

Core Tempe 6<sup>th</sup>,  
LLC  
HR BBB+ (G)  
Stable Outlook

US\$254.6m TL  
21877#AA0  
HR BBB+ (G)  
Stable Outlook



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## Information Disclosure Form Rule 17g-7

The Rating Action Commentary (RAC) associated with this disclosure form is an integral part of the form.

1. **Symbol, Number, or Score in the Rating Scale used by HR Ratings as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:**

Entity/Instrument	Rating Action	Rating Type	Rating Code
Core Tempe 6 <sup>th</sup> , LLC	Assigned	Long Term Rating	<a href="#">HR BBB+ (G) / Stable Outlook</a>
US\$254.6m TL	Assigned	Long Term Rating	<a href="#">HR BBB+ (G) / Stable Outlook</a>

2. **Version of the Procedure or Methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:**

The rating assigned by HR Ratings to the entity and its associated debt is based in accordance with the following methodologies established by the rating agency:



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- Corporate Debt Credit Risk Evaluation, February 2024.  
[https://www.hrratings.com/docs/metodologia/Corporates\\_2024.pdf](https://www.hrratings.com/docs/metodologia/Corporates_2024.pdf)

### **3. Main assumptions and principles used in constructing the procedures and methodologies to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7**

Based on the Corporate Debt Credit Risk Evaluation:

The methodology describes the process used to assess the ability and willingness to meet corporate debt payment obligations in a timely manner and as originally agreed, including dependent structured debt and real estate investment trusts. The process consists of a quantitative analysis based on four financial metrics (three for structured debt) and an analysis allowing for qualitative adjustments, including adjustments related to ESG factors.

The corporate methodology involves the creation of financial models based on HR Ratings projections and when relevant historical performance data. The projections are made under a Base and Stress scenario, both incorporating the relevant historical data. The formal rating period generally incorporates five years of information. The four metrics used in this analysis are: (i) debt service coverage; (ii) debt service coverage including end of previous period cash (iii) years to payment, which measures the ratio between annual free cash flow and net debt; and (iv) the ratio between a market value estimate of corporate assets and its total liabilities. For real estate companies, the fourth metric is replaced by the loan to value ratio.

For both the Base and Stress scenarios the annual weighted average of each metric value is calculated. These annual averages are converted into a numerical rating scale, which is the same for each metric. Subsequently, and for each scenario, the weighted average of the metric numerical ratings is calculated. The final quantitative score is the weighted average of the two scenarios. If historical information is available, this process generally considers two reported and three projected years. However, the methodology considers the possibility of using different rating or time periods, with fewer reported years, and in the case of real estate leasing companies with seven instead of five years.

The rating obtained through this quantitative analysis can be adjusted positively or negatively by applying qualitative notches, which are divided into two categories: general and ESG. General adjustments refer to factors that could over time affect the quantitative rating especially when HR Ratings concludes that these factors cannot be adequately incorporated into the quantitative models. This includes ESG factors that are analyzed to determine their significance for and potential influence on credit risk. The environmental factor analyzes the corporate's environmental approach and policies, considering its lines of business and daily operations, as well as exposure to natural phenomena and environmental regulations. For the social factor, the business approach is evaluated first then the corporate policies regarding all levels of employee benefits, career plans and ability to retain talent and inclusion are evaluated.

Finally, the corporate governance analysis considers five aspects: (i) internal regulations of the corporation, considering their scope, formality and mechanisms for continuous adaptation, (ii) quality of senior management and administration, considering



their financial strategies and history of crisis management, (iii) transparency and quality of the information provided, as well as history of non-compliance, (iv) risk associated with the regulatory framework to which each corporation is susceptible and the risk associated with the macroeconomic environment, and (v) management and mitigation strategies associated with the entity's operational risk, as well as the technological tools available for performing daily operations.

The rating incorporates one negative notch adjustment related to the Project risk due to the construction process of the Project.

