

Vinte Viviendas Integrales, S.A.B. de C. V.

Type of Engagement: Annual Review

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Introduction

In 2018, Vinte Viviendas Integrales, S.A.B. de C. V. (“Vinte”) issued a sustainable bond aimed at financing expenditures related to sustainable community development projects in Mexico, targeting customers between the low to medium-high income range. In May 2019, Vinte engaged Sustainalytics to review the projects funded through the issued sustainability bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Vinte Sustainability Bond Framework.

Evaluation Criteria

Sustainalytics evaluated Vinte’s sustainable community development projects financed until the end of December 2018 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Sustainability Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria, funded by the sustainability bonds, outlined in the Sustainability Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and Key Performance Indicators (KPIs)

Use of Proceeds	Eligibility Criteria				KPIs
Sustainable Community Development Land location and home developments should consider the following social and environmental requirements: <ul style="list-style-type: none"> • Build schools within the development or have close proximity to facilities; • Proximity to healthcare facilities; • Close access to public transportation; • Road infrastructure and connectivity; • Proximity to police stations and entrance security and surroundings; • Include designated areas such as playgrounds, commercial areas, green spaces; 	<ul style="list-style-type: none"> • All Vinte’s eligible projects must serve targeted populations as defined below: 				<ul style="list-style-type: none"> • Number of houses built within each segment; • Number of residents living in the built community (average); • Number of schools built; • Number of equipped parks built; • Roads built (kms); • Medical facilities; • Percentage of homeowners financing mortgages
	Segment	Social housing	Medium housing	Medium-high	
	Family Monthly Income (MXN\$ 000)	5-18	19-44	45-96	
	Times of Minimum Wages*	2-7	7-16	16-36	
	Socio-economic Level**	D/D+	C	C+	
	Price Level (MXN\$ 000) ***	340-550	550-1,100	1,100-3,500	
	Size (m ²)	45-60	65-83	95-167	
	*Target population is classified according to the income level. In Mexico, income level could be measured by the number of times of the				

<ul style="list-style-type: none"> • Pre-establish a Civil Association per housing development for residents to be well organized; • Green spaces; • The use of sustainable construction materials; • Include base kit with efficient lightning (LED), efficient 4 liters by discharge toilets, efficient watering machines and sinks, efficient step heater and insulating slab or thermal system; • Build water treatment infrastructure and recharging wells and lagoons that recover 80% of pluvial water into the aquifer. 	<p>official Minimum Wage, which, currently is equivalent to a monthly income of MXN \$2,686. Therefore, in the table above the target population for the social housing segment is a family that earns between two times the minimum wage (MXN\$5,372) and seven times the minimum wage (MXN\$18,802). The reason for using the unit of minimum wage is explained by very high inflation periods in the past where this unit was a better reference than an absolute number in the local currency.</p> <p>** AMAI Socioeconomic Levels: the Mexican Association of Market and Public Opinion Research Agencies (Spanish acronym AMAI) developed a classification that offers a powerful and uniform reference tool to study, classify, and explain the country's markets. The current socioeconomic level index groups homes in six levels, based on an assignment tree considering 13 variables: (1) education of the head of household, (2) number of rooms, (3) number of bathrooms with showers, (4) type of floor, (5) number of light bulbs and ownership of (6) car, (7) hot water heater, (8) automatic washing machine (9) VCR, (10) toaster, (11) vacuum cleaner, (12) microwave oven, and (13) PC. This algorithm is known as AMAI rule 13*6.</p> <p>*** Price range defined by Vinte according to the target market</p>	<p>through entities, such as Infonavit and Fovissste vs banks;</p> <ul style="list-style-type: none"> • Number of water treatment plants built and their capacity.
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Issuing Entity's Responsibility

Vinte is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Vinte's Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Vinte's employees and review of documentation to confirm the conformance with the Vinte Sustainability Bond Framework.

