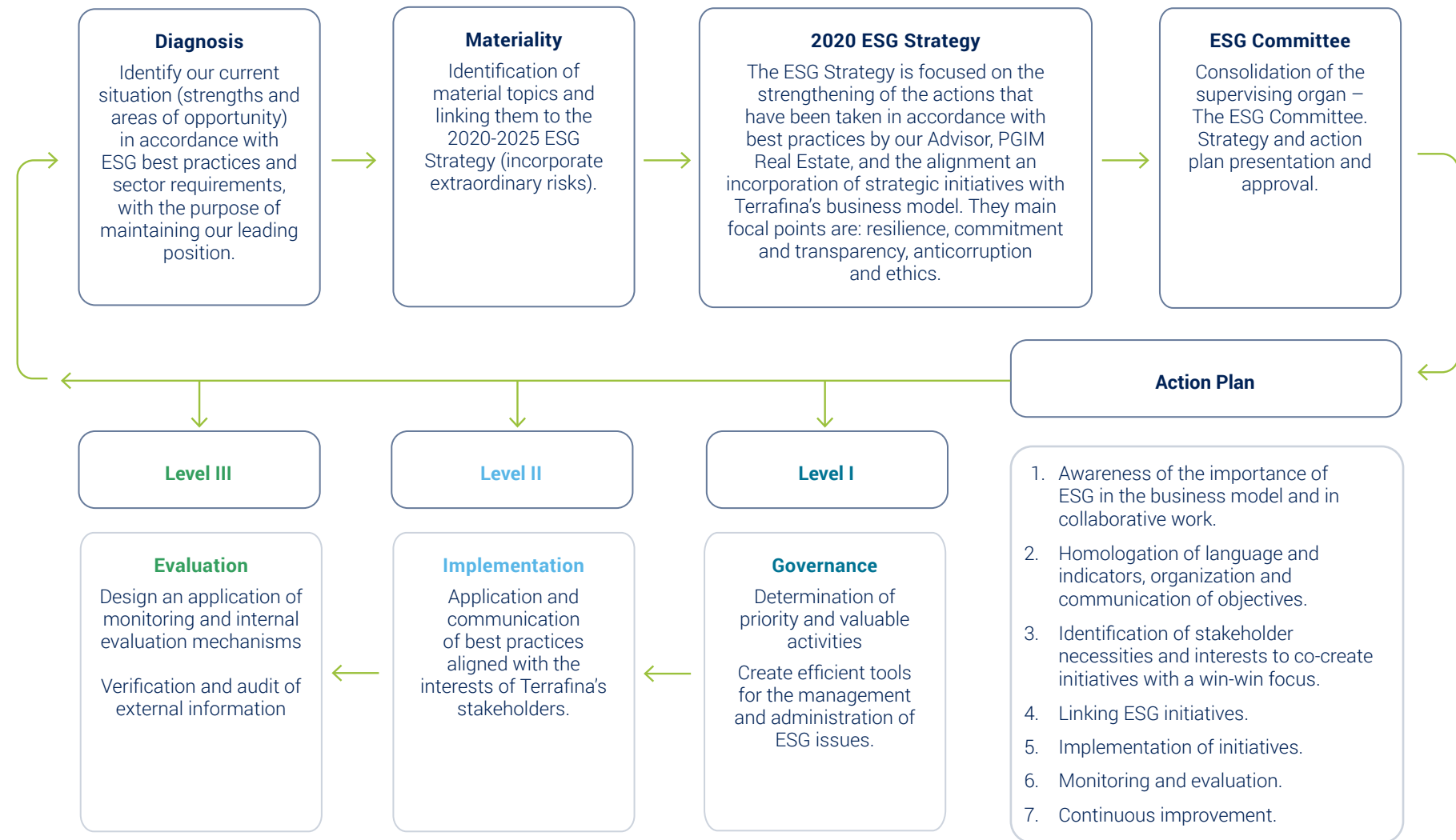
The environmental measures included in our policy seek greater efficiency in energy and water consumption, as well as in waste management. To this end, we have actively involved the relevant stakeholders, the most exposed to the issue being our property managers and tenants. With each of them we interact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

Property managers:

- Sustainable Operation Standards (list of 75 aspects that are evaluated annually in each of the properties managed).
- Condition monitoring of properties to identify and mitigate non-compliance with our environmental guidelines.
- Collection and tracking of environmental data.

Tenants:

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





Caring for our planet through sustainable and resilient industrial developments to reduce our environmental footprint and mitigate climate change risks.

Climate Change

(Climate Strategy, SASB, TCFD)

102-20, 103-1, 103-2, 103-3, 201-2

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

ESG and climate change risks

Within the risk assessment process, at Terrafina we analyze ESG risks and opportunities with the same hierarchy with which other factors such as operational, financial and market factors are analyzed. Currently, Terrafina's main climate risks include events derived from extreme weather variations that can cause fires, water stress and extreme temperatures. We have developed strategies to minimize the impact of these potential risks on our assets by mapping the transition to a low-carbon economy, taking into account the political and social context, cybersecurity, as well as the impacts of the evolution of the COVID-19 pandemic. These factors are identified as we align our operations with international standards and criteria, such as ARC Skoru® and LEED certifications. We are reporting for the first time in accordance with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and using the materiality of sector issues in accordance with the Sustainability Accounting Standards Board (SASB) indicators, as well as our reporting process to GRESB and CSA.

To determine the ESG risks of our portfolio, the international firm 427® conducted an analysis of each property to assess its potential physical risks. Through this analysis, the following risks were identified:



● **70** properties are located in areas at high risk of forest fire damage.



● **65** properties are located in areas with medium risk of water stress.



● **43** properties are located in areas with medium risk of extreme weather events, heat waves.

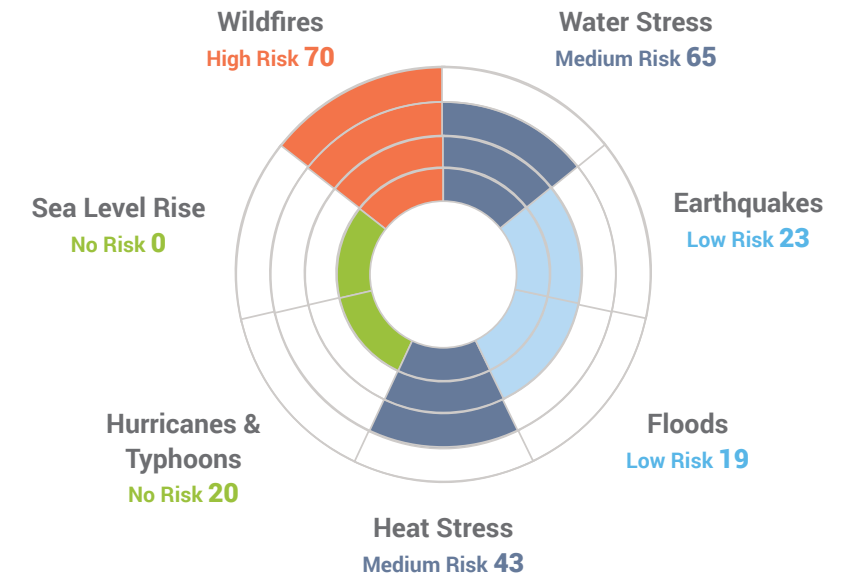


● **23** properties are located in zones with low risk of damage from earthquakes/ earthquakes.



● **19** properties are located in zones with low risk of flooding.

Overall Physical Risk Exposure



The above risks were identified exclusively according to the geographic location of the properties. However, in order to have a solid climate risk analysis of each property, it is necessary to include the particularities of each asset that can increase its resilience to these risks. This analysis will be carried out during 2021, where the specific characteristics of each property will be considered in order to prioritize risks and determine strategies to increase the resilience of the portfolio.

As an example of the climate risks to which our portfolio could be exposed, in June 2020, we monitored the potential impact of tropical storm "Cristobal," as its path could have caused losses in one of our properties in Villahermosa, Tabasco. Fortunately, the actual impact of the tropical storm was less than expected in the state.

The identification of climate risks, resilience and adaptation is a priority for Terrafina

Analysis of physical and transition risks; possible scenarios

Climate change is undoubtedly the greatest environmental challenge we face today. According to the Intergovernmental Panel on Climate Change, science presents us with three scenarios:

1 The first one considers that there will be no successful changes in the current situation, and we will reach at least 3°C increase in the earth's average temperature. Under this scenario, we expect a significant impact in Mexico, which will mainly generate

increases in forest fires, greater water stress and heat waves or very extreme temperatures.

The preventive actions we are taking as of now are:

- Increase cooling capacity.
- Program to manage increased costs.
- Development of the water stress program.
- Resiliency analysis at each of our assets.
- Catastrophic insurance analysis.
- Program in the event of interruption of services.

2 The second scenario proposed is an intermediate scenario aligned with the Paris Agreement Goals, where the temperature increase is around 2°C. 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 an action program that consists of maximizing the energy efficiency of each of our properties in their regular operation.

3 In the third scenario, more radical actions are expected to be taken to limit the increase in the earth's average temperature to 1.5° C. Under this scenario, important regulatory changes and transition impacts are foreseen, as well as a significant increase in energy prices. At Terrafina we anticipate that although this scenario is not very feasible, the most important thing is to work on self-generation capacity, probably with solar panels. This would allow us to face higher energy prices without problems. To this end, we are conducting analyses of extreme events, possible adaptations to facilities, a self-supply program, installation of solar panels and an extensive analysis of the effects of regulatory changes.

In order to more adequately measure our risks, all our tenants are entering their ESG information into the Measurabl® system. This system is associated with the 427® system, which will allow us to have a better understanding of the possible impact on assets of climate risks such as sea level rise, hurricanes, forest fires and earthquakes.





To be able to establish goals and objectives for this topic, we also cross-checked the results of the materiality analysis with our risk analysis. This allowed us to establish specific strategies for the most material aspects of the operation. Based on these studies, we developed the following goals:

2030 Goals and Objectives

Topic	Energy Efficiency	Emissions	Water efficiency	Sustainability Certifications	
Objective	Implement programs with our partners and tenants to enable more effective and environmentally friendly energy management processes.	Support and drive the transition to a low-carbon economy.	Implement programs with our partners and tenants to enable more effective and environmentally friendly water management processes.	Manage a leading portfolio in international sustainable best practices and in relation to market expectations.	
Strategy	<p>Drive greater engagement and transparency with our business partners and tenants through training, management and best practice tools.</p> <p>Improve energy efficiency in properties:</p> <ul style="list-style-type: none"> • Replacement and/or installation of LED lighting fixtures. • Taking advantage of natural lighting. • Installation of advanced systems for measuring and controlling electricity consumption. • Provision of thermal insulation in ceilings and/or walls. • Installation of air conditioning systems and efficient equipment. • Synergy for the installation of photovoltaic panels. 	<p>Drive greater commitment and transparency with our business partners and tenants through training, management, and best practices tools.</p> <p>Efficiency achievements in electricity and water consumption and waste reduction. Strategies for scaling up natural carbon dioxide removal.</p>	<p>Drive greater engagement and transparency with our business partners and tenants through training, management and best practice tools.</p> <p>Improve water efficiency at properties:</p> <ul style="list-style-type: none"> • Incorporation of water-saving devices. • Wastewater treatment and reuse. • Installation of advanced metering systems. • Use of efficient irrigation systems. • Preference for native plants with low water demand. • Rainwater harvesting and reuse. 	<p>Promote greater commitment to our business partners and tenants on sustainability issues:</p> <ul style="list-style-type: none"> • Alliance with international certifiers. • Analysis and selection of assets under development and in operation to be certified. • Incorporation of technologies to measure and qualify property performance. 	<p>All remodeling, expansions and new developments are managed under sustainability criteria and standards:</p> <ul style="list-style-type: none"> • Use of the ARC Skoru® platform. • Remodeling and incorporation of efficiencies under international certification standards. <p>Measure use of materials during 2021 to obtain baseline.</p>
Goal	Reduce energy intensity by 20% by 2030*.	Reduce GHG emissions intensity by 20% by 2030*.	Reduce water intensity by 20% by 2030*.	15% of GLA certified as green building by 2030.	Remodels comply with sustainability criteria. All new developments with international certification.
Indicator	Energy consumption (kWh). Energy intensity (kWh/sqft). Variation in energy (kWh) and (kWh/sqft).	GHG Emissions (tCO ₂ e). GHG Emissions intensity: scope 2 and 3 (tCO ₂ e/sqft). Variation in GHG emissions: scope 2 and 3 (tCO ₂ e) and (tCO ₂ e/sqft).	Water withdrawal (m ³). Water intensity (m ³ /sqft). Variation in withdrawal (m ³) and (m ³ /sqft).	Percentage of certified GLA. Sqft certified. Number of certified properties.	Percentage of certified GLA. Percentage of certified GLA with ARC Skoru® performance certificates. Sqft certified. Number of certified properties.

* 2019 base year. The goal was set according to comparable (like-for-like) data.



Emissions

103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4, 305-5

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

We understand the industrial real estate industry's responsibility with carbon emissions. We are aware of our responsibility to contribute to improving the world's climate conditions, and therefore we are focused on making a difference by setting ambitious emission reduction targets. Achieving these targets requires strong collaboration with our tenants and property management team. This ranges from homologation in understanding the importance of consumption behavior in the properties, to collaboration to implement joint targets and initiatives. We are currently focused on initiatives and efficiencies related to indicators over which we have control, as well as on increasing the scope and quality of data to monitor energy consumption in order to incorporate automation mechanisms and set even more ambitious targets and initiatives in the future.

As part of our environmental impact monitoring, we calculate the greenhouse gas (GHG) emissions associated with our properties and implement concrete actions to reduce them. Here, we present the total emissions, as well as by scope.