**4. Potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7**

- HR Ratings does not validate, guarantee, or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information.
- Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue, or issuer, and do not necessarily imply a statistical likelihood of default.
- The credit ratings do not opine on the liquidity of the issuer's securities or stock.
- The credit ratings do not consider the possible loss severity on an obligation default.
- The credit ratings are not an opinion of the market value of any issuer's securities or stock, or the possibility that this value suffer a deterioration.

**5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7**

The Analysis Committee noted no material limitations on the reliability, accuracy and quality on the data relied on in determining the credit rating.

The third party did not provide HR Ratings with audited or historical financial information due to the Project is still under construction and therefore is not generating income yet. This was not considered as lack of information.

**6. Use of third-party due diligence services as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7**

HR Ratings did not use third party due diligence services for the rating.

**7. Use of servicer or remittance reports to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7**

HR Ratings did not use Servicer or remittance reports for the rating.

**8. Description of types of data about any obligor, issue, security or money market instrument relied upon for determining credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7**



Among the main information used for the rating is:

- Appraisal (Dated September 2, 2025) for the Project issued by Newmark Valuation and Advisory provided by a third party.
- Construction Reports Progress No. 1, No. 2 and No.3 issued by Construction Management & Development, Inc. (CMD) provided by a third party.
- US\$254.6m Loan Agreement provided by a third party.
- US\$254.6m Loan Agreement's Associated Legal Documents provided by a third party.
- Credit Investment Memo provided by a third party.
- Loan Cash Flow Model provided by a third party.

**9. Overall assessment of quality of information available and considered in determining credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7**

The financial information was solely projected due to the Project is still in construction and will not be fully operational until late 2028. Nevertheless, the quality of the information provided by the entity is considered to be consistent with the quality observed in ratings that use a similar methodology.

**10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7**

The aforementioned rating was not requested by the entity or issuer, or on its behalf. However, the rating was requested by an investor whose identity is kept confidential to the general public, therefore, HR Ratings has received from the investor the corresponding fees for the provision of its rating services. The following information can be found on our website <https://www.hrratings.com/>: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) the procedure and process of voting on our Analysis Committee, and (iv) the rating scales and their definitions.

HR Ratings was paid for services other than determining credit ratings during the most recently ended fiscal year by the person that paid to determine this credit rating.

**11. Explanation or measure of potential volatility to the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7**

1. Factors that are reasonably likely to lead to a change in the credit rating:

- **Project's Deleverage.** The FCF could strengthen if the Project achieves stabilization earlier than expected. If this occurs, a weighted average years of payment of 6.3 years from 2029 to 2035 (versus 8.5 years in the base scenario) could positively impact the rating to a minimum extent.



- **Refinancing Conditions.** If the refinancing loan (expected in 2029 and 2034) does not have better conditions compared to the building loan (date matures in 2029) in terms of maturity and interest rate, the rating could have a minimum to moderate negative impact.
- **Delay in Completion and Stabilization.** Any delays in the completion or stabilization of the Project could negatively impact the projected FCF within the rating horizon. Should weighted FCF decline to US\$21.8m over the 2029-2035 period (in comparison to the US\$29.4m baseline scenario), the weighted average years of payment could rise to 11.6 years (as opposed to 8.5 years in the baseline scenario). This could result in a moderate negative impact on the rating.
- **Lower FCF.** The presence of market pressure, which could result in occupancy and rate expectations falling below initial projections, could potentially lead to a DSCR metric falling below 1.0x from 2029 to 2035 (compared to the 1.9x projected in the base scenario for the same period). This, in turn, could have a moderate negative impact on the rating.

2. The magnitude of the change that could occur under different market conditions determined by HR Ratings to be relevant to the rating:

- **Interest rate increases.** Since all the Project's debt has a variable interest rate tied to the SOFR, any change in this base rate may directly impact on the DSCR and DSCR with Cash metrics, resulting in a minimum to strong negative impact on the rating.

