

X11 First Ave  
HR BB+ (G)  
Stable Outlook

US\$250m TL  
HR BB+ (G)  
Stable Outlook  
98372#AA8



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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
X11 First Ave	Assigned	Long Term Rating	<a href="#">HR BB+ (G) / Stable Outlook</a>
US\$250m TL	Assigned	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 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**

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



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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 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 suffers 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 consider third-party due diligence information 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.

**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:

- Phase 1 Environmental Assessment provided by a third party.



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- Closing Memo (July 9, 2025) provided by a third party.
- Investment Memo (April 2, 2025) provided by a third party.
- Mezzanine Loan Agreement (July 9, 2025) provided by a third party.
- Acquisition Loan Agreement (July 9, 2025) provided by a third party.
- Building Loan Agreement (July 9, 2025) provided by a third party.
- Status Report no. 1 (August 2025) provided by a third party.
- Appraisal Report by CBRE 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 generating income up to 2027. 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.** If the Project stabilizes faster than expected, FCF levels could benefit. If the weighted average Years of Payment for 2027-2033 is 12.3 years, the rating could reflect a minimum positive impact.
- **Delay in Dates.** A delay in both the expected completion date and stabilization of the Project could deteriorate the estimated FCF for the rating period. If the observed amount is US\$11,901k on a weighted average basis for 2027-2033 (compared to US\$14,841k baseline scenario), this could result in a Years of Payment of 18.3 for 2027-2033 (vs. 16.6 years in base scenario), which may lead to a moderate negative impact in the rating.



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- **Refinancing conditions.** If the refinancing loan does not have better conditions compared to the building loan in terms of maturity and interest rate, the rating could present a moderate 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:

- **Government switch in New York.** Due to the new major election, which includes several campaigns that could affect the city's rental environment, there is a potential risk if these campaigns are effectively implemented. This is mostly due to the possible freeze in rents, as well as the approach that seeks to increase supply.

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.

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)



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### 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.

- **Rent Revenue.** Our baseline scenario estimates total revenues of US\$33,201k in 2033. It is anticipated that the Property will begin to generate rental income in the third quarter of 2027, once the Project has been finalized. We are considering that there will be 426 residential units being leased with a vacancy rate of 8.2% once it reaches stabilization in 2029.
  - **Net Operating Income (NOI).** We expect that the Project will generate non-controllable expenses, such as real estate taxes, insurance, management fees and other non-recoverable expenses. We estimate that these expenses will represent ~40% of the total income generated by the Project and will result in an average NOI margin of 61.4% for the 2029-2033 period.
  - **FCF Growth.** We expect our FCF estimate to reach US\$20,121k in 2033. This is driven by the NOI levels and working capital requirements derived from an estimated 30-day accounts receivable turnover period and a 45-day supplier financing period.
  - **Debt Structure.** It is estimated that the Project will be financed by a US\$250,000k term loan with a credit facility that will be fully utilized by 3Q28. During the forecast period, and in accordance with the terms of the Credit Agreement, we anticipate that the interest rate on the facility will be SOFR plus a margin of 3.40%. The initial maturity date for the loan is 3Q28, and we expect that it will be refinanced through a new loan with improved conditions (applicable margin of 2.40% rather than 3.40%) and a five-year maturity until 3Q33. Therefore, it is anticipated that the Company will achieve a total debt of US\$250.0m and net debt of US\$222.1m by 2033.
  - **Debt Metrics.** The increase in cash of US\$27,945k at the end of 2033, will bring net debt down to US\$222,055k as of year-end 2033, compared to its peak of US\$248,018k at year-end 2028. These projections will be reflected in our metrics, resulting in an average DSCR and DSCR with cash of 1.2x and 1.6x for 2027-2033, respectively.
2. Analysis, using specific examples, of how each of the assumptions identified in the preceding paragraph impacts the credit rating:
    - In a scenario in which the Project presented a deterioration in the revenue levels from our baseline scenario through 2027-2033 due to a weaker revenue in all divisions, with residential revenue experiencing lower rental rate assumptions. We would anticipate a higher global vacancy rate of 12.0% during the projected period (compared to 8.2% in the



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baseline scenario). This could result in a projected revenue of US\$29,037k in 2033 (compared to US\$33,201k in the baseline scenario). Therefore, the rating could have a negative impact.

- In terms of NOI, if the Company were to have higher operating expenses due to reduced efficiency and deviations from their projections, it could result in a NOI of US\$17,068k in 2033 and a cumulative difference of -19.0% compared to the baseline scenario. In addition, if the Project presented a weighted average NOI margin of 51.2% for the 2027-2033 period (compared to 56.0% in the baseline scenario), the rating could be negatively impacted.
- If the Project presented a cumulative difference of -19.8% against our baseline scenario due to a decline in NOI and elevated working capital requirements, which could be led by an increase in account receivables average days to 35 days (compared to 30 days in the baseline scenario) and in the average suppliers' days decrease to 40 days (compared to 45 days in the base scenario), the rating could have a negative impact.
- If the Company required to refinance a higher debt of US\$258,808k in 2028 and again in 3Q33, which is a larger amount than the US\$250,000k expected in the base scenario. Also, with worst conditions than the assumed in our base scenario with a pricing of SOFR + 3.4% (+100bps vs. the spread projected in the base scenario). The rating could be negatively impacted.
- If the Project presented a weighted average DSCR and DSCR with cash through 2027-2033 of 0.8x and 1.0x respectively and a years of payment to FCF of 15.7 years in 2033 (vs. 11.0 years in the baseline scenario). Also, a Loan to Value metric of 76.3% (vs. 72.7% in our base scenario). The rating could have a negative impact.

#### **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.



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## 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, November 12, 2025

/s/ Elizabeth Martínez  
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.

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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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