Total emissions

	2018* (tCO ₂ e)	2019 (tCO ₂ e)	2020 (tCO ₂ e)	Variation 2018-20
Total emissions	213,016	194,300	192,204	-9.77%

* Data reported for emissions are linked to energy consumption; and these represent 34.6% for 2019 and 42.8% for 2020 GLA (data coverage) Measurabl® system data as of April 2021 (corresponding information from January to December of each year).
2020 total emissions: 46,128.96 (24%) correspond to scope 2; and 146,075.04 (76%) correspond to scope 3.

Like-for-like Scope 2 and 3 Emissions

	2019		2020		Variation
	Emissions (tCO ₂ e)	Intensity (tCO ₂ e /sqft)	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/sqft)	
Like-for-like Scope 2 Emissions	3,289.86	0.004	3,255.87	0.004	-1.03%
Like-for-like Scope 3 Emissions tenant emissions	43,670.14	0.016	39,198.91	0.014	-10.23%

Information on fuel consumption paid for by Terrafina is not significant given the REIT structure and the fact that other fuels within the scope are paid by the tenants, so Scope 1 emissions are not presented.

Scope 2 (8 properties) represent approximately 1.77% of the GLA (694,595 Sqft/39, 235,617 Sqft)

Scope 3 (21 properties) represent approximately 6.94% of the GLA (2,723,244 Sqft/39, 235,617 Sqft)

Our measurements are made according to IPCC methodology.

Scope 2 emissions are indirect and correspond to the generation of electricity we pay for from Terrafina (common areas and leased areas in some contract types). These include CO₂, CH₄ and N₂O gases.

Scope 3 emissions correspond to the sum of those associated with fuel combustion and those corresponding to the generation of electricity paid for by tenants.

Comparable methodology

Property performance information is managed on Measurabl®, a platform where energy, water, and waste data are uploaded. All properties in the portfolio have the ability to upload their data. We currently have 34 properties that use a function called Utility Sync, where data is automatically updated in connection with the CFE (Mexico's Electricity Commission, or *Comisión Federal de Electricidad*) and the water companies in each state. The data for the other properties is updated as the property managers upload the information. At the time of calculating the comparable data we had 34.6% of energy data recorded for 2019 (electric data coverage) and 42.8% for 2020. For water, we had 26.9% data coverage uploaded for 2019 and 39.20% for 2020. All of this data is constantly being updated throughout the year.

In order to do the analysis of comparable Scope 2 and Scope 3¹ data and provide consistency in reporting, the following criteria* were used:

- 1** Properties that have complete reports within the last 2 calendar years. That is, January through December 2019 and January through December 2020.
- 2** Properties that are 100% owned by Fibra Terrafina.
- 3** Properties that have not changed occupancy in 2019 or 2020.
- 4** Properties whose annual aggregate data variation is less than 25%.

* Criteria used for "like-for-like" in water, emissions, and energy data.
1. Aligned with the GRESB report.

We are reviewing the quality of the information with an independent third party and making an effort to collect more water and waste information from our tenants through frequent meetings with property managers and ongoing invitations to tenants.

In the industrial REIT sector, every year there are changes in both the number and type of tenants. Therefore, the measurement of total GHG is not very common as a true indicator of company performance, as variations are often due to these changes. However, we note that from 2018 to 2020 total GHG emissions in Terrafina's portfolio decreased 9.77%. It is possible that this decrease is also due to the effects caused by the COVID-19 pandemic.

Our long-term strategy is to work with all our tenants to achieve a 20% reduction intensity by 2030.

Among the main strategies for achieving this goal are efforts to improve efficiency at our properties, as well as strategies to scale up natural carbon dioxide removal (e.g., conservation, afforestation, and reforestation). We are also analyzing the integration of solar panels with different suppliers and renewable energy technologies, as well as investment and profitability models.



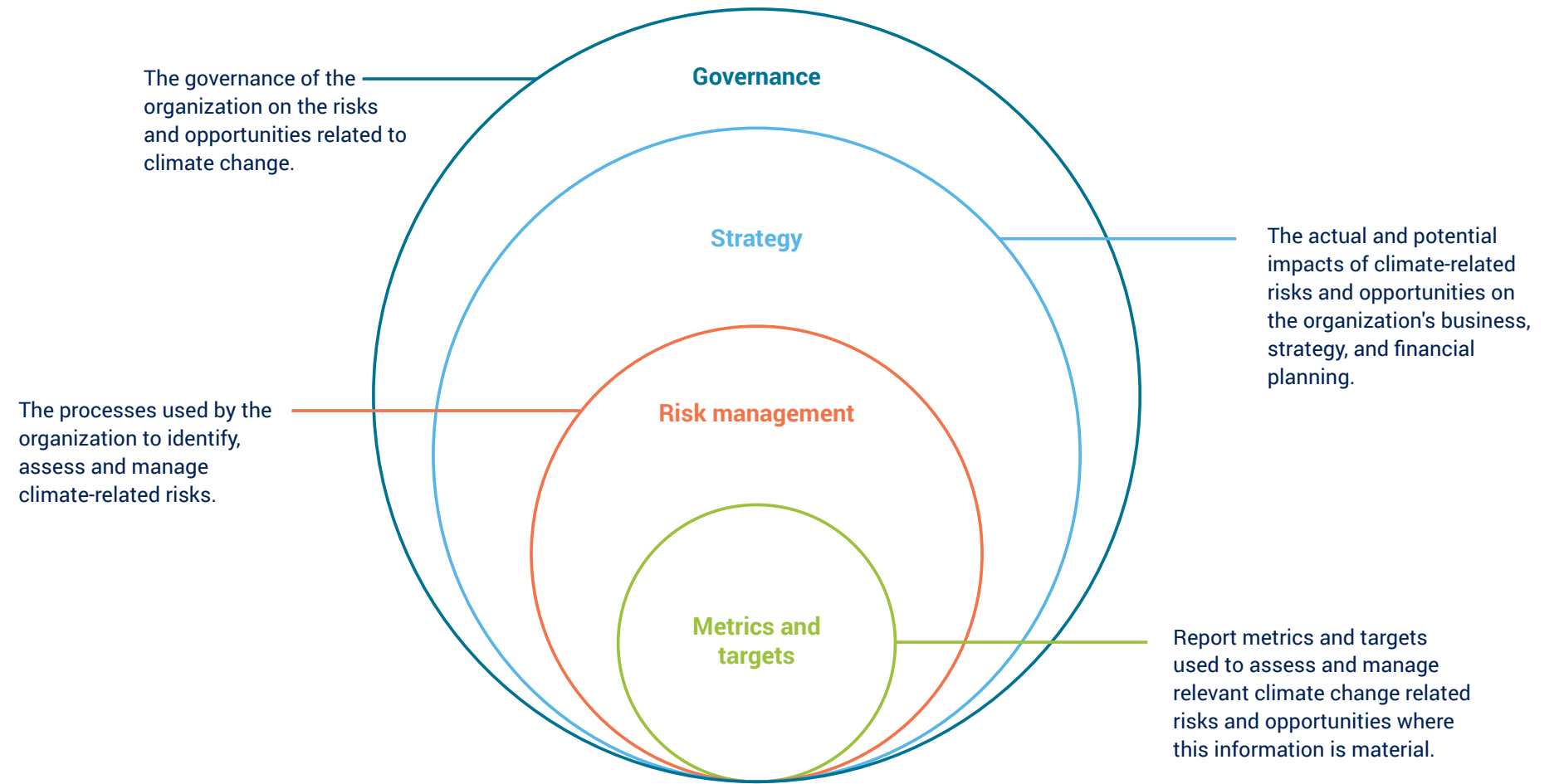
Terrafina joins best practices for reporting results: TCFD report



The TCFD, Task Force on Climate Related Financial Disclosures, is a working group initiated by Michael Bloomberg that has convened more than 400 global investors to learn about climate impacts on their investments. The group has been very influential in communicating the message of the importance of analyzing climate impacts among large investors.

The TCFD recommendations are structured as four thematic areas that represent the central elements of how organizations function: governance, strategy, risk management, and metrics and targets. In this way, real and potential impacts related to climate change are identified and managed as well as business opportunities, the strategy, and financial planning of the organization.

TCFD recommendations



Governance

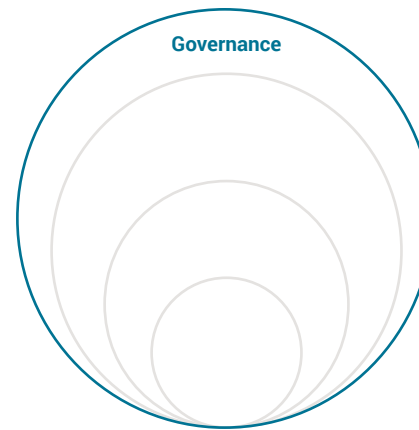
The governance of the organization on the risks and opportunities related to climate change.

A. Board oversight of climate-related risks and opportunities.

The Technical Committee is the company's highest governance body. The ESG Committee reports to it, establishing and supervising the sustainability strategy (including climate risks), and also approves and leads the action plans described below. To this end, it is supported by the sustainability team, which helps the committee by identifying risks, developing appropriate action plans, and developing and implementing the necessary measures.

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

General management supports the **ESG Committee** by aligning strategies, risk and opportunity analyses and the long-term sustainability of the operation. In addition, the ESG division's management is responsible for continuously monitoring climate-related risks and the implementation of the company's sustainability program. Also, this division has conducted an analysis of industry best practices in order to develop a unique climate strategy. This strategy is implemented in conjunction with the management of operational areas linked to the implementation of climate change initiatives. These departments in turn participate in PGIM Real Estate's ESG Committee, which defines a global strategy that complements Terrafina's specific strategy.



A. Board oversight of climate-related risks and opportunities.
 (Technical Committee, ESG Committee, with support of ESG Team)



B. Management's role in assessing and managing climate-related risks and opportunities.
 (General management supports Terrafina's ESG Committee and PGIM Real Estate's ESG Committee)



We believe that having the right management strategy for climate change better positions us to keep generating value for our stakeholders over time.

Strategy

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



A. Description of risks and opportunities.

(Physical, operating, market, supply chain, and regulatory risks)

(Climate-related opportunities)



B. Description of the impact of climate-related risks and opportunities on the business model, strategy and financial planning.

(Strategies to diminish our vulnerability)



C. Description of the resilience of the strategy, taking into consideration different climate scenarios.

A. Description of risks and opportunities.

We have detected and monitored both physical and transitional risks. Physical risks are primarily determined by the geological characteristics of the location of our assets. We also evaluate operational, market and value chain risks. Based on this analysis, we classified the properties into 5 risk levels as explained in the risk table located in the [ESG and climate change risks section](#)

Additionally, we have identified that the transition risks that could cause the greatest impact are regulatory risks and changes in the global market, as well as disruptions in the value chain. This has forced us to be innovative and apply practices that allow us to prevent the impacts of potential regulatory changes while adequately managing our stakeholders' expectations.

In terms of climate opportunities, we believe that moving forward with the strategy of changing our lighting fixtures to LEDs, air conditioning equipment and renewable energy will allow us to reduce our emissions, achieve significant savings and, in the future, be able to access the green finance market.

B. Description of the impact of climate-related risks and opportunities on the business model, strategy and financial planning.

Having identified the climate risks of each property, strategies have been developed to reduce their vulnerability. Certification targets have been established for the properties and the necessary

efficiency costs for their implementation have been included in the budgets. Terrafina consistently provides advice to tenants on how to include these strategies in line with the Sustainable Standard Operating Guidelines (SSOGs), which establish guidelines for the efficient management of water, energy, lighting, temperature settings and air conditioning systems.

The company receives a resilience assessment from an external risk consultancy, who also constantly monitors risks and activities at each property, thus contributing to Terrafina's commitment to measure the impacts of climate-related risks. During 2021, we will be calculating the environmental footprint of our operations with a specialized global firm. This analysis is being conducted based on verified information. With this information, we seek to evaluate the financial implications of expected climate conditions and their corresponding risks, with the purpose of establishing strategies that allow us to reduce vulnerability and generate resilience against the impacts of climate change, as well as mitigate our environmental footprint to support global goals. Additionally, Terrafina applies socio-environmental criteria in the selection of the assets to be developed, which includes not developing properties in sites that are not previously impacted and not affecting the population or nearby biodiversity.

C. Description of the resilience of the strategy, taking into consideration different climate scenarios.

The scenarios that we have analyzed can be found in the [Physical and Transition Risk Analysis; possible scenarios section](#)

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.

(Physical and environmental)



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

(Tracing and monitoring own tool)



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

(Results shared with the ESG Committee and Technical Committee)

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

As part of the comprehensive risk management, periodic environmental assessments are made to all properties in the portfolio at least once a year. These assessments are based primarily on physical inspections, the main objective of which is to identify potential risks at each property. They also include environmental risks including analysis of soakaways, rainwater absorption capacity and other construction-related issues. We categorize the degree of risk at each site by tenant type and industry. Upon detection of any condition that represents a significant risk, we coordinate an appropriate response to the identified risk with our strategic partners and suppliers, using international standards such as those of the American Society for Testing Materials (ASTM) or the E 1527 designation, 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. These processes are characterized by the detection and evaluation of environmental risks derived from a visual inspection, which subsequently leads to a document review and a consequent operational change. When necessary, we continue this process in Phase II with studies that analyze site conditions in greater depth. In accordance with this process, work continues until the property reaches the optimum level of environmental performance.

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

To track climate-related risks, we use proprietary tracking and monitoring tools to analyze changes over time, as well as stay 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 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. As mentioned above, Terrafina provides ongoing advice to its tenants and property managers so that they can include these strategies in their operations.

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

ESG risks are shared with the ESG Committee which specializes in the risks associated with the company. They are then presented to the Technical Committee. The Technical Committee and its relationship with the ESG Committee is described in the [Governance section](#)

Metrics and targets

Report metrics and targets used to assess and manage relevant climate change related risks and opportunities where this information is material.



