

# Meadow Project

## Meadow Office Mezzanine Borrower, LLC



Credit  
Rating  
Agency

Corporates  
September 29, 2025  
A NRSRO Rating\*

Meadow Office  
Unit 1 Owner  
LLC  
HR BBB- (G)  
Stable Outlook

Meadow Retail  
Unit 1 Owner  
LLC  
HR BBB- (G)  
Stable Outlook

Meadow Office  
Mezzanine  
Borrower LLC  
HR BBB- (G)  
Stable Outlook

US\$128.5m Term  
Loan  
HR BBB- (G)  
Stable Outlook  
58315@AA4

US\$14.3m  
Mezzanine Loan  
HR BBB- (G)  
Stable Outlook  
58315#AA2



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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
Meadow Office Unit 1 Owner LLC	Ratified	Long Term Rating	<a href="#">HR BBB- (G) / Stable Outlook</a>
Meadow Retail Unit 1 Owner LLC	Ratified	Long Term Rating	<a href="#">HR BBB- (G) / Stable Outlook</a>
Meadow Office Mezzanine Borrower LLC	Ratified	Long Term Rating	<a href="#">HR BBB- (G) / Stable Outlook</a>
US\$128.5m Term Loan	Ratified	Long Term Rating	<a href="#">HR BBB- (G) / Stable Outlook</a>
US\$14.3m Mezzanine Loan	Ratified	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:**



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

- Corporate 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**

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.



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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 considers a negative qualitative adjustment due to project risk, as the project is still under construction and therefore creates uncertainty in the timing of cash flows.

#### **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 a 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.



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**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 for the Project issued by CBRE Group, provided by a third party.
- Construction Status Report No. 1, 9, 16, 18, 20, and 22 issued by Marx Okubo Associates, provided by a third party.
- Construction Loan Credit Agreement, provided by a third party.
- Construction Loan Note Splitter Agreement Allonge to Promissory Note A-3, provided by a third party.
- Construction Loan Allonge to Supplemental Promissory Note A-3, provided by a third party.
- Mezzanine Loan Credit Agreement, provided by a third party.
- Mezzanine Loan Note Splitter, provided by a third party.
- Mezzanine Loan Allonge, provided by a third party
- Co-lender agreement, Notice to Borrowers, Letter of Agreement, provided by a third party.
- Investment Memo as of October 15<sup>th</sup>, 2023, provided by a third party.
- Underwriting Update December 29<sup>th</sup>, 2023, provided by a third party.
- Financial Model, provided by a third party.
- 2025 Funding Schedule, provided by a third party.
- Pre-Construction Closing Review, provided by a third party
- Goldman Sachs Lease Agreement, 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 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.



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## **11. Explanation or measure of potential volatility to the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule17g-7**

1. Factors that are reasonably likely to lead to a change in the credit rating:
  - **Lower Years of Payment.** In the event that the Company presents higher FCF than expected, resulting in a year of payment metric average of 7.0 years (.vs 10.2 years in our baseline scenario), the rating could be upgraded.
  - **Prompt Project Timing.** If the Project's construction ends on time and within budgeted costs, this would lead to a withdrawal in the negative quality adjustment.
  - **Higher Years of Payment.** In the event that the Project presents lower in FCF generation than expected, which leads to higher Years of Payment metric above 13.2 years from 2028 to 2034, compared to 10.2 years in the base scenario for the same period, this would result in a rating downgrade.
  - **Lower DSCR.** If FCF does not reach levels expected, leading to an average DSCR of 0.8x, compared to 1.2x in our baseline scenario, the rating could be downgraded.
2. The magnitude of the change that could occur under different market conditions determined by HR Ratings to be relevant to the rating:
  - **Higher Interest Rates.** Given that the debt has an interest rate linked to the SOFR, any increase in the US interest rate may have a direct impact on the DSCR and DSCR with cash metrics could have a minimum to moderate negative impact on the rating.
  - **Vacancy levels.** We take into consideration the vacancy rate of the project is expected to be around 0.1%. If macroeconomic pressures and commercial real estate volatility present pressures, the rating could have a negative minimum impact.

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 17g-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.



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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.

- We consider that the Project will stay on time and operate at levels expected, which would lead to a total revenue of US\$86.5m in 2034.
- We consider expense recoveries, given that the leases at the Project will all be structured as Triple Net Lease, leading to a NOI generation of US\$58.4m and a NOI margin of 67.5%.
- Free Cash Flow would be affected by the start of operations in 2028, which will result in higher working capital requirements during the period. We assume the Project will maintain a 30-day accounts receivable turnover and 45-day accounts payable turnover.
- We consider that Years of Payment would reach 9.3 years in 2028, driven by FCF growth throughout the forecasted period.
- We assume that two refinancing events will occur (2028 and 2034), in which the loans will be priced at SOFR + 3.5%, with a 5-year maturity. As a result, DSCR would reach 1.6x in 2034, while DSCR with cash would reach 2.2x.



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

- Macroeconomic and market pressures lead to a slower retail leasing process and lower rental rates, resulting in US\$74.5m in total revenue, compared to US\$86.5 in our base scenario.
- In the case tenants for the retail space do not sign Triple Net Lease contracts, resulting in a NOI of US\$46.7m (vs US\$58.4m in our base scenario), this could negatively impact the rating.
- If the Project's working capital requirements are higher than expected, in which outpacing higher rental revenues, this could lead to FCF reaching US\$46.8m (vs. US\$58.5m in our base scenario), that could result in a downgrade to the rating.
- If as a result of lower FCF generation and additional debt drawdowns, Years of Payment reaches a weighted average of 13.2 years, compared to 10.2 years in our base scenario, this could negatively impact the rating.
- If gross debt is refinanced at SOFR + 4.5% with a five-year maturity, DSCR would reach 1.1x in 2028, while DSCR with Cash would reach 1.3x.

**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 the rating.



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## Credit Rating Attestation

I, Jesus Pineda, Corporates 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, September 29, 2025

/s/ Jesus Pineda  
Corporates Manager  
HR Ratings de México, S.A. de C.V.



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\*\* HR Ratings, LLC (HR Ratings), is a Credit Rating Agency registered by the Securities and Exchange Commission (SEC) as a Nationally Recognized Statistical Rating Organization (NRSRO) for the assets of public finance, corporates and financial institutions as described in section 3 (a) (62) (A) and (B) subsection (i), (iii) and (v) of the US Securities Exchange Act of 1934.

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](https://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).

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