NOTE: The Credit Analysis Committee must convene to review and discuss the changes that could occur under different market conditions. All the ratings issued by HR Ratings must be approved by the Credit Analysis Committee in accordance with the applicable methodology and the information available at the time. However, the magnitude of a potential change in the rating that could reasonably occur as a result of the impact of the factors listed above are characterized by the following summary chart:

Rating change impact	Number of notches
Minimum	(0-1)
Moderate	(2 - 3)
Strong	>3

**12. Historical performance and expected probability of default and expected loss in event of default as required by Paragraph (a)(1)(ii)(L) of Rule 17q-7**

For historical performance of each rating listed in the disclosure form, click on the link in the ratings table presented on the first page.

Our credit ratings need to be understood as rankings of the relative creditworthiness of different entities or credits. Creditworthiness takes into consideration both the ability and willingness to meet debt obligations in the manner prescribed in the relevant documentation. Default refers to the noncompliance of previously agreed obligations.



As our ratings measure relative creditworthiness, they do not necessarily reflect any specific statistical probability of default. However, HR Ratings provides to the market participants the default rate for historical default and loss statistics for the class or subclass of the credit rating. Although the default rate is not the expected probability of default or loss given default, we consider it the ratio that could be interpreted by market participants as such. The default rate for each of the asset classes in which HR Ratings provides ratings and for each rating category is publicly available for each calendar year at: [https://www.hrratings.com/regulatory\\_disclosure/transition\\_matrix.xhtml](https://www.hrratings.com/regulatory_disclosure/transition_matrix.xhtml)

### **13. Assumptions made by HR Ratings in determining announced credit ratings and examples of how assumptions impact the rating as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7**

1. Assumptions made in the ratings process that, without accounting for any other factor, would have the greatest impact on the credit rating if proven false or inaccurate:

HR Ratings bases its ratings and/or opinions on information obtained from sources that are believed to be accurate and reliable. The assumption is that the information provided is reliable and credible, however, does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information.

- **Total Income.** Our scenarios reflect a sustained growth in revenue from 2029 to 2035. This growth is mainly driven by the construction and start of operations for the Project, which is expected to be fully completed by the third quarter of 2028 (3Q28) and stabilized by 4Q29. This revenue growth reflects an expected stabilized occupancy rate of 95.0% and a monthly weekly rent of US\$2,015 per bedspace in 2035.
- **Net Operating Income (NOI).** We anticipate that the Project will reach US\$33.1m by 2035, with a stabilized NOI margin of 76.9%. We expect an average operating expense growth rate of 3.0% from 2029 to 2035 and the operating expenses, in the base scenario, include the tax abatement benefit associated with a five-year, 10-month Government Property Lease Excise Tax (GPLET) upon the receipt of Certificate of Occupancy.
- **Free Cash Flow.** We expect our FCF estimate to reach US\$33.1m in 2035. This projection is primarily driven by NOI levels and minimal working capital requirements (30 days receivable and 45 days payable days).
- **Investment.** Regarding net investment in the Project, we estimate it will achieve a total investment of US\$391.7m according to the budget shared by the third party.
- **Financing Structure.** We estimate that the Construction Loan will be drawn down by 3Q28 in the expected Project completion date. During the forecast period, and in accordance with the terms of the Credit Agreement, we anticipate that the interest rate on the Loan will be SOFR plus a margin of 3.20%. The initial maturity date for the loans is October 2029, and we expect that the Loan will be refinanced through a new loan with improved conditions (SOFR + applicable margin of 2.20%) for an additional five years. We also consider another refinancing event in 2034 under the same conditions. As such, we expect the Project to achieve a total debt of US\$254.6m and net debt of US\$244.6m in 2035.



- **Metrics.** Based on the expected FCF and aforementioned debt structure, we anticipate a weighted DSCR, DSCR with Cash and Years of Payment of 1.9x, 2.4x and 8.5 years for 2029-2035. Regarding the leverage, we also expected a weighted LTV of 63.8% for such period.