Sustainalytics has relied on the information and the facts presented by Vinte with respect to the Nominated Projects. 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 Vinte.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bond 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, the reviewed sustainable community development projects, funded through proceeds of Vinte's sustainability bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Sustainability Bond Framework. Vinte has disclosed to Sustainalytics that the net proceeds of the sustainability bonds were fully allocated by December 31, 2018.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Errors or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bonds in 2018 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Sustainability Bond Framework and above in Table 1.	The sustainable community development projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in 2018 to determine if impact of projects were reported in line with the KPIs outlined in the Sustainability Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	The sustainable community development projects reviewed reported on at least one KPI.	None

¹ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Allocation Reporting by Projects

Development	City	Allocations reported (approximately, in MXN)
Real Granada	Tecámac	82,411,800
Real Solare	Querétaro	81,938,563
Real Amalfi	Playa del Carmen	77,844,880
Real Vizcaya	Tecámac	67,940,325
Real Castilla	Tula	60,799,344
Real Bilbao	Playa del Carmen	56,867,017
Real Navarra	Pachuca	54,371,465
Montalto	Monterrey	50,080,222
La Vista	Querétaro	43,159,547
Real Segovia	Puebla	42,005,604
Real Madeira	Pachuca	37,990,208
Real Catania	Cancún	32,083,434
Real Lucerna	Playa del Carmen	24,530,203
Real Valencia	Cancún	23,716,467
Real Cayara	Querétaro	20,165,318
Real Alcalá	Tecámac	18,544,207
Queralt	Querétaro	973,844
	Total	775,422,447

Appendix 2: Impact Reporting by Use of Proceeds

Development	City	Homes built by segment (by Mar 2019)			Total homes built	Number of residents living in each community ²	Number of water treatment plants built ³ (in equivalent number of homes served ⁴)	Hydro infrastructure built (in equivalent number of homes served ⁴)	
		Social housing	Medium housing	Medium-high housing				Water wells	Pluvial infrastructure
Real Granada	Tecámac	291	465	-	756	2,797	756	4,000	4,000
Real Solare	Querétaro	276	154	3	433	1,602	2,300	-	2,800
Real Amalfi	Playa del Carmen	-	128	40	168	622	168	168	168
Real Vizcaya	Tecámac	-	67	78	145	537	145	-	-
Real Castilla	Tula	303	55	3	361	1,336	5,400	2,000	2,000
Real Bilbao	Playa del Carmen	-	450	-	450	1,665	450	450	450
Real Navarra	Pachuca	187	181	3	371	1,373	-	-	2,690
Montalto ⁵	Monterrey	-	-	-	-	-	-	-	-
La Vista	Querétaro	-	-	19	19	70	364	-	-
Real Segovia	Puebla	148	229	-	377	1,395	580	3,404	3,404
Real Madeira	Pachuca	-	23	87	110	407	-	-	-
Real Catania	Cancún	-	67	46	113	418	113	113	113
Real Lucerna	Playa del Carmen	-	-	-	-	-	-	-	-
Real Valencia	Cancún	115	41	-	156	577	156	156	156
Real Cayara ⁵	Querétaro	-	-	-	-	-	-	-	-
Real Alcalá ⁵	Tecámac	-	-	-	-	-	-	1,500	-
Queralt ⁵	Querétaro	-	-	-	-	-	-	-	-
Total		1,320	1,860	279	3,459	12,798	10,432	11,791	15,781

² Estimates based on the average number of occupants (2015) of 3.7 people in private housing units in Mexico, as reported by INEGI. INEGI, Housing units: <http://en.www.inegi.org.mx/temas/vivienda/>

³ The Water Treatment Capacity ((in Liters per second) varies by development.

⁴ Estimates show the equivalent number of homes that are benefitted by built water and hydro infrastructure for each development of investments from the sustainable bond.

⁵ The developments with no reporting on homes built are investments in new construction sites and will be reported further next year.

	Environmental and/or Social Impacts
Additional investments (built infrastructure) for overall projects	<ul style="list-style-type: none">• Number of schools built = 5• Parks built with area of more than 42,126.03 m²• Real Granada portfolio of 56 homes certified with EDGE,⁶ achieving 41% energy savings, 23% water savings, and 63% less embodied energy in materials.

⁶ The World Bank Group, EDGE in Mexico: <https://www.edgebuildings.com/certify/mexico/>

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