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



B. Report Scope 2 and, if appropriate, Scope 3 GHG emissions and their associated risks.



C. Describe the objectives the organization uses to manage climate risks and opportunities and its performance against the objectives.
(20% GHG intensity reduction by 2030)

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

The metrics and targets we have in place to measure our progress and contribute to the Paris Agreement can be found in this table [↗](#)

B. Report Scope 2 and, if appropriate, Scope 3 GHG emissions and their associated risks.

We know that the main source of energy consumption is derived from the way tenants operate the properties in the portfolio. Therefore, we only report Scope 2 and 3 emissions. These correspond to emissions generated indirectly from the purchase of energy by the property owner and direct and indirect emissions from tenants, respectively. The breakdown of these emissions can be found in the emissions section of this report [↗](#)

C. Describe the objectives the organization uses to manage climate risks and opportunities and its performance against the objectives.

As can be seen in this table, [↗](#) our GHG target is a reduction of 20% intensity by 2030.



Our external advisor PGIM Real Estate recently announced its commitment to reach net zero by 2050. We will work to join this commitment soon.

SASB

The Sustainability Accounting Standards Board (SASB) is an independent, not-for-profit organization that establishes standards to guide the disclosure of sustainability information that is financially relevant (material) to investors. SASB identifies those environmental, social and corporate governance (ESG) issues that are most relevant to 77 sectors and industries. For the REIT sector, the most relevant ESG indicators are as follows:

Our SASB Indicators	Code	Action Description	Coverage	Metric
Energy management	IF-RE-130a.1	Energy consumption per sqft	42.8%	kWh/sqft
	IF-RE-130a.2	Breakdown of renewable or clean energy. CENACE reports that the CFE grid is 24% clean energy. Our 2021 strategies include analyzing the installation of solar panels.	100%	kWh
	IF-RE-130a.3	Comparable (like-for-like) energy data. This data can be found in the Energy Efficiency section ↗	8.7%	kWh/sqft
	IF-RE-130a.4	Percentage of portfolio with energy distinctions.	3.9% (10 properties with ARC Skoru® certification).	% of portfolio
	IF-RE-130a.5	Description of how the energy strategy is integrated into the investment portfolio. Terrafina's energy strategy is part of our sustainability strategy and consists of working with each of our properties to develop various strategies to increase energy efficiency and reduce fossil energy consumption.	100%	% of portfolio
Water use efficiency	IF-RE-140a.1	Water consumption per sqft of area differentiated by water stress of the area.	We have 39.20% of water withdrawal data from properties and water stressed areas.	m³/sqft
	IF-RE-140a.3	Comparable (like-for-like) water data. This data can be found in the Water Efficiency section ↗		m³/sqft
	IF-RE-140a.4	Water Leakage Risk Strategy and description of practices to mitigate these risks. We constantly work with property managers to measure consumption, identify water leaks, and develop water-saving strategies such as water-saving faucets, water treatment plants, and green areas with endemic plants that do not require irrigation, among others.	We have measured approximately 10% of the properties.	% of properties measured





At Terrafina, we recognize the intrinsic value of biodiversity and healthy ecosystems which favor social well-being.

Our SASB Indicators	Code	Action Description	Coverage	Metric
Tenant impact management	IF-RE-410a.1	Percentage of new tenant contracts that include resource efficiency clause by area, by property or by sub-sector.	24% of existing and 100% of new tenants.	% of properties.
	IF-RE-410a.2	Percentage of tenants that have energy and water meters by area or by sub-sector.	39% of our tenants have individualized water meters.	% of tenants.
	IF-RE-410a.3	Description of measures taken to measure, incentivize and improve sustainability impacts on tenants Described in our goals and objectives table ↗		
Climate change adaptation	IF-RE-450a.1	Percentage of area that is located in risk areas. This information can be found in the ESG Risks section of the portfolio ↗	74% (220 properties).	% of properties.
	IF-RE-450a.2	Description of the portfolio's climate change exposure risks and strategies to mitigate these risks. We conducted an analysis of the main risks to which our properties are exposed and according to the results we have developed strategies to adapt to climate change such as cold roofs, strategies to avoid floods, fires and of course we respect the construction standards for earthquakes (all explained in the ESG Risks section of the portfolio) ↗	5 indicators by risk: <ul style="list-style-type: none"> • Forest fires. • Water stress. • Extreme weather events. • Heat waves. • Eartquakes Floods. 	Number of properties.

Biodiversity

102-31, 103-1, 103-2, 103-3

In addition to climate change actions, Terrafina is committed to protecting habitats and the environment, as well as preserving biodiversity (**Commitment to Biodiversity** [↗](#)). Therefore, the actions derived from the ESG policy approved in 2020 include, among other things, caring for biodiversity and the ecosystems where we are located.

The SmartBlue® certification considers quality of life and social responsibility among its areas of analysis, as well as the protection of biodiversity. Our actions include that each property has to analyze that the flora installed in each asset is preferably native vegetation supporting the biodiversity of each place. With the standards of the certifications and sustainability guidelines developed, we recommend and review the implementation of native vegetation where there are free or vegetated areas. The company's priorities include investing in developments and properties with green certifications, which include strict site selection criteria and preferably, not to develop in green areas.

Materials

103-1, 103-2, 103-3, 301-1, 301-2

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

At Terrafina we seek to implement better waste management and we have sustainable material selection criteria to optimize the extraction of materials in our development processes. To this end, we will promote research and development on the substitution of raw materials with non-toxic, biodegradable, fair trade materials, reuse and sourcing from local suppliers.

During 2021, we will start measuring waste across the portfolio. We have had good response and interest from our tenants to start measuring and classifying our waste in order to set ambitious targets and develop the best strategy that will allow us to reduce, reuse and/or recycle.

Water Efficiency

103-1, 103-2, 103-3, 303-3, 303-4, 303-5, 306-1, 306-5

At Terrafina we promote responsible water consumption in both our operations and those of our tenants and include SmartBlue® certification requirements for new developments. During 2020 we increased the number of properties that measure and report their Water usage (withdrawal) in the system (in comparable terms) from 26% to 39%, reporting an increase of 1.19% from 2019 to 2020.

Total water usage

	2019		2020		Variation
	Usage (m³)	Intensity (m³/sqft)	Usage (m³)	Intensity (m³/sqft)	
Water	1,602,880	0.037	2,091,141	0.053	30%

Data from the Measurabl® system as of April 2021. The data represents a coverage of 26.9% for 2019 and 39.2% for 2020 of the GLA.

Like-for-like water usage

	2019		2020		Variation
	Usage (m³)	Intensity (m³/sqft)	Usage (m³)	Intensity (m³/sqft)	
Water	129,920	0.064	131,469	0.065	1.19%

Note: The comparable data reported for water were for 11 properties (2,024,995 Sqft).

Establishing goals and objectives

One of the main risks recognized for our properties is water stress, which leaves us more vulnerable to extreme temperatures and fires. Therefore, a water consumption strategy was developed with the implementation of water treatment plants and the use of treated water in different processes, in addition to other strategies.

Water saving initiatives will enable us to reduce water intensity by 20% by 2030.

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

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



Energy Efficiency

103-1, 103-2, 103-3, 302-1, 302-2, 302-3, 302-4

By 2021, we plan to invest nearly US\$3 million in energy efficiency strategies, our main environmental investment. This will enable us to make progress toward our goal of **reducing energy consumption by 20% by 2030**.

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

Electricity consumption was reduced by 2.28% from 2018 to 2020. This tells us that our energy saving strategies are already paying off. The calculation and factor conversion tool used to obtain these figures was Measurabl®.

As with other issues, at Terrafina we provide ongoing advice to our tenants and property managers so that they can include energy efficiency strategies in their operations.

At Terrafina we are implementing the following energy efficiency initiatives in the properties:

- Replacement and/or Installation of LED lighting fixtures.
- Taking advantage of natural lighting.
- Installation of advanced systems for measuring and controlling electricity consumption (e.g. motion and lighting sensors).
- Provision of thermal insulation in ceilings.
- Installation of air conditioning systems and efficient equipment.
- Synergy for the installation of photovoltaic panels.

Total energy consumption

	2018		2019		2020		Variation 2018-2020
	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	
Energy consumption	406,626,263	9.61	376,374,328	8.77	397,350,490	10.12	-2.28%

Data reported for energy represents 34.6% for 2019 and 42.8% for 2020 of GLA (data coverage). Measurabl® system data as of April 2021. 2020 total energy consumption: 119,205,147 kWh paid by landlord and 278,145,343 kWh paid by tenants.

Like-for-like energy consumption

	2019		2020		Consumption variation
	Consumption (kWh)	Intensity (kWh/sqft)	Consumption (kWh)	Intensity (kWh/sqft)	
Terrafina's electricity consumption*	16,911,563.63	24.35	11,336,562.39	16.32	-32.98%
Tenants' electricity consumption**	97,398,465.39	35.76	87,225,651.73	32.03	-10.43%

* Energy consumption paid by landlord (common areas and some leasable areas under specific kinds of lease agreements). Includes 8 comparable properties 2019-2020 (Scope 2).

** Electricity paid by tenants. Includes 21 comparable properties 2019-2020 (Scope 3).





PORTFOLIO

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

Satisfaction

103-1, 103-2, 103-3

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

Indicadores

- 60.7%** Annual tenant satisfaction questionnaire response rate.
- 72.5%** Annual overall satisfaction.
- 84.7%** Asset Manager Service Satisfaction.
- 73%** of respondents would recommend Terrafina's properties.
- 69%** of tenants intend to renew their leases.
- 95.3%**¹ Percentage of clients with some type of energy efficiency strategy.
- 65%**² Percentage of clients with sustainability policies.

At Terrafina we are committed tenant satisfaction.

We maintain a collaborative working model that allows us to gain in-depth knowledge of our tenants' concerns and operational needs. Aligned with our TerraSE (Stakeholder Engagement) program, each year we conduct a tenant satisfaction survey that asks questions about the level of service and attention provided by our property managers. This survey is a fundamental tool to identify strengths and opportunities for improvement in the portfolio, as well as to strengthen communication channels with tenants. Additionally, in 2020, 117 properties obtained the Kingsley Excellence Award, which recognizes high customer satisfaction.

In 2020, questions related to sustainability were included in order to learn about tenants' ESG initiatives and their interests on the subject, such as:

- The existence of environmental initiatives to improve efficiency in energy and water use, as well as waste management.
- Interest in expanding their participation in ESG initiatives.
- The existence of sustainability certifications.
- Involvement in social initiatives, their scope and location.

1. From 49% of the total surveyed.
2. From 29% of the total surveyed.
Survey shared with 100% of tenants.

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

Likewise, a COVID-19 section was also added, with the objective of understanding how we are managing the pandemic situation of our tenants and the potential impact on operations. As well as understanding how efficiently our property managers are handling the situation.



Occupational Health and Safety

103-1, 103-2, 103-3

2020 was a challenging year for our tenants due to the impact of the COVID-19 pandemic on their operations. Following our practice of finding ways to provide the best conditions to ensure the health and safety of our tenants' team members, and considering the context of the pandemic, during 2020 a more in-depth health campaign was conducted, and information related to COVID-19 was shared to encourage biosecurity best practices in our properties. In addition, thinking about trainings that can encourage the integration of ESG practices and policies in our tenants, three ESG workshops were delivered in 2020 for property managers and/or tenants:

- Owner Webinar: "Environmental Data Collection to Reduce Operating Costs".
- PGIM Real Estate ESG Virtual Workshop.
- PGIM RE Sustainability Meeting.

On an annual basis our external advisor, PGIM Real Estate, organizes the ESG Awareness Week where relevant information on environmental and social issues is shared with property managers and tenants. It is part of our core strategy to address the impact of climate change on the health of our tenants in the medium and long term, which is why we promote awareness of the implications of climate change and how we all contribute to it. The 2020 edition of ESG Awareness Week addressed the following topics:

1. Zero Emissions Day.
2. Climate Change: key findings.
3. Data collection: the importance of environmental data.
4. COVID-19: a new normal.
5. Environmental awareness.



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

Sustainable Infrastructure

(Asset Design and Remodeling)

103-1, 103-2, 103-3, CRE8

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

At Terrafina, we include ESG guidelines in the development and design of properties to improve their performance and quality. Since we began operations, all of our new constructions have sustainability certifications. We currently have 10 certified properties for new construction (1 LEED and 9 SmartBlue®), representing 3.8% of the GLA. Some of the specific requirements of the above certifications are:

- Collaboration in ESG management.
- Facility design for performance.
- Design/development qualification.
- Performance standards.
- Waste management.
- Light and noise pollution reduction.
- Protection and rehabilitation of building sites.

In addition, we have 10 properties with ARC Skoru® energy performance certificates, representing 3.9% of GLA.

Resilience

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

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

As a result of our efforts and commitment to resilience, we have been recognized in the **Global Real Estate Sustainability Benchmark (GRESB) 2020 evaluation, obtaining the first leadership position in the Americas.**

Actions to increase resilience to climate change



Portfolio risk assessment to identify future impacts on properties.



Design of emergency response plans per property and training for future implementation.



Development of recommendations for long-term prevention plans by property.



Consideration of property insurance risks.



Communicating our progress to stakeholders.



Certifications and Accreditations

CRE8

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

Historically, we have followed a certification process for new developments, expansions and improvements, known as SmartBlue®, developed by PGIM Real Estate. At the end of 2020, we have 9 SmartBlue® certified properties, representing 3.5% of the Gross Leasable Area of the portfolio.

Going forward, it is our intention to continue certifying new developments, and to select assets in operation that can achieve international certification standards. Based on our certification goal, **one of our strategies is to obtain performance certificates where each property can set specific goals in each area (water, energy, waste, transportation and human experience) and validate its performance through third-party validation.** This will allow us to project the necessary investments in mitigation and adaptation to climate change in a timelier manner.

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

Key aspects and contents assessed in the SMART Blue® certification:



We aim to certify 15% of the GLA as green buildings by 2030 and 100% of new developments with an international certification.



