

FIBRA Macquarie Mexico

Type of Engagement: Sustainability Linked Loan Annual Review

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Introduction

FIBRA Macquarie Mexico (“FIBRA Macquarie” or the “Borrower”) is a Mexican real estate investment trust engaged in the acquisition, ownership, and leasing of real estate properties in Mexico. Established in 2012, FIBRA Macquarie is headquartered in the Mexico City and owns 255 industrial and retail properties as of December 2022.

In March 2022, Sustainalytics provided a Second-Party Opinion on the FIBRA Macquarie Mexico Sustainability-Linked Loan and assessed the selected KPIs as being relevant and material to the Borrower’s overall business and its sustainability objectives. In April 2022, FIBRA Macquarie signed a Sustainability Linked Loan (SLL) whose financial characteristics are associated with a Key Performance Indicator (KPI) tied to one Sustainability Performance Target (SPT), reflective of the progress on a material sustainability-related issue for the Borrower. FIBRA Macquarie has disclosed that the financial characteristics of the SLL will be tied to achievement of the SPT in the form of a five basis points increase in the applicable margin if the KPI is below the SPT as of the observation date, and a five basis points decrease if the KPI is at least equal to the SPT. The final observation date of the issuance is December 2026.

In February 2023, FIBRA Macquarie engaged Sustainalytics to review the FIBRA Macquarie’s progress on the KPI towards achieving the SPT at the end of 2022.

Evaluation Criteria

Sustainalytics evaluated the alignment of the SLL with the following elements as previously agreed between the Borrower and the lenders:

1. The reporting practice of the Borrower on the KPI;
2. Calculation and measurement of the KPI; and
3. The progress towards achieving the SPT agreed between the Borrower and the lenders

Table 1 lists the KPI and SPT agreed upon for the SLL.

Table 1: SPT and KPI

KPI	KPI Description	SPT 2026	Baseline Date
Percentage of certified industrial gross leasable area (GLA) over total Industrial portfolio GLA	The fraction, expressed as a percentage, obtained by dividing (a) the gross leasable area of Industrial Properties that have been certified by reputed green building certifications, such as Leadership in Energy and Environmental Design (LEED), BOMA BEST or EDGE by (b) the total gross leasable area of all Industrial Properties.	Increase the percentage of certified industrial portfolio GLA to 40.0% by 2026 from a 2021 baseline	2021

Issuing Entity’s Responsibility

FIBRA Macquarie is responsible for providing accurate information and documentation relating to the details of the KPI calculation and performance.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of FIBRA Macquarie’s SLL. The work undertaken as part of this engagement

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included collection of documentation from FIBRA Macquarie employees and review of documentation to confirm the conformance with the agreed upon details of the SLL.

Sustainalytics has relied on the information and the facts presented by FIBRA Macquarie with respect to the KPI and the SPT. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by FIBRA Macquarie.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Internal Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, FIBRA Macquarie measurement of and reporting on its progress toward achieving its SPT do not conform with its commitments in the loan document.

Detailed Findings

In Table 2, Sustainalytics provides the details of its assessment, that formed the foundation of the overall assessment.

Table 2: Detailed Findings

Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Sustainability Performance	Review of achieved performance on the KPI to determine if it is aligned with the SPT agreed on between the Borrower and the lenders as outlined in Table 1.	FIBRA Macquarie has progressed towards the achievement of the SPT by increasing its share of Industrial portfolio GLA certified by reputed green building certifications, surpassing its interim target for 2022 of 15%. Please see Appendix 1 for more information.	None
Reporting	Review of the reporting practices to make and keep readily available up-to-date information relating to the SPT as agreed on between the Borrower and the lenders.	FIBRA Macquarie has confirmed to Sustainalytics that it will privately report the performance of the KPI in 2022 to the lenders.	None
Calculation and measurement of KPI	Review of calculation and methodology used for the KPI.	FIBRA Macquarie's approach to measuring the KPI is clear and consistently applied across the years under observation and on the historical performance as outlined in the credit agreement.	None

¹ Sustainalytics' limited assurance process includes reviewing the documentation relating to the details of the KPIs and SPTs that have been agreed upon, including data on performance of the KPIs, KPI reporting, calculations and verification conducted for the baseline data. The Borrower is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Progress towards the Sustainability Performance Target

Green building certification scheme	2020	2021	2022
LEED ("Gold" or above) certified industrial GLA ²	217,455	217,455	217,455
EDGE certified industrial GLA	0	1,654,855	8,758,441
Total industrial GLA of the property portfolio	29,954,676	29,904,008	30,452,457
Total Certified Industrial GLA (sqft)	217,455	1,872,310	8,975,896

KPI	Baseline (2021)	Performance (2022)	Commentary	SPT (2026)
Percentage of certified industrial gross leasable area (GLA) over total Industrial portfolio GLA	6.26%	29.48%	Surpassed interim target for 2022 by 14.48 percentage points	40.0%

² Sustainalytics notes that the figures pertaining to the LEED-certified Industrial GLA are contrary to those included in the 2022 Second-Party Opinion provided by it on the FIBRA Macquarie Mexico Sustainability-Linked Loan. FIBRA Macquarie has communicated to Sustainalytics that the changes have been made due to the exclusion of a property (from FIBRA Macquarie's portfolio of certified industrial GLA) that did not meet the minimum green building certification criteria it originally intended to achieve. Sustainalytics notes that the noted change does not impact its assessment of the achievement of the KPI in the reporting year (2022).

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