

GEdR at USV  
HR BB (G)  
Stable Outlook

US\$136.9m CL  
HR BB (G)  
Stable Outlook  
36209#AA7



Mariana Méndez

Associate  
Lead Analyst

[mariana.mendez@hrratings.com](mailto:mariana.mendez@hrratings.com)



Elizabeth Martínez

Corporates Manager

[elizabeth.martinez@hrratings.com](mailto:elizabeth.martinez@hrratings.com)



Heinz Cederborg

Corporates / ABS Sr. Executive Director

[heinz.cederborg@hrratings.com](mailto:heinz.cederborg@hrratings.com)

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
GEdR at Union Stadium Village Property Owner, LLC.	Downgraded	Long Term Rating	<a href="#">HR BB (G) / Stable Outlook</a>
US\$136.9m Construction Loan	Downgraded	Long Term Rating	<a href="#">HR BB (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 US\$136.9 million (m) construction loan is based in accordance with the following methodologies established by the rating agency:



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS

- 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**

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



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS

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.

HR Ratings is maintaining a positive notch as a result of TopCo's environmental strategies oriented to reduce the environmental impact when building the USV and/or other projects. Also, we consider these strategies to benefit the Company by increasing the possibility of refinancing its debt as sustainability goals are met.

It is also important to mention that we have decided to maintain the negative adjustment to the rating given that the Project is still under construction, creating uncertainty in the Free Cash Flow generation for the following periods.

#### **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 of 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, it is not yet generating income. For this reason, HR Ratings decided to give a negative notch due to the uncertainty risk this represents for the rating.

#### **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.



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS

**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:

- Construction Loan Agreement provided by a third party.
- Appraisal Report prepared by CBRE Valuation & Advisory Services, provided by a third party.
- Draw 28 provided by a third party.
- Construction Report #28 (May 2025) provided by a third party.
- Limited Recourse Guaranty provided by a third party.
- Completion Guaranty provided by a third party.
- Carry Guaranty 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 purely projected due to the Project is still in construction and will not be fully operational until 2026. 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:

- **Higher FCF than expected.** If the Company is able to generate higher FCF than expected, reflecting an average DSCR and DSCR with Cash above 0.8x and 1.2x respectively for 2025-2031, the rating could have a moderate positive impact.



- **Construction Timeline delay.** If the Company is not able to complete the construction of the 16 floors on the dates projected, it could generate a lower level of revenue than expected mostly in the 2025-2027 period. Therefore, the rating could have a minimum to strong negative impact.
- **Refinancing Risk.** We are considering in our scenarios the refinancing of US\$136.9m construction loan for 1Q27 as a new US\$142.0m credit facility with a lower pricing of SOFR + 375bps and a new maturity date in 1Q31 when we expect it to be refinanced again by 1Q35. If the Company is unable to refinance its debt in these two periods, our metrics would be negatively impacted and the rating could have a strong impact.
- **Higher than expected vacancy rate.** If the vacancy rate is higher in any of the periods projected than the percentage considered in our scenarios, it would also affect the revenue and FCF generation expected and the rating could have a minimum to strong negative impact.
- **Limit on Carry Costs and Interest Guaranty.** If the Project required an additional equity contribution to cover debt service exceeding the US\$16.0m limit of the Sponsor's Guaranty, the rating could have a strong negative impact.

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

- **Stronger competition.** If the Company is not able to adjust to a highly competitive environment in the US, affecting its revenue generation capability, the DSCR and DSCR with Cash would be impacted. If these metric levels are below 0.4x, this could have a negative moderate impact on the rating.
- **Lower US economic growth.** If the Company is not able to adjust to low economic growth in the US, it could affect its Free Cash Flow generation. If this is reflected in a weighted average Years of Payment metric of 18.6 during the forecasted period of 2025-2031, it could have a moderate 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 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.



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS

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.

- Our estimates consider a 2026-2031 revenue CAGR of 6.4%, mainly driven by the construction and beginning of operation of the Union Stadium Village project which is expected to be fully completed by middle-end of 2025. This revenue CAGR incorporates the expected decrease in the vacancy rate from 18% to 7%.
- We are considering higher revenue levels than operating expenses once the Project reaches full occupancy by the end of 2026, meaning we project positive EBITDA levels for the 2026-2031 period. Thus, we expect the income generation capability to gradually increase, reaching this way an EBITDA margin of 61.9% in 2031 and an average margin of 57.9% for the 2026-2031 period.
- In terms of the Project investment, we expect that the total construction costs will be US\$210.6m by 3Q25 and an additional US\$9.0m equity contribution in 2025-2026 to cover debt service obligations. This would result in a total investment of US\$219.6m.
- Regarding debt, we expect that the Company will make use of the entire US\$136.9m Credit Facility from 2023 to 2026 in order to fund the construction of the USV project. This construction loan has an interest rate of SOFR + 4.75% and a maturity date of 2027. When we also project to transition into a new US\$142.0m loan with a 100 basis points lower spread (SOFR + 375bps), as we assess a reduced risk subsequent to the completion of the construction. Followed by a second refinancing in 1Q31 with maturity in 1Q35 with the same characteristics as the first refinancing. It is important to mention that we are considering the amortization of the original loan and the first refinancing in our Net Debt Service metrics.



- As a result of the above, in our base scenario we expect a weighted average DSCR and DSCR with Cash of 0.6x and 0.9x for 2025-2031, respectively.
2. Analysis, using specific examples, of how each of the assumptions identified in the preceding paragraph impacts the credit rating:
- If the Company's revenue generation during the period projected (2025-2031) is 14.8% lower than our baseline projections, it could result in a lower rating.
  - Regarding our EBITDA margin, if there is an increase in recoverable and non-recoverable expenses that would lead to an average EBITDA margin of 51.9% for 2026-2031 (vs. 57.9% on our base scenario), the rating could be impacted negatively.
  - A lower rating could result if the budget for the construction of the USV project is upsized and the new construction needs are funded through additional debt, surpassing the US\$136.9m loan originally considered, the rating could have a negative impact.
  - In the event that the Company's total debt and net debt increase of 3.9% and 6.9% respectively vs. our base scenario, this would increase its LTV metric above ~72%, the rating could be negatively impacted.
  - Considering the previous point, if the weighted average DSCR with Cash decreases below 0.4x in the rating period (2025-2031), this could result in a lower rating.

**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.



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS

## 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, June 3, 2025

/s/ Elizabeth Martínez, Corporates Manager  
HR Ratings de México, S.A. de C.V.



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS

\*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](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

[comunicaciones@hrratings.com](mailto:comunicaciones@hrratings.com)



@HRRATINGS



HR RATINGS



WWW.HRRATINGS.COM



HR RATINGS