ECONOMY

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

Corporate Governance

102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29, 102-30, 102-31, 103-1, 103-2, 103-3

Our corporate governance is designed following what we consider to be global best 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.

2020 Achievements

- ✔ ESG committee focused on material sustainability issues.
- ✔ Development of self-assessment mechanism for Technical Committee Members.
- ✔ First self-assessment of corporate governance efficiency answered by 100% of the Technical Committee.
- ✔ Despite the difficulties of the pandemic, we had 100% attendance at the Technical Committee sessions, showing the commitment of our corporate governance.

The following organization chart illustrates all of our governance bodies:



Trust holders' Meeting

The holders of our Certificados Bursátiles Fursátiles Fiduciarios Inmobiliarios (CBFIs) regularly participate in trust 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.

Members are reelected annually at the Trust holder's Assembly, and are elected individually.

Technical Committee

The Technical Committee is our highest governance body, responsible for directing and monitoring the company's strategy, seeking to maximize profitability with a focus on the long term. At year-end 2020, the Technical Committee was composed of seven patrimonial members, five of whom are independent, including one woman. This means that **71% of our Technical Committee is independent**, a materially higher level than that defined by Mexican law. The members of the Committee were ratified by the Trust holders' Meeting in June 2020. It is important to mention that Alberto Chretin, our Chief Executive Officer, is also chairman of the Technical Committee.



Name	Gender	Service tenure	Independence	2021 Ratification
Alberto Chretin	Male	7 years	No	Yes
Enrique Lavín	Male	2 years	No	Yes
Eduardo Solís	Male	7 years	Yes	Yes
Arturo D'Acosta	Male	7 years	Yes	Yes
Carmina Abad	Female	4 years	Yes	Yes
José Luis Barraza	Male	7 years	Yes	Yes
Víctor Almeida	Male	7 years	Yes	Yes

- Average service tenure of our Technical Committee Members: 5.8 (2020).
- Average attendance at meetings: 100%, during 2020 an attendance requirement of at least 75% was established.

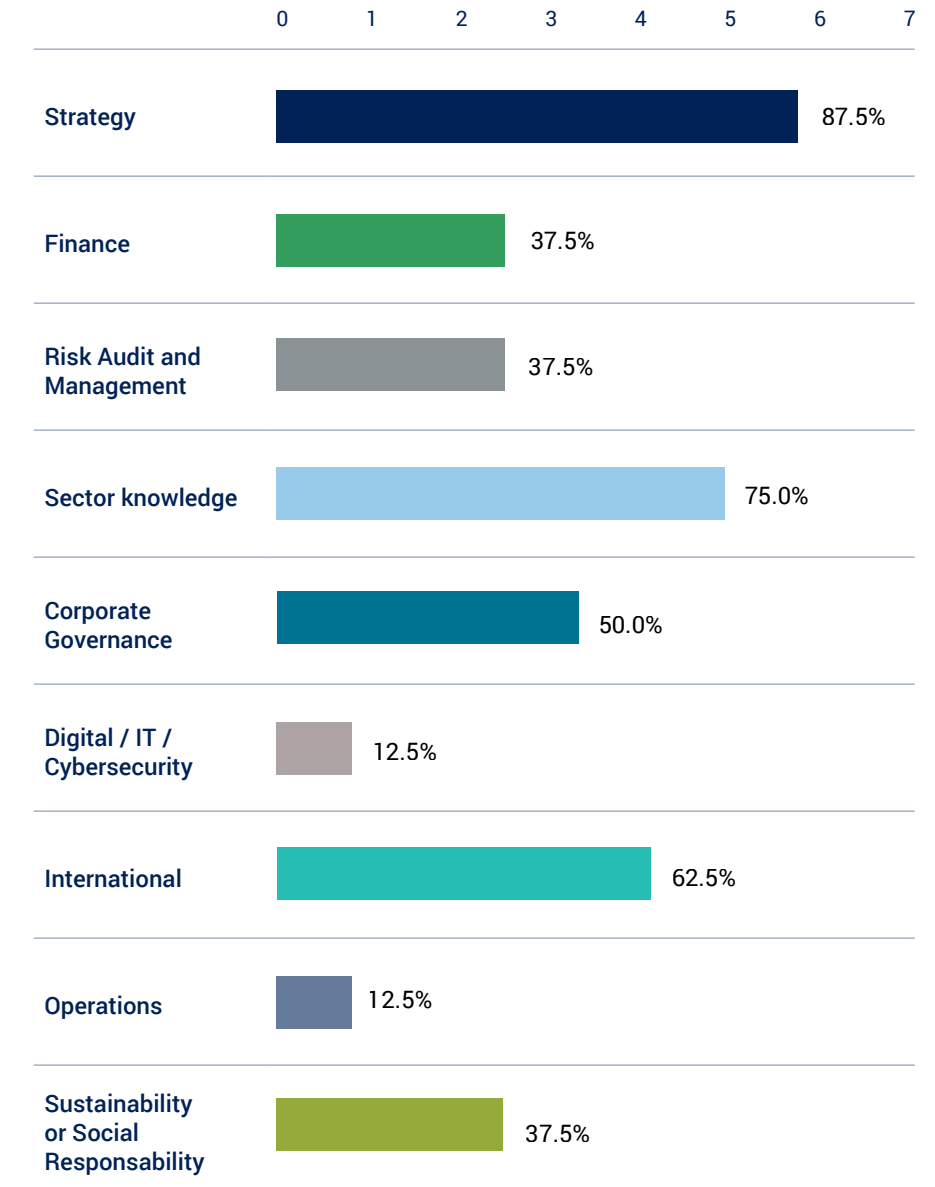
The members of our Technical Committee are selected for their integrity, reputation and professional experience. We seek to maintain a balance of expertise on topics that may be relevant to our operations in the real estate industry in our Technical Committee. We believe this promotes discussion and strength in

decision making. Diversity in the composition of the Committee is important to us, in terms of experience, skills, knowledge, abilities, ethnicity, age and gender. In addition, this professional experience is complemented by the information that the directors receive on the company's activity, industry trends, risk analysis, and other training in the Committees' training updates.

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

It is important to highlight our committee's experience alignment with ESG. Besides having experience in real estate, our committee's members have experience with risk management, social strategies and initiatives, corporate governance, among other topics related to the integration of sustainability in our business.

Number of Committee members with experience



Finally, at Terrafina we implemented a self-evaluation of the directors that takes into account the quality and efficiency of their work. We obtained very positive results, taking into account 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. In the evaluation we found that the issues where we need to improve are:

- Adequate succession planning for Committee members and the CEO.
- The percentage of women's participation in the Committee
- The time dedicated to ensuring that environmental, social and corporate governance variables are part of the company's strategy.

These results are taken into account in our continuous improvement strategy and will be integrated as far as possible in the short term. An example of this is the time that will be dedicated to ESG variables now with the ESG Committee, as well as the development of succession planning that is under development.

At Terrafina we implemented a self-evaluation of the directors that takes into account the quality and efficiency of their work.

Operating Committees

102-19, 102-20, 102-22, 102-26

The Technical Committee is supported by different operating committees with much more defined mandates. We have an Audit Committee, a Corporate Practices Committee, a Nominations Committee,

a Debt Committee and, starting in 2020, an ESG Committee. Their composition and functions are presented below, highlighting that they are comprised entirely of independent members:

Committee		Gender	Functions
Audit Committee 100% independent 25% female participation	Arturo D'Acosta <i>(Chairman)</i>	M	<ul style="list-style-type: none"> • Ensuring that the company's audit and reporting obligations are met, including the evaluation of the external auditor's performance. • Issuing recommendations on the financial statements. • Overseeing that company policies and established internal controls are being applied, including cybersecurity issues.
	Eduardo Solís	M	
	Carmina Abad	F	
	Victor Almeida	M	
	Julio Cárdenas*	M	
Corporate Practices Committee 100% independent No female participation	Victor Almeida <i>(Chairman)</i>	M	<ul style="list-style-type: none"> • Support corporate governance decision-making and ensure the absence of conflicts of interest.
	Eduardo Solís	M	
	José Luis Barraza	M	
Nominations Committee 100% independent 33% female participation	José Luis Barraza <i>(Chairman)</i>	M	<ul style="list-style-type: none"> • Recommend candidates as independent members of the Technical Committee and their compensation.
	Carmina Abad	F	
	Arturo D'Acosta	M	
Comité de Endeudamiento 100% independent 25% female participation	Carmina Abad <i>(Chairman)</i>	F	<ul style="list-style-type: none"> • Oversee compliance with the maximum level of indebtedness, leverage guidelines and debt coverage ratio.
	Eduardo Solís	M	
	Arturo D'Acosta	M	
	Victor Almeida	M	
Comité ASG 100% independent 33% female participation	Eduardo Solís <i>(Chairman)</i>	M	<ul style="list-style-type: none"> • Oversee the linkage of ESG aspects in Terrafina's strategy. • Recommend actions on the detection of strategic ESG risks and opportunities. • Monitor compliance with ESG commitments and objectives in relation to national and international best practices and report to the Technical Committee on the status and progress on ESG issues.
	Carmina Abad	F	
	José Luis Barraza	M	

* His position as a member of the Technical Committee was valid until the beginning of 2020.

Creation of the ESG Committee

102-20, 102-29

We believe that establishing a permanent internal governance body that consults and reports on ESG strategy is essential to manage our ESG initiatives in an institutional manner. The creation of the ESG Committee also demonstrates the relevance of ESG issues in the management and operation of Terrafina. With it, we want to share how the governance bodies look after the interests of our stakeholders with an independent vision and stance. We believe this will help us to integrate sustainability as part of our business.

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

The process of delegation of authority for environmental, social and corporate governance issues flows from the highest governance body, supported by the ESG Committee, to the team executives and permeates throughout the rest of the organization. Additionally, Terrafina has an ESG area that is responsible for presenting strategic initiatives for the Company to the ESG Committee, as well as following up on existing initiatives and working together with the different stakeholders to achieve the objectives. Finally, within the organization of our advisor, PGIM Real Estate, key people have been designated by area for ESG issues, such as the Asset Management team, the Portfolio Management VP, the Human Resources VP, the Compliance VP, and the Development VP, along with key people from their teams. They take the lead on strategy issues and initiatives, communicating objectives and progress to their teams. They lead the strategy's topics and initiatives, communicating the targets and advances with their teams. We participate in the PGIM Real Estate Regional ESG Committee meetings on a monthly basis, where the

global strategy is grounded at a regional level. The objective is to create synergy and combine the global vision with Terrafina's local vision. We believe that this is a way to promote collaborative work among the different stakeholders.

Our Advisor, PGIM Real Estate, also has its own ESG strategy. To define it, they have a Global Committee that defines the global strategy to implement per fund. A regional ESG Committee also exists, composed of executives from key areas that manage the implementation of the global strategy. The objective of this structure is to combine the local and global visions.



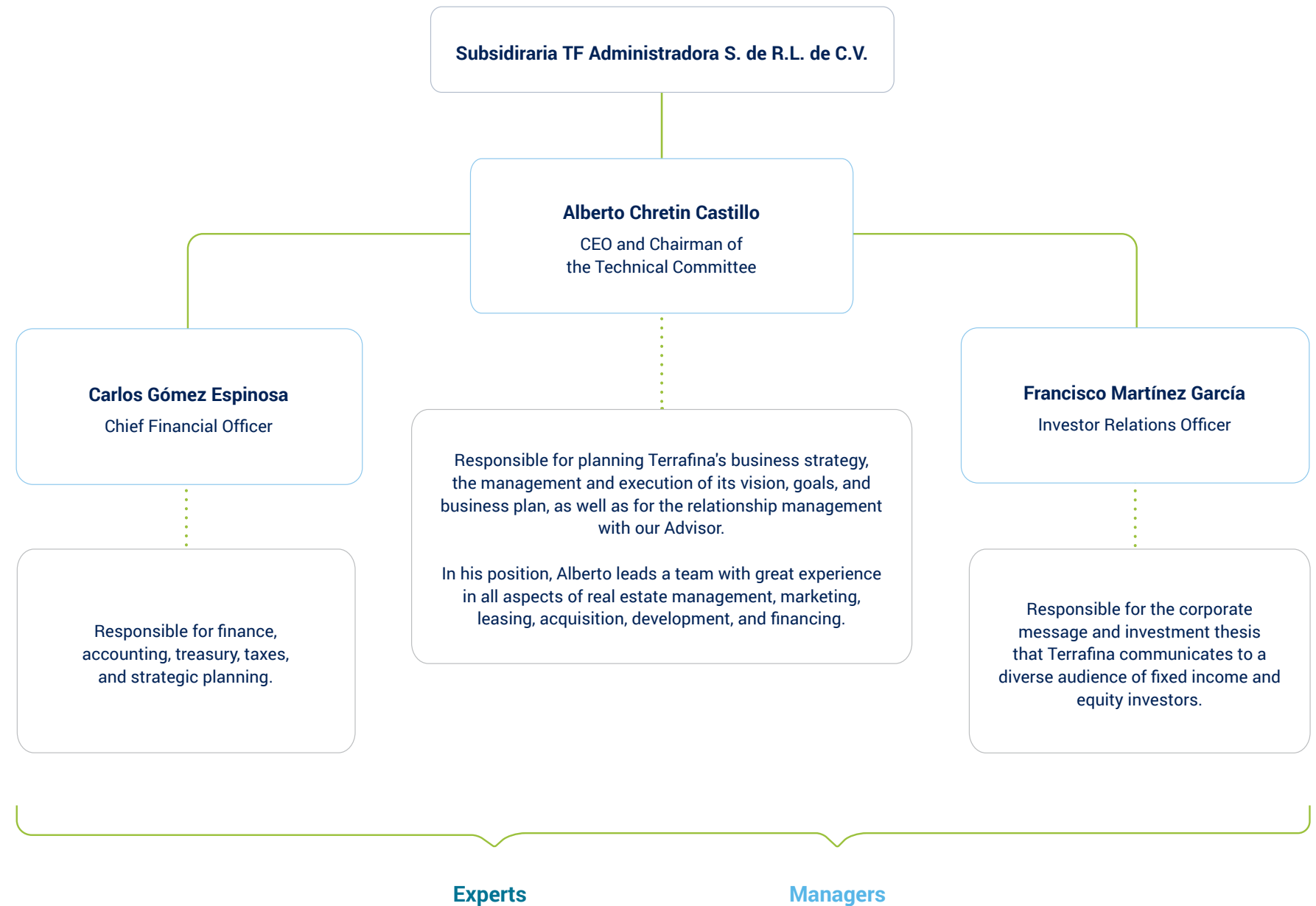
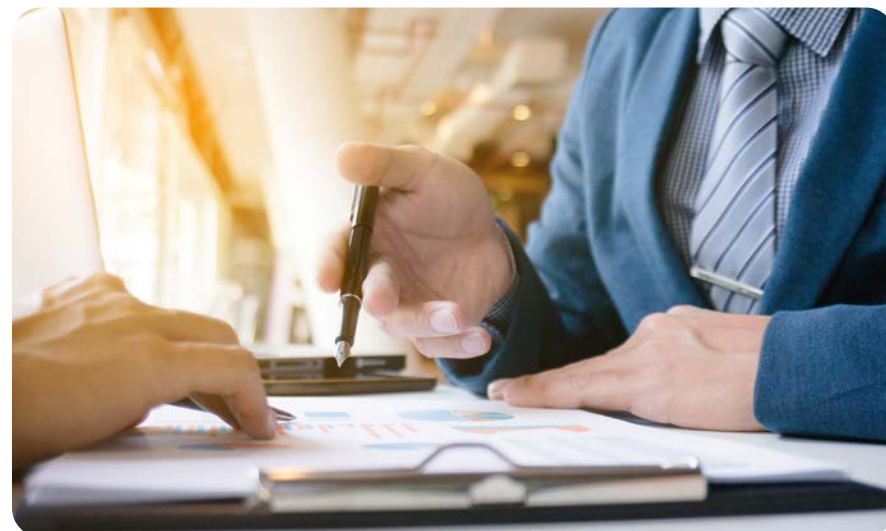
The ESG Committee approved the ESG strategy 2020-2030, taking into account the risks and opportunities identified in our materiality analysis, as well as the interests and expectations of our stakeholders.