2. Analysis, using specific examples, of how each of the assumptions identified in the preceding paragraph impacts the credit rating:

- Under a scenario where the weighted difference between the reported and the expected revenue is -15.5%, the rating could be negatively impacted.
- If the observed weighted NOI margin is 67.4% or less for 2029-2035, it may result in a negative effect on the Project's rating.
- The rating could be revised downward if the Project reports a weighted average FCF of US\$21.8m or less for 2029 to 2035.
- The rating could be impacted if the Company modifies its initial budget for the construction of the Project given delays or higher construction costs.
- Our scenarios indicate a slight deleveraging towards 2035, attributable to a higher level of FCF once the Project is completed and stabilized. If the Project incurs additional debt, which we do not include in our base scenario, the key rating metrics could deteriorate. The rating could be revised downwards if the weighted average Years of Payment metric is 11.6 years or higher for 2029-2035.
- If the Project reflects weighted averages of DSCR, DSCR with Cash, Years of Payment and LTV of 1.0x, 1.2x, 11.6 years and 64.4%, the rating could be negatively impacted.

**14. Representations, warranties and enforcement mechanisms available to investors as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7**

The reporting of representations, warranties, and enforcement mechanisms does not apply to any of the credit ratings listed in this disclosure form.



## Credit Rating Attestation

I, Elizabeth Martínez, Corporates Manager, have the responsibility for this rating action and, to the best of my knowledge:

- No part of the credit rating was influenced by any other business activities.
- The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and
- The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument

Mexico City, March 4, 2026

/s/ Elizabeth Martínez  
Corporates Manager  
HR Ratings



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The aforementioned rating was not requested by the entity or issuer, or on its behalf. However, the rating was requested by an investor whose identity is kept confidential to the general public, therefore, HR Ratings has received from the investor the corresponding fees for the provision of its rating services. The following information can be found on our website <https://www.hrratings.com/>: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) the procedure and process of voting on our Analysis Committee, and (iv) the rating scales and their definitions.

The ratings and/or opinions of HR Ratings de México S.A. de C.V. (HR Ratings) are opinions regarding the credit quality and/or the asset management capacity, or relative to the performance of the tasks aimed at the fulfillment of the corporate purpose, by issuing companies and other entities or sectors, and are based on exclusively in the characteristics of the entity, issue and/or operation, regardless of any business activity between HR Ratings and the entity or issuer. The ratings and/or opinions granted are issued on behalf of HR Ratings and not of its management or technical personnel and do not constitute recommendations to buy, sell or maintain any instrument, or to carry out any type of business, investment or operation, and may be subject to updates at any time, in accordance with the rating methodologies of HR Ratings.

HR Ratings bases its ratings and/or opinions on information obtained from sources that are believed to be accurate and reliable. HR Ratings, however, does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information. Most issuers of debt securities rated by HR Ratings have paid a fee for the credit rating based on the amount and type of debt issued. The degree of creditworthiness of an issue or issuer, opinions regarding asset manager quality or ratings related to an entity's performance of its business purpose are subject to change, which can produce a rating upgrade or downgrade, without implying any responsibility for HR Ratings. The ratings issued by HR Ratings are assigned in an ethical manner, in accordance with healthy market practices and in compliance with applicable regulations found on the [www.hrratings.com](http://www.hrratings.com) rating agency webpage. HR Ratings' Code of Conduct, rating methodologies, rating criteria and current ratings can also be found on the website.

Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue or issuer, and do not necessarily imply a statistical likelihood of default, HR Ratings defines as the inability or unwillingness to satisfy the contractually stipulated payment terms of an obligation, such that creditors and/or bondholders are forced to take action in order to recover their investment or to restructure the debt due to a situation of stress faced by the debtor. Without disregard to the aforementioned point, in order to validate our ratings, our methodologies consider stress scenarios as a complement to the analysis derived from a base case scenario. The fees HR Ratings receives from issuers generally range from US\$1,000 to \$1,000,000 (one million dollars, legal tender in the United States of America) (or the equivalent in another currency) per offering. In some cases, HR Ratings will rate all or some of a particular issuer's offerings for an annual fee. Annual fees are estimated to vary between \$5,000 and US\$2,000,000 (five thousand to two million dollars, legal tender in the United States of America) (or the equivalent in another currency).

## Media Contact

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