Senior Management

102-19, 102-20, 102-22, 102-23, 102-26

We have a management team comprised 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 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 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 is dependent on the compounded total return of our certificate with 3-year sale restrictions. It is also our intention that, going forward, as outlined in the ESG strategy approved in 2020, our directors' objectives will include ESG factor metrics.





Corporate Governance Practices

102-25, 102-27

On conflicts of interest

102-25

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

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

We train our team continuously to be aligned with corporate governance global best practices.

Our training on ESG and Corporate Governance issues

102-27

During 2020, 100% of our team members and property managers completed three courses on: ethics and conflicts of interest, money laundering prevention, and anticorruption. Additionally, all our collaborators receive training as part of their induction when they join the company.

It is important to emphasize that our Advisor's team members receive continuous training through Axonify, a platform designed to constantly provide information and train the PGIM Real Estate team on topics such as Code of Ethics, conflicts of interest, personal investments, information barriers, anticorruption, prevention of money laundering, privacy, among others.

Starting in 2020, an initiative was established to create a training program for Technical Committee members on Terrafina's ESG material issues. These trainings will cover topics such as human rights, responsible investment, climate change, among others, which enhance the Committee members' knowledge and conscious decision making.

Presence and Positioning

103-1, 103-2, 103-3

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

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

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

Our portfolio at the end of the fourth quarter of 2020 has a strong presence in Mexico's most important industrial centers such as: Ciudad Juárez, Chihuahua, Cuautitlán Izcalli, Querétaro, Ramos Arizpe, Monterrey, Guadalajara and Tijuana. Within these metropolitan areas, properties are distinguished by their location within well-located industrial parks, with proximity to airports, railroads and highways. In addition, the geographic diversification of our portfolio within Mexico reduces our dependence on any one economic area or region. Given that Northern Mexico is predominantly home to manufacturing activities, and the central region is predominantly home to logistics and distribution activities, geographic diversification also reduces our exposure to any one specific industrial sector.

- Number of industrial properties: **274**
- GLA (Gross Leasable Area) - occupied GLA: **Gross: 39,235,617 sqft, Occupied: 37,359,422 sqft.**
- % of the portfolio by regions of the country: **64.1% North, 20.5% Bajío, 15.5% Central.**
- Occupancy % vs. market occupancy %: **National occupancy 95.6%, national occupancy 13 major markets 94.5%, Terrafina occupancy 95.2%.**
- Year-over-year tenant retention: **86.8% in 2020**





 **TALENT**

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

Health and Wellness

103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-5, 403-6, 404-1

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

Successful health and safety plan for COVID-19

2020 allowed us to recognize the commitment and professionalism in our workforce, as well as to demonstrate high levels of personal fulfillment and satisfaction, aimed at fulfilling Terrafina's strategy. This year, we conducted a satisfaction survey of 100% of our collaborators regarding the organization's performance during 2020. **We are proud that 100% of our collaborators fully agree that the organization fosters a healthy and safe workplace, as well as that it cares about the well-being of its collaborators.**

We reiterate the importance of the health and safety of all our collaborators and their families. For this reason, since March 2020 we have adopted a flexible work-from-home scheme. And although there have been some challenges in adapting the workspace, at Terrafina we have supported our collaborators with the necessary equipment and materials to achieve the work-from-home plans.

We believe that the physical and mental health of our collaborators is key to achieving our goals. To promote it, we go beyond regulations, aligning ourselves with industry best practices. We believe it is important to enable a work-life balance.

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

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



As a company, we work to promote and safeguard our collaborators' health, safety, and well-being.

During 2020, derived from the conditions generated by the COVID-19 pandemic, we generated a response strategy to protect our team. In addition to the benefits detailed above, considering the context of the pandemic, the following actions were taken:

1. An internal plan was created with a series of activities to foster integrity, maintain business culture and reduce employee anxiety. For example, voluntary monthly socialization meetings have been held.
2. Activities were organized to include the family and/or friends of collaborators for integration.
3. Anxiety and stress management and time management workshops have been conducted.
4. Monthly newsletters are sent out with activities to do in their free time.
5. Tools were provided to work from home, as well as to take advantage of any office equipment to adapt their space.

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

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

Work-related Injuries and Diseases

403-9, 403-10

	Number	Rate
Fatalities resulting from a work-related injury.	0	0%
Occupational injuries with major consequences (not including fatalities).	0	0%
Recordable occupational injuries.	0	0%
Deaths resulting from an occupational disease or illness.	0	0%
Number of cases of occupational disease or illness.	2	.78%

Our collaborators work 8 hours a day, 5 days a week, 52 weeks a year. For these numbers we consider only direct Terrafina collaborators for whom we have information.

There has never been a work-related accident in the history of our company.

Our Advisor's Health and Safety Practices

403-7

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

- Promote the health and well-being of the team members.
 - Promote regular water intake.
 - Daily 10-minute exercise program for everyone.
 - Appropriate environmental music.
 - Develop exercises focused on preventing accidents in the work area.
- Safety team responsible for ensuring that all working conditions required by current NOMs are met.
- Regular safety meetings to establish the operational safety strategy.
- First aid kit available.



Labor Practices and Policies

103-1, 103-2, 103-3, 401-1, 401-2, 404-1, 404-2, 404-3, 405-1, 406-1

2020 Achievements

- ✓ 100% employee satisfaction survey.
- ✓ Development of an Innovation and Development Plan for continuous training and commitment of collaborators.

During the year we developed an Innovation and Development Plan aimed at promoting continuous improvement in the personal and professional development of our team. The purpose of this plan is to increase the commitment and motivation of our collaborators towards the company, as we understand that our success is correlated with theirs. To this end, in addition to training in ethics and the company's policies and procedures, our collaborators participate in industry forums and courses related to their activities and interests.

The Innovation and Development Plan has 4 phases. It starts with the identification of training needs and an analysis of issues of interest in the sector, to generate a customized plan and follow up on annual training, generating an evaluation of the results according to performance indicators. The aim is to have greater control over the impact of these initiatives on the business and on our collaborators. Our commitment to our collaborators, through all these initiatives, promotes team commitment and excellence in their performance.

Training

As described in previous sections, we continuously train our team. To define the team's training plan, we follow a model with annual periods where individual needs are defined depending on past performance and future objectives. On average, our collaborators had 10.8 hours of training during 2020 on topics that were recognized as important to them, including training focused on ESG issues.

In addition to the trainings, during 2020 we shared 20 communications with the entire team addressing various topics, among which were: corporate values, results of annual trainings, invitations to volunteer programs, relevant information related to the topic of corruption, results of donation programs in which collaborators participated, among others.

Benefits, which cover 100% of our collaborators.

- Training in ethics and company policies and procedures, which strengthens their professional profile.
- Participation in industry forums and courses related to their activities and interests.
- Integration activities that strengthen the organizational culture and reinforce leadership, teamwork, and communication skills.
- Health and Safety benefits as described previously.
- End-of-year bonus above what the law states.
- Vacations above what the law states and a vacation bonus.
- Performance bonus plan for all collaborators.
- Food vouchers.

- Flexible schedule, at the employee's request.
- Remote teleworking option.
- Long-term incentives for executives.

Evaluations

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

100% of our employees responded to our satisfaction survey.

Some of the most important results were that 100% of our collaborators feel satisfied to work at Terrafina, feel confident in the management team, and feel that their opinions are valued.

Diversity

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

During the year, and in the history of Terrafina, no instance of discrimination has been recorded. We are an organization that believes in equal opportunities, and our collaborators reflect this. However, as an organization with a very light structure, and being in a sensitive social context, we do not generate data broken down by race, ethnicity and/or minorities.

Absenteeism

During 2020 we had an absenteeism rate of 0.78% at Terrafina. This absenteeism was not caused in any case by a work-related accident or injury.



ESG Supply Chain Evaluation

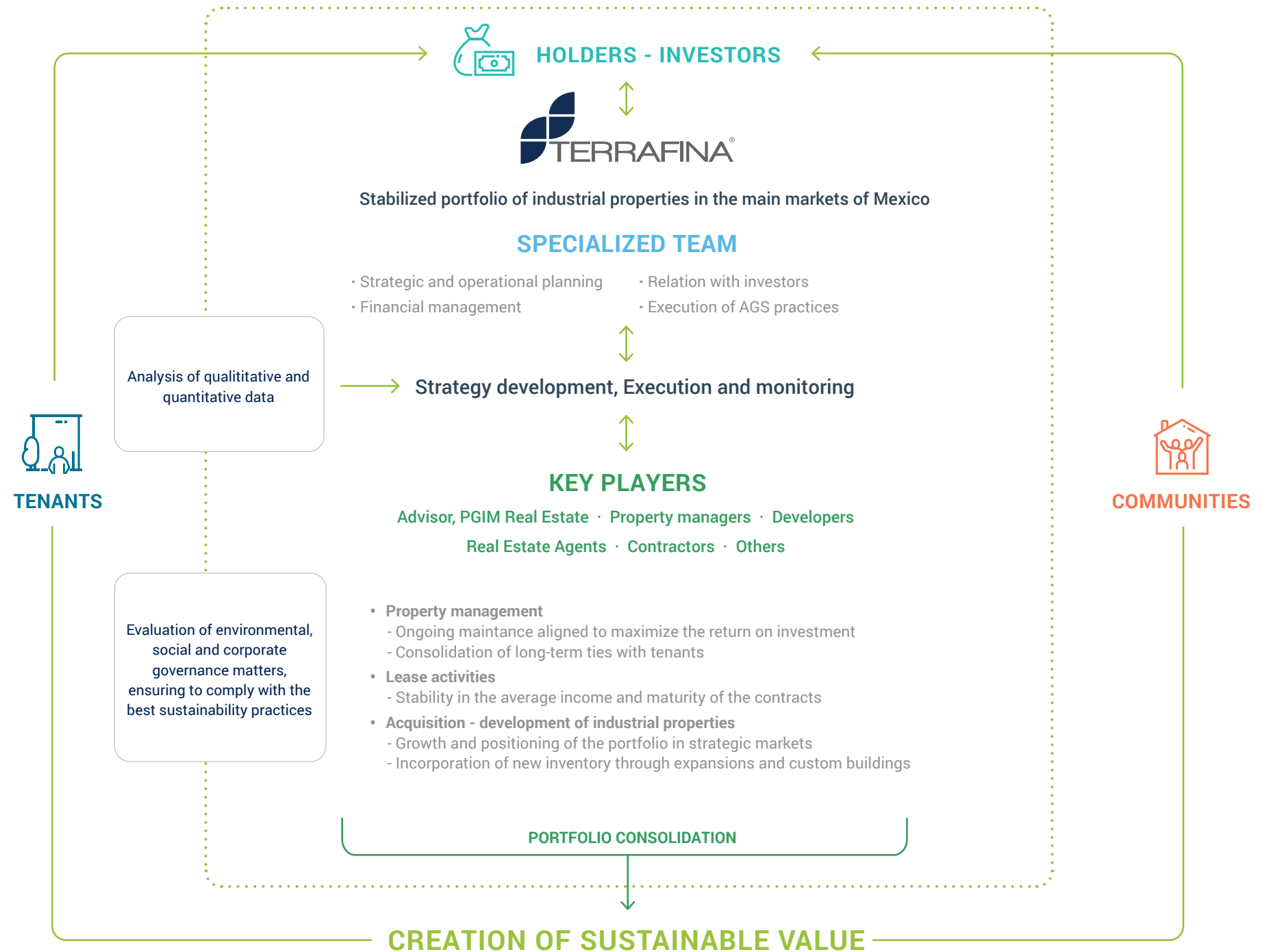
102-9, 103-1, 103-2, 103-3, 204-1, 308-1, 414-1

During 2020, the Code of Ethics was shared with our entire supply chain. Also, the signature of knowledge of the code of ethics for covered suppliers was included in the 2021 renewal process.

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

Each part of our value chain has a different purpose:

- **Suppliers:** In order to provide the level of service to which we aspire, we seek experienced teams with high quality standards, important in the management of our portfolio and attention to tenants.
- **Tenants:** Carefully selected seeking the generation of business profitability and a positive impact on the communities where they are located.
- **Team members:** We look for committed professionals with the best skills to achieve our objectives.



100% of our suppliers comply with Terrafina's Code of Ethics' ESG criteria related to FCPA and anticorruption practices.

Suppliers

Terrafina works with **451 non-critical suppliers and six critical suppliers**, including our Advisor (PGIM Real Estate). We define critical, high-risk suppliers as those that have access to confidential, personal, monetary information (contact information, personal IDs, RFCs, among others) and represent a significant level of spending for the organization (over US\$2 million dollars per year). This is analyzed under our Advisor's global policies and standards and the suppliers thus defined are then monitored by the Business Management area.

Suppliers that are considered high-risk suppliers in our due diligence process are asked to sign our Code of Ethics. To others, we share and communicate our Terrafina and PGIM Real Estate Code of Ethics policies. To date, 214 suppliers (47% of the total) have signed our Code of Ethics.

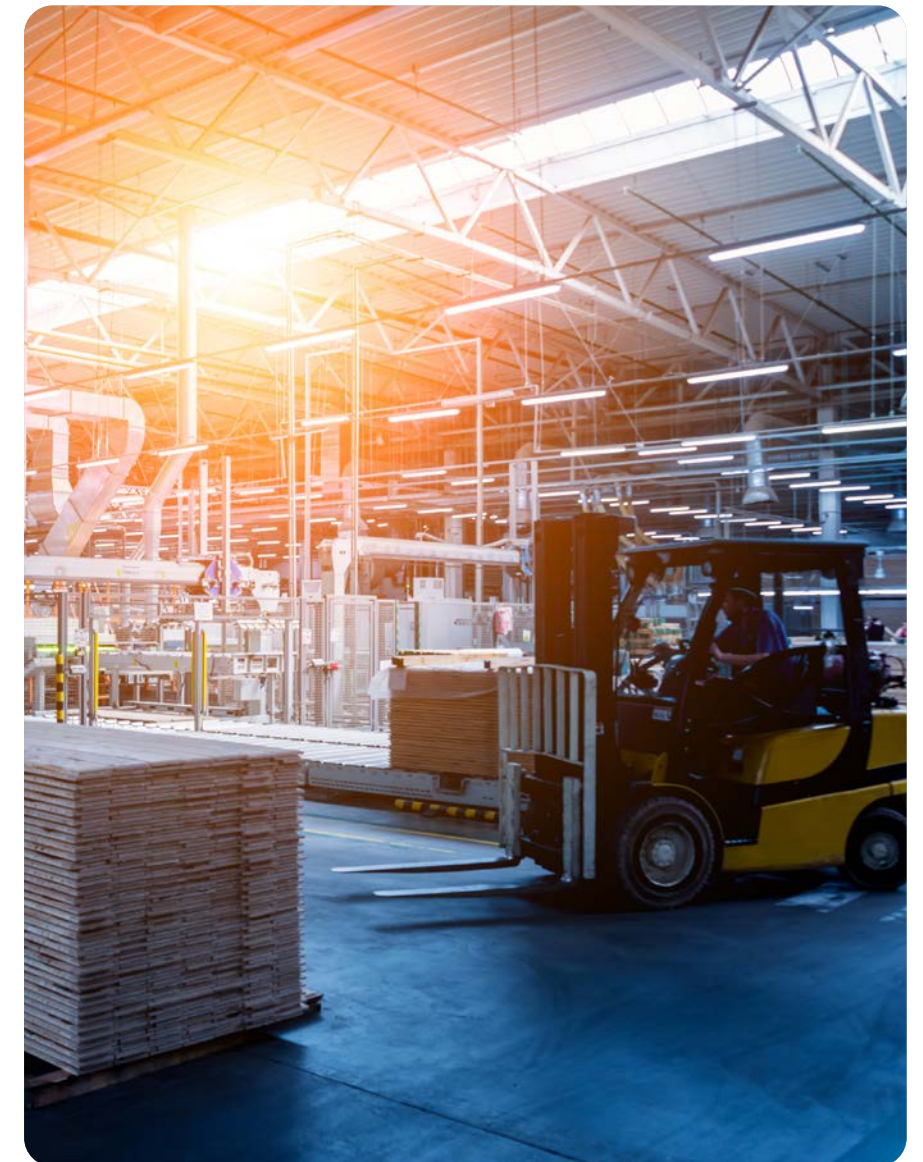
We also complete an annual Inherent Risk Rating (IRR) questionnaire to assess the risk of critical service providers. This questionnaire evaluates the risks posed by the supplier within 3 categories:

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

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

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

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

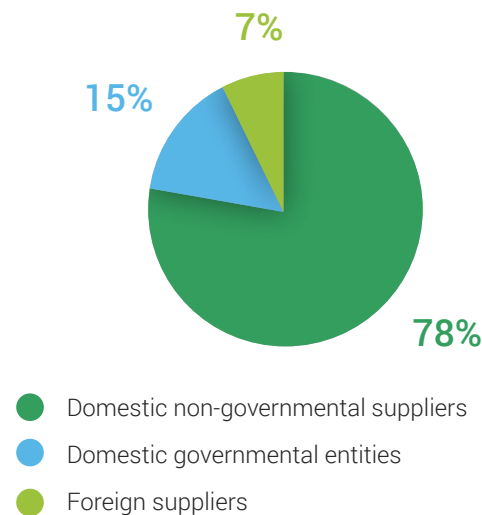


Our suppliers perform different activities as part of the value chain model described above. We allocated US\$62.3 million in 2020 and US\$73.9 million in 2019 as spending on suppliers, which we present broken down below in the following graphs according to type of service:

In total Terrafina has **457 active suppliers** which are made up as follows:

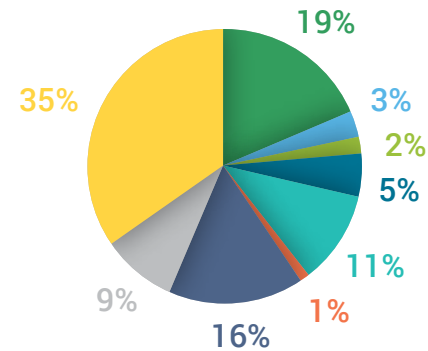
- 355 National suppliers along with 70 Government Entities. This is a total of 425 national suppliers.
- 32 Foreign Suppliers.

Terrafina's active suppliers 2020

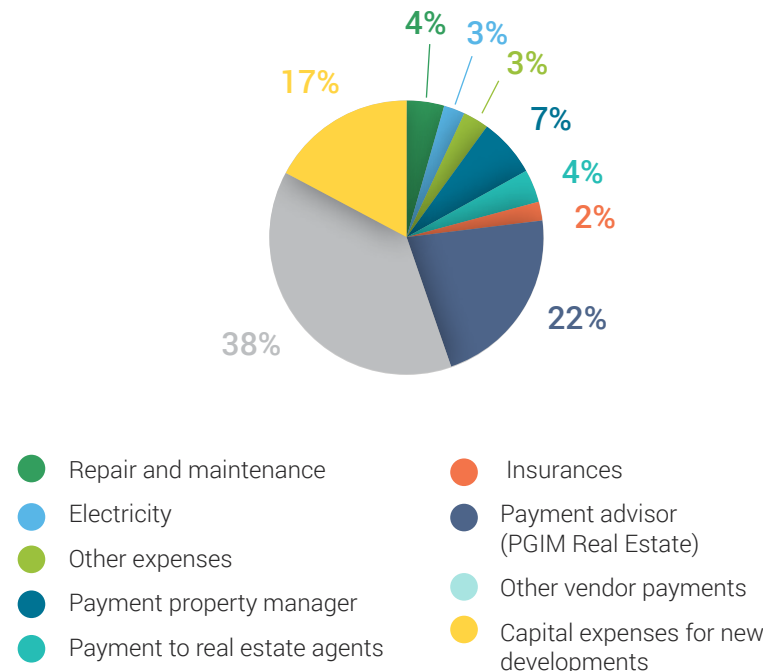


Notes:
 Other expenses: water, safety, and advertising of the properties.
 Other payments to suppliers: legal, professional, and administrative expenses and Trustee fee.
 Capital expenditure for new developments: expansions and custom-built properties.

Vendor spend · Terrafina 2019
US\$73.9 million



Vendor spend · Terrafina 2020
US\$56.6 million



In addition to this, we have considered in the selection of ESG suppliers, a preference for small companies, led by women and/or young people who have experience and are aligned with our values, as is the case of environmental consulting, and the company with which we work in social impact projects.

Management strategies and development of ESG issues

Terrafina is in the process of identifying in greater detail the number of suppliers that are evaluated on environmental, social and corporate governance issues. In doing so, we seek to identify areas of opportunity that exist in our supply chain. This will allow us to identify where improvements should be agreed, or even where we should terminate the relationship.



By spending level, 98% of our purchases are made locally and 2% abroad.



COMMUNITY

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

Social Investment

102-12, 103-1, 103-2, 103-3, 413-1

We continue with our commitment to work and promote initiatives that foster the well-being and development of communities.

We developed our Social Impact Model and Social Investment Policy.

- Total investment in social issues: \$707,308.00 pesos
\$100,000.00 pesos were allocated to causes related to the COVID-19 pandemic, while the other \$607,308.00 pesos were allocated to the installation of furniture and technological training (see table below for more details).
- Regions with social programs (% of regions): 100% of the Center, Bajío and North of the country.
- States with social programs (number of states): three states, Chihuahua, State of Mexico, and Jalisco.
- Number of direct beneficiaries (total beneficiaries): Given the pandemic situation, we had some delays in implementation. However, to date we have calculated an average number of beneficiaries per day: one COVID-19 hospital in Chihuahua, 480 people at the Community Center, and 55 people at the hubs per day.

- Employee participation in volunteering: 60% of collaborators participated in YouthBuild volunteering, contributing 12 hours per employee.
- To date we already have partnerships with four organizations: Youthbuild, Centro Comunitario San Martín, PYMO and The Pale Blue Dot, A.C.

During 2020 we defined our **Social Investment Policy** [↗](#), which 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 communities and mitigate possible negative externalities of our operation. In developing this policy, we take into account respect for human rights, both in our operations and in the project selection process.

In order to get closer to the communities around us, we created a Social Impact Model. This model is focused on investing in strengthening people's capacities and skills, as well as promoting people's participation in the development of themselves and their context.



Social Impact Model:



Social Investment Projects

We fulfill our objective of supporting social impact projects in 100% of the regions where we are present. We seek to generate a long-term alliance with civil society organizations (CSOs) in which the results achieved together are valued. We choose the projects in which we invest using the criteria established in the Social Impact Policy and an evaluation and consensus of Terrafina's management team, as well as the approval of the ESG Committee.



These projects are linked to our community goals: responsible, financial, resilient and innovative. They are aligned with our intention to impact sustainable education, raise awareness of joint responsibility with societies and the environment, the development of skills and/or capabilities towards inclusion in employability and equal opportunities, economic reactivation, and projects that promote safety and socio-environmental care by strengthening the social fabric.

In 2020, donations were approved to:



NORTHERN REGION

Centro Comunitario San Martín

Location: Chihuahua.

Project: Contribute to the social fabric - We supported the furnishing of the San Martin Community Center, which brings together families to promote the reduction of violence and strengthen the social fabric of the communities. With this we support the implementation of workshops focused on comprehensive training and prevention to combat violence, decent spaces for sports and cultural activities, and community development with the participation of neighbors.

Benefitted population: Families near the Community Center, (70% of the jobs in the community are in the manufacturing industry).

Investment: \$207,308.24 pesos

PYMO

Location: Chihuahua.

Project: Protecting the heroes of the moment - In response to the COVID-19 contingency, we donated protective material to a COVID hospital in the area where we have the greatest presence, in order to support doctors, nurses and general staff in caring for the patients who needed it most in a safe manner and to avoid possible contagions.

Benefitted population: COVID-19 Hospitals

Investment: \$100,000.00 pesos



CENTRAL AND BAJÍO REGIONS

PYMO

Location: Jalisco, and State of Mexico.

Project: Alliance for our geniuses - We installed and equipped community hubs with technological infrastructure so that children, young people and adults in communities near our properties can have access to quality education through digital tools and educational platforms, especially with the situation of the pandemic and distance learning. While young people and adults will be able to take workshops to be more competitive and develop different technological tools to improve employment opportunities.

Benefitted population: Primary and secondary school students and teachers from public schools, and women and men over 15 years of age.

Investment: \$400,000.00 pesos

We achieved our goal of supporting social impact programs in 100% of the regions where we operate.

Human Rights

103-1, 103-2, 103-3, 410-1, 412-1, 412-2

2020 Achievements

- We included our commitment to human rights in our Code of Ethics.
- Developed a specific statement of commitment to human rights.
- During 2021, we will work on the inclusion of human rights aspects for the ESG due diligence process in new acquisitions and new developments.
- During 2021, we will work on the evaluation of risks specific to human rights within our supply chain.



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

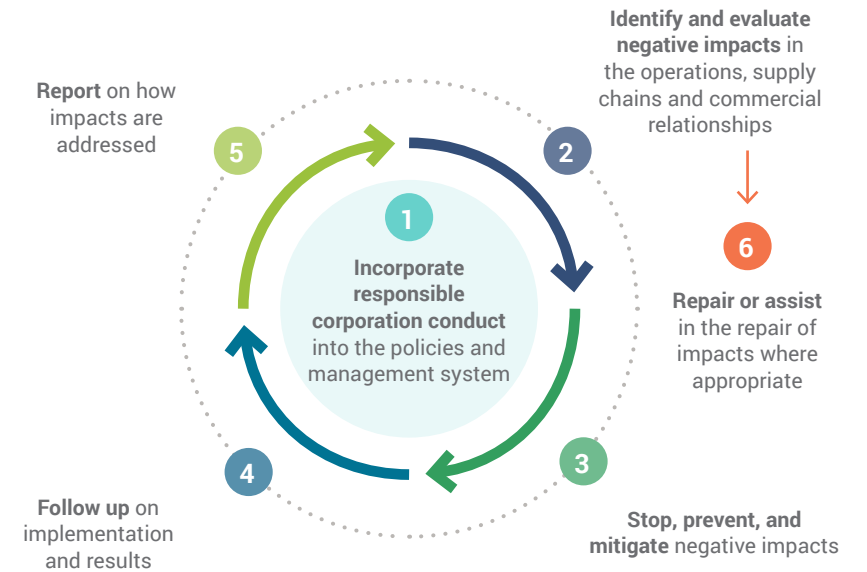
During 2020, we included our vision on respecting and upholding human rights in our Code of Ethics. We also **developed a statement of commitment to human rights**, which is publicly available at: [📄](#) taking into account the main risks and actions in relation to their prevention. Through training in the Code of Ethics we promote respect for human rights, in key aspects such as non-discrimination. In the future, we plan to include specific human rights issues in our training program.

Likewise, this statement of commitment to human rights is aligned with Terrafina's self-regulation to date. Aligned internal policies, codes and manuals (self-regulation):

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

During the year we also created an internal policy in which the main areas involved in our Advisor participated, in order to establish the first step of commitment and subsequently develop a comprehensive assessment of potential risks and impacts in our operations and with our suppliers, as well as mechanisms to stop, prevent, and mitigate negative impacts, among other initiatives.

Due diligence process and support measures



OCDE (2018), *Guía de la OCDE de Debida Diligencia para una Conducta Empresarial Responsable*.

At Terrafina, we emphasize the relevance of issues such as diversity, inclusion and equity. Therefore, during 2020 we participated in webinars given by our Advisor on issues of equity (gender, racial), non-discrimination, tolerance, among others, with the aim of promoting greater awareness and commitment to these issues. In addition, as mentioned in previous sections, we train 100% of our team and property managers, as well as all of our Advisor's team members, in topics related to anticorruption, money laundering, conflicts of interest and human rights issues. We believe this is fundamental to the achievement of respect for human rights. We also incorporate sustainability training into the process for new developments and expansions in order to raise awareness of the importance of biodiversity conservation and the incorporation of sustainable initiatives.



Terrafina in numbers

GRI 102-7

Operating Results

	2018	2019	2020	Change 2019-2020
Number of Developed Properties	287	289	274	15 properties
Gross Leasable Area (GLA) (sqft, m)	41.1	42.3	39.2	-3.1 sqft, m
Land Reserve (sqft, m)	6.06	5.66	5.51	-0.15 sqft, m
Occupancy Rate (as of Dec.)	95.30%	96.50%	95.20%	-130 bps
Rental Income (US\$ millions)	191.0	191.1	199.1	4%
Average Rent/Sqft (\$)	5.15	5.19	5.28	US\$0.09
Average Remaining Lease Term (years) (as of Dec.)	3.37	3.85	3.75	-3%
Renewal Rate (annual average)	90.80%	91.30%	86.8%	-450 bps

Financial Results

Our financial balance for the year was positive, hand in hand with stable operating results. We continued to generate value for our stakeholders, including the distributions made to our CBFI holders.

- Net operating income (NOI): **US\$188.1 million** as of December 2020, an increase of 3.9% or US\$7.0 million compared to 2019.
- ION margin was **94.0%** in 2020, an increase of 199 basis points over 2019.
- Adjusted funds from operations (AFFO), which is a reflection of our cash flow, reached **US\$103.0 million** in December 2020, an increase of 12.2% over December 2019.
- AFFO margin was **51.0%** in 2020, an increase of 464 basis points over 2019.
- In 2020, we distributed on a cumulative basis for the year **\$2.3624 pesos** per CBFI (US\$0.1107).

Income Statement

	2020 (thousands of pesos)	2020 (thousands of dollars)
Rental revenues	4,233,946	196,890
Other operating income	121,169	5,699
Real estate operating expenses	-709,888	-33,156
Fees and other expenses	-454,485	-20,818
Gain (loss) from sales of real estate properties	-81,614	-4,007
Accounts receivable reserve for sales of real estate properties	-13,130	-591
Net gain (loss) from fair value adjustment on investment properties	129,758	12,223
Net gain (loss) from fair value adjustment on borrowings	-1,119,298	-51,369
Net gain (loss) unrealized from fair value on financial derivate instruments	-33,096	-1,469
Realized gain (loss) on financial derivate instruments	-9,760	-446
Foreign exchange (loss) gain	-45,944	-2,156
Operating profit	2,017,659	100,800
Finance income	3,026	141
Finance cost	-1,081,383	-50,168
Net Finance cost	-1,078,357	-50,027
Share of profit from equity accounted investments	104,040	4,990
Net Profit for the period	1,043,342	55,763
Exchange rate gain (loss) from functional to reporting currency	1,635,908	0
Changes in the fair value adjustment on loans at fair value through other comprehensive income	408,213	5,128
Total Comprehensive income for the period	3,087,462	60,891





Balance Sheet

	31-Dec-20 (thousands of pesos)	31-Dec-20 (thousands of dollars)
ASSETS		
Non-current assets		
Investment properties	46,600,309	2,336,007
<small>(Cost: 31/12/2020 - Ps.41,471,141 US\$2,207,451; 30/09/2020 - Ps. 44,261,774, US\$2,344,800)</small>		
Investments in joint venture	777,773	38,989
Deferred rents receivable	231,750	11,617
Other accounts receivable	16,882	846
Restricted cash	31,358	1,572
Current assets		
Other accounts receivable	197,818	9,916
Recoverable taxes	97,993	4,912
Prepaid expenses	30,671	1,538
Deferred charges receivable	18,919	948
Accounts receivable	122,694	6,151
<small>(Net of allowance for doubtful accounts: 31/12/2020 - Ps. 118,890, US\$5,960; 30/09/2020 - \$128,676, US\$5,730)</small>		
Cash and cash equivalents	1,443,720	72,372
Total assets	49,569,887	2,484,868
Net assets attributable		
Net contributions	18,701,218	1,556,093
Retained earnings	-431,334	-157,032
Currency translation adjustment	9,419,599	-
Own credit risk reserve	975,122	37,855
Total net assets (Net Equity)	28,664,605	1,436,916

	31-Dec-20 (thousands of pesos)	31-Dec-20 (thousands of dollars)
LIABILITIES		
Non-current liabilities		
Loans	19,544,562	979,741
<small>(Cost: 31/12/2020 - Ps. 18,175,643, US\$911,119; 30/09/2020 - Ps. 23,574,301, US\$1,049,739)</small>		
Financial derivative instruments	32,329	1,621
Tenant deposits	273,057	13,688
Accounts payable	6,851	343
Current liabilities		
Trade and other payables	388,358	19,468
Loans	534,861	26,812
<small>(Cost: 2/31/2020 - Ps. 534,861, US\$26,812; 09/30/2020 - Ps. 411,213, US\$18,311)</small>		
Tenant deposits	125,264	6,279
Total liabilities (excluding net assets attributable to the Investors)	20,905,282	1,047,952
Total net assets and liabilities	49,569,887	2,484,867



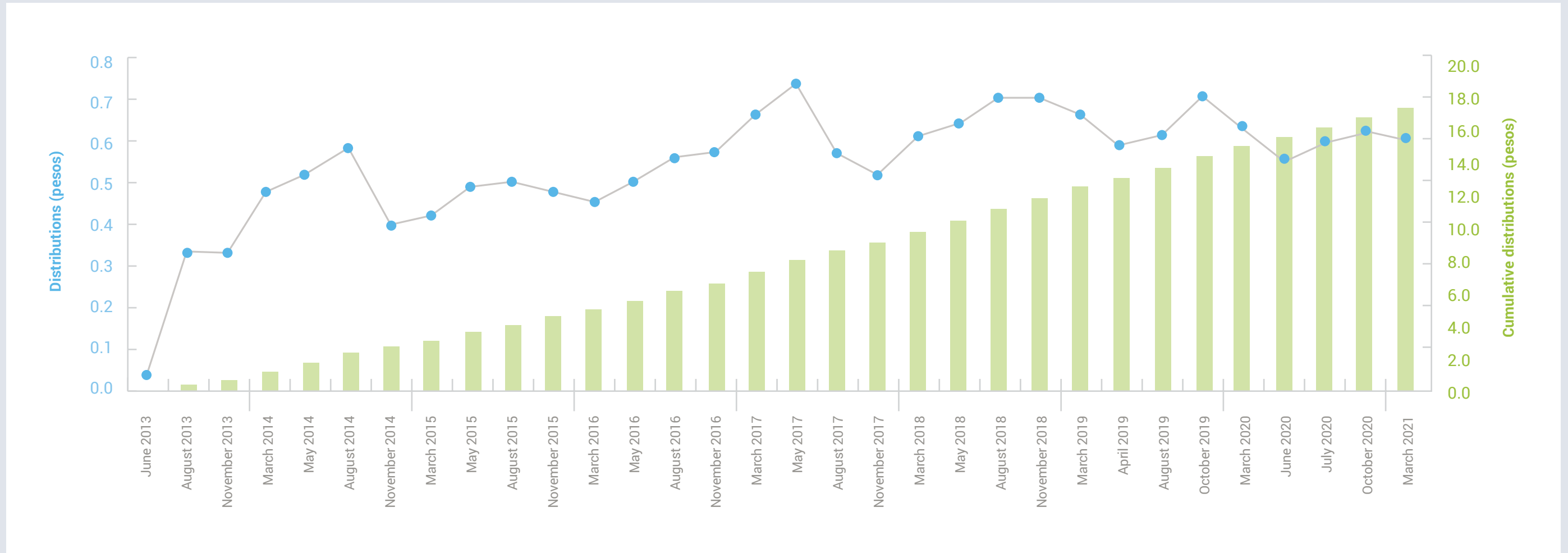
Cash Flow

	Dec-20 (thousands of pesos)	Dec-20 (thousands of dollars)
Cash flows from operating activities		
Profit (loss) for the period	1,043,342	66,870
Adjustments:		
Net loss (gain) unrealized from fair value adjustment on investment properties	-129,758	-34,425
Net loss (gain) realized from fair value adjustment on loans	1,119,298	-5,605
Net loss (gain) unrealized from fair value adjustment on financial derivative instruments	33,096	-106
Net loss (gain) unrealized from fair value adjustment on financial derivative instruments	81,614	0
Gain realized from disposal of investment properties	13,130	0
Bad debt expenses	24,321	283
Interest expenses on loans	1,047,308	12,076
Interest income on bank accounts	-3,026	-43
Share of profit from equity accounted investments	-104,040	-3,317
Decrease (increase) deferred rents receivable	27,371	78
Decrease (increase) in accounts receivable	-52,675	1,521
Decrease (increase) in recoverable taxes	61,387	2,570
Decrease (increase) in recoverable value added tax	-53,204	-1,655
Decrease (increase) in prepaid expenses	-9,645	1,173
Decrease (increase) in other assets	25,973	714
Decrease (increase) in tenant deposits	16,509	-1,591

	Dec-20 (thousands of pesos)	Dec-20 (thousands of dollars)
(Decrease) in accounts payable	27,116	1,838
Net cash (used in) generated from operating activities	3,168,118	40,383
Cash flows from investing activities		
Improvements of investment properties	-472,927	-2,468
Proceeds from dispositions of investment properties	2,465,307	-
Interest income on bank accounts	3,026	43
Investments in joint venture	-32,642	-
Net cash (used in) generated from investing activities	1,962,764	-2,425
Cash flows from financing activities		
Received loans	3,928,031	0
Principal payments on loans	-5,670,623	-75,000
Interest payments on loans	-1,058,978	-17,310
Restricted cash	-	-
Distributions to investors	-1,888,862	-20,659
Net cash (used in) generated from financing activities	-4,690,432	-112,969
Net (decrease) in cash and cash equivalents	440,450	-75,113
Cash and cash equivalents at the beginning of the period	1,266,322	157,134
Exchange effects on cash and cash equivalents	-263,052	-
Cash and cash equivalents at the end of the period	1,443,720	82,021



Historical Distributions



Generated and Distributed Economic Value

103-1, 103-2, 103-3, 201-1

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

	2020		2019		2018	
	FX: 21.4834		FX: 19.2684		FX: 19.2349	
	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars
Economic Generated Value (EVG)	4,355.12	202.72	3,927.63	203.84	3,996.87	207.79
Rental Revenues	4,233.95	197.08	3,829.56	198.75	3,701.23	192.42
Other operating income	121.17	5.64	98.07	5.09	295.64	15.37
Economic Distributed Value (EDV)	-3,387.84	-157.70	-3,516.40	-182.50	-3,125.65	-162.50
Repair and maintenance	-278.61	-12.97	-263.42	-13.67	-179.20	-9.32
Electricity	-8.26	-0.38	-46.29	-2.40	-58.88	-3.06
Other expenses (ex: water)	-13.04	-0.61	-20.42	-1.06	-19.65	-1.02
Property management fees	-82.55	-3.84	-73.85	-3.83	-74.18	-3.86
Broker fees	-105.72	-4.92	-152.29	-7.90	-77.14	-4.01
Insurance	-29.42	-1.37	-14.70	-0.76	-27.36	-1.42
Taxes	-94.67	-4.41	-77.74	-4.03	-78.28	-4.07
External Advisor Fees (PGIM Real Estate)	-268.57	-12.50	-232.81	-12.08	-228.40	-11.87
Other supplier payments (ex: legal, consultants, fiduciary)	-136.02	-6.33	-111.09	-5.77	-104.97	-5.46
Payroll and Employee Remuneration (fixed and variable)	-41.51	-1.93	-32.89	-1.71	-26.34	-1.37
Distributions (payment to CBFH holders)	-1,867.66	-86.94	-1,996.11	-103.59	-2,132.55	-110.87
Capital expenses for new developments	-461.80	-21.50	-494.80	-25.68	-118.70	-6.17
Property acquisitions	0.00	0.00	0.00	0.00	0.00	0.00
Retained Economic Value (REV)	7,742.95	360.42	7,444.03	386.33	7,122.52	370.29

 Exchange rates used according to the consolidated financial statements document [📄](#)




About this report

102-32, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54

With this report, we establish a key means of communication for our stakeholders in which we present our main sustainability actions and results. It shows the main achievements and challenges we have had in social, environmental and corporate governance issues during the period from January 1 to December 31, 2020. The entities covered in the financial statements presented in the report are CI Banco, S.A. Institución de Banca Múltiple, Fideicomiso F/00939 and its subsidiaries. It is our intention to continue to produce reports on an annual basis.

This report has been prepared in accordance with the GRI Standards: Core option.

We adhere to the GRI standards as we believe it is still the international reference methodology for communicating ESG issues. To define the contents in this report, we have considered the principles of stakeholder inclusiveness (by using the results of our materiality analysis as a roadmap and guideline for the published contents), sustainability context (presenting Terrafina's performance considering the broader context of sustainability), materiality (focusing on our material topics), and completeness (explaining the scope of our material topics and their coverage).

There has been no restatement of the information we presented in our 2019 report (published in August 2020), nor changes to our material topics list. The coverage of material topics has been expanded to incorporate our performance indicators that now form a more robust strategy. This report covers the period from February 2020 to February 2021, taking into account that the date of the previous report was exactly one year before.

It is important to mention that this year we also added SASB and TCFD content in response to our investors' needs.

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

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



GRI Content Index

102-55

GRI 102: General Disclosures

Section	Content	Page(s)	SDGs and goals	Answers in table
Organizational Profile	102-1	3		
	102-2	3, 4		
	102-3	3		
	102-4	3, 4		
	102-5	3		No governmental institution holds more than 5% of the total voting rights.
	102-6	3, 4		
	102-7	68-72		
	102-8	See answer in this table	8.5, 10.3	Our team is composed of 5 collaborators, three men and two women, all with permanent, full-time contracts; this composition is similar for 2018, 2019 and 2020.
	102-9	61		
	102-10	4		
	102-11	23, 27, 64		
	102-12	65		
	102-13	20		Total expenses on associations such as AMPIP, AMEFIBRA, and ULI: \$477,400.00 pesos
Strategy	102-14	2		
	102-15	2, 23		
Ethics and integrity	102-16	3, 19	16.3	
	102-17	19	16.3	



GRI 102: General Disclosures

Section	Content	Page(s)	SDGs and goals	Answers in table
Governance	102-18	50		
	102-19	50, 52, 54, 64		
	102-20	30, 50, 52-54		
	102-21	8, 20	16.7	
	102-22	50, 52, 54	5.5, 16.7	
	102-23	50,54	16.6	
	102-24	50	5.5, 16.7	
	102-25	50, 55	16.6	
	102-26	50, 52, 54		The mission and vision are approved by Terrafina's CEO. Likewise, the ESG Policy and Strategy.
	102-27	50, 55		
	102-28	50		
	102-29	8, 10, 14, 50, 53	16.7	
	102-30	23, 50		
	102-31	23, 41, 50		
	102-32	74		
	102-33	20		
	102-34	20		
	102-38	See answer in this 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.
	102-39	See answer in this 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.



GRI 102: General Disclosures

Section	Content	Page(s)	SDGs and goals	Answers in table
Stakeholder engagement	102-40	20		
	102-41	See answer in this table	8.8	We do not have any unionized employees at this time, but this doesn't mean we are against unionization.
	102-42	20		
	102-43	20		
	102-44	20		
Reporting practice	102-45	See answer in this 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 activity of the Trust.
	102-46	8		
	102-47	8		
	102-48	74		
	102-49	74		
	102-50	74		
	102-51	74		
	102-52	74		
	102-53	74		
	102-54	74		
	102-55	75-83		
	102-56	84		



Disclosures by material topic

Material topic	GRI Standard	RI Disclosure	Page(s)	SDGs and Goals	Answer in table
Anticorruption	GRI 103: Management Approach	103-1	17, 18		
		103-2	17, 18		
		103-3	17, 18		
	GRI 205: Anticorruption	205-1	17, 18	16.5	
		205-2	17, 18	16.5	
		205-3	17, 18	16.5	
Ethics and conduct	GRI 103: Management Approach	103-1	19		
		103-2	19		
		103-3	19		
Commitment and transparency (Stakeholder relations)	GRI 103: Management Approach	103-1	20-22		
		103-2	20-22		
		103-3	20-22		
Resilience – Risk Management	GRI 103: Management Approach	103-1	23-26		
		103-2	23-26		
		103-3	23-26		
	GRI 201: Economic Performance	201-1	73	8.1, 8.2, 9.1, 9.4, 9.5	
		201-2	23-26		
	GRI 403: Occupational Health and Safety	403-3	23-26		
	GRI 205: Anticorruption	205-1	23-26		
	Construction and real estate sector section	CRE8	23-26		
Management System	GRI 103: Management Approach	103-1	27, 28		
		103-2	27, 28		
		103-3	27, 28		



Disclosures by material topic

Material topic	GRI Standard	RI Disclosure	Page(s)	SDGs and Goals	Answer in table
Climate Change (Climate Strategy)	GRI 103: Management Approach	103-1	30-32, 35-39		
		103-2	30-32		
		103-3	30-32		
	GRI 201: Economic Performance	201-2	30-32		
Emissions	GRI 103: Management Approach	103-1	33, 34		
		103-2	33, 34		
		103-3	33, 34		
	GRI 305: Emissions	305-1	33, 34	3.9, 12.4, 13.1, 14.3, 15.2	N/A: Information on fuel consumption paid by Terrafina (common areas) in comparable properties is not available, therefore no Scope 1 emissions are presented.
		305-2	33, 34	3.9, 12.4, 13.1, 14.3, 15.2	
		305-3	33, 34	3.9, 12.4, 13.1, 14.3, 15.2	
		305-4	33, 34	13.1, 14.3, 15.2	
305-5	33, 34	13.1, 14.3, 15.2			
Materials	GRI 103: Management Approach	103-1	42		
		103-2	42		
		103-3	42		
	GRI 301: Materials	301-1	See answer in this table		During 2021, we will start measuring waste across the entire portfolio.
		301-2	See answer in this table		During 2021, we will start measuring waste across the entire portfolio.
Water Efficiency	GRI 103: Management Approach	103-1	40, 42		
		103-2	40, 42		
		103-3	40, 42		
	GRI 303: Water and Effluents	303-3	40, 42	6.3, 6.4, 8.4, 12.2	
		303-4	40, 42		
		303-5	40, 42		



Disclosures by material topic

Material topic	GRI Standard	RI Disclosure	Page(s)	SDGs and Goals	Answer in table
Energy efficiency	GRI 103: Management Approach	103-1	43		
		103-2	43		
		103-3	43		
	GRI 302: Energy	302-1	40, 43	7.2, 7.3, 8.4, 12.2, 13.1	N/A: Information on energy consumption paid by Terrafina (common areas) in comparable properties is not available, therefore internal figures are not presented.
		302-2	40, 43	7.2, 7.3, 8.4, 12.2, 13.1	
		302-3	40, 43	7.2, 7.3, 8.4, 12.2, 13.1	
		302-4	40, 43	7.2, 7.3, 8.4, 12.2, 13.1	
Client satisfaction	GRI 103: Management Approach	103-1	45		
		103-2	45		
		103-3	45		
Occupational Health and Safety (Tenants)	GRI 103: Management Approach	103-1	41		
		103-2	41		
		103-3	41		
Sustainable Infrastructure (Design and remodeling of assets)	GRI 103: Management Approach	103-1	46		
		103-2	46		
		103-3	46		
	Construction and real estate sector section	CRE8	47		
Corporate Governance	GRI 103: Management Approach	103-1	47		
		103-2	47		
		103-3	47, 48		
Presence and Positioning	GRI 103: Management Approach	103-1	56		
		103-2	56		
		103-3	56		



Disclosures by material topic

Material topic	GRI Standard	RI Disclosure	Page(s)	SDGs and Goals	Answer in table
Collaborator Health and Well-being	GRI 103: Management Approach	103-1	58-60		
		103-2	58-60		
		103-3	58-60		
	GRI 403: Occupational Health and Safety	403-1	58, 59		
		403-2	58, 59		
		403-3	58, 59		
		403-4	58, 59		N/A: Our collaborators currently do not participate in occupational health and safety consultation and communication?
		403-5	58, 59		
		403-6	58, 59		
		403-7	59		
		403-8	See answer in this table		100% of our collaborators are covered by Terrafina's occupational health and safety management system.
			59		
		403-9	59	3.3, 3.9, 8.8	
	403-10	58, 59	3.3, 3.9, 8.8		
	GRI 404: Training and Education	404-1	See answer in this table		In total, we spent \$41,400 pesos on conferences, workshops and training in which collaborators participated.
GRI 410: Security practices	410-1	See answer in this table		Not carried out.	



Disclosures by material topic

Material topic	GRI Standard	RI Disclosure	Page(s)	SDGs and Goals	Answer in table	
Labor Practices and Policies	GRI 103: Management Approach	103-1	59, 60			
		103-2	59, 60			
		103-3	59, 60			
	GRI 401: Employment	401-1	59, 60			During 2020 we made 1 hire (female) and had 1 leave (female). We do not believe that a hiring rate or turnover rate is significant because due to the size of our organization we believe it is not very representative.
		401-2	59, 60	3.2, 5.4, 8.5		No distinction is made as all collaborators are full time. Benefits are detailed on page 60.
		401-3	59, 60			There were no cases of parental leave during the year.
	GRI 402: Labor-management relations	402-1	59, 60			We take our collaborators into consideration when we make significant operational changes that could significantly affect them. Depending on the nature of the change, we would give notice prior to the implementation of the change. The timing with which this notice is given varies according to the nature of the change.
	GRI 404: Training and Education	404-1	59, 60			
		404-2	59, 60	8.2, 8.5		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	59, 60			
	GRI 405: Diversity and Equal Opportunity	405-1	59, 60	5.1, 5.5, 8.5		
		405-2	59, 60			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	59, 60			



Disclosures by material topic

Material topic	GRI Standard	RI Disclosure	Page(s)	SDGs and Goals	Answer in table
ESG Supply Chain Evaluation	GRI 103: Management Approach	103-1	61-63		
		103-2	61-63		
		103-3	61-63		
	GRI 204: Acquisition Practices	204-1	61-63		
	GRI 308: Supplier environmental assessment	308-1	61-63		
	GRI 314: Supplier social assessment	414-1	61-63		
Social Investment / Community Programs	GRI 103: Management Approach	103-1	65, 66		
		103-2	65, 66		
		103-3	65, 66		
	GRI 413: Local Communities	413-1	65, 66		
		413-2	See answer in this table	1.4, 2.3	We have no evidence nor have we been notified of significant negative impacts on local communities.
Human Rights	GRI 103: Management Approach	103-1	67		
		103-2	67		
		103-3	67		
	GRI 410: Security Practices	410-1	See answer in this table		Not carried out.
	GRI 411: Rights of indigenous peoples	411-1	See answer in this table	2.3	No cases of violation of the rights of indigenous peoples have been reported or detected.
	GRI 412: Human Rights evaluation	412-1	67		
		412-2	67		



Verification Letter



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

Independent Review Report to the Management of “Fideicomiso Irrevocable número F/00854”.

(Translation from Spanish Language Original). This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

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

As per your request, we were required to provide a limited level of assurance about the information content on the 2020 Sustainability Report (hereinafter "Sustainability Report") of Terrafina, for the period January 1 to December 31, 2020.

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

Terrafina responsibilities

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

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

Our responsibility

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

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

Scope

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

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

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

Conclusion

Based on our review and the evidence obtained by Terrafina nothing caught our attention that causes us to believe that the information contained in the 2020 Sustainability Report of Terrafina has not been obtained with reliability, was not presented properly, or that there were significant discrepancies or omissions, or that has not been prepared in accordance with the requirements established in the GRI Standards, the GRI Sector Supplement and the SASB accounting parameters.



Luis Miguel Vilatela Riba
Director. Valora Sostenibilidad e Innovación S.A. de C.V.
México City, 07th July 2021





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

Annex 1.

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

GRI Standards	
General Disclosures	
Disclosure	Description
102-8	Information on employees and other workers
102-17	Mechanisms for advice and concerns about ethics
102-18	Governance structure
Economic	
201-1	Direct economic value generated and distributed
205-2	Communication and training about anti-corruption policies and procedures
Environmental	
302-1	Energy consumption within the organization
302-2	Energy consumption outside of the organization
302-4	Reduction of energy consumption
303-3	Water withdrawal
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
Social	
403-9	Work-related injuries
403-10	Work-related ill health
404-2	Programs for upgrading employee skills and transition assistance programs
405-1	Diversity of governance bodies and employees
413-2	Operations with significant actual and potential negative impacts on local communities

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

SASB accounting parameters - Real Estate Industry	
Code	Accounting metrics
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving Sustainability impacts of tenants
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks

End of document.





Contact

GRI 102-1, 102-3

Francisco Martínez, Investor Relations Officer
Carolina Campos, ESG Manager
esg@terrafina.mx



Paseo de la Reforma 412, Floor 18, Col. Juárez,
Zip Code 06600, Mexico City.
Phone: +52 (55) 5279-8106