

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

Type of Engagement: Annual Review

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Introduction

In 2018 and 2019, Vinte Viviendas Integrales, S.A.B. de C. V (“Vinte” or the “Company”) issued sustainability bonds aimed at financing affordable housing. In 2020, Vinte engaged Sustainalytics to review the projects funded through the issued sustainability bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Vinte Sustainable Bonds Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2018, 2019 and 2020 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Vinte Sustainable Bonds Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Vinte Sustainable Bonds Framework.¹

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated 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 through entities, such as Infonavit and Fovissste vs banks;
	Segment	Social housing	Medium housing	Medium-high	
	Family Monthly Income	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 ***	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 official Minimum Wage, which, currently is equivalent to a monthly income of MXN \$2,686.				

¹ Sustainalytics notes that the total allocation to projects provided includes proceeds from three bond issuances Vinte 18X, Vinte 19X & Vinte 19-2X. As such, impact reporting is aggregated from all issuances.

<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>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>	<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 employees and review of documentation to confirm the conformance with the Vinte Sustainable Bonds 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 Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of

² 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.

Vinte’s Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Vinte Sustainable Bonds Framework.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bond in 2018 and 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Vinte Sustainable Bonds Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in 2018 and 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Vinte Sustainable Bonds Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendices

Appendix 1: Impact Reporting by Eligibility Criteria

Eligible Projects	Location	Amount (MXN)
Real Granada	Tecámac, State of Mexico	105,444,772.22
Real Vizcaya	Tecámac, State of Mexico	37,589,053.36
Real Navarra	Pachuca, Hidalgo	53,017,461.28
Real Madeira	Pachuca, Hidalgo	41,647,507.88
Real Bilbao	Playa del Carmen, Q. Roo	26,024,097.22
Real Amalfi	Playa del Carmen, Q. Roo	36,393,274.10
Real Lucerna	Playa del Carmen, Q. Roo	42,214,827.83
Real Solare	Querétaro, Qro.	100,310,231.32
Real Cayara	Querétaro, Qro.	918,780.23
La Vista	Querétaro, Qro.	43,435,802.05
Queralt	Querétaro, Qro.	534,455.26
Real Castilla	Tula, Hidalgo	50,571,312.73
Real Valencia	Cancún, Q. Roo	25,022,524.69
Real Catania	Cancún, Q. Roo	32,269,253.21
Real Segovia	Puebla, Pue.	61,677,961.94
Montalto	Monterrey, Nuevo León	23,950,345.98
Real Alcalá	Tecámac, State of Mexico	4,657,850.83
Total Net Proceeds		685,679,512.13

Appendix 2: Impact Reporting by Eligibility Criteria

Development	Homes built by segment (between Q3 2018 and Q1 2020)			Total homes built	Number of residents living in each community ³	Water Treatment Capacity (# of homes)	Hydro infrastructure built (in equivalent number of homes served ^{Error! Bookmark not defined.})	
	Social housing	Medium housing	Medium-high housing				Water wells	Pluvial infrastructure
Real Granada	377	1,252	–	4,428	10,649	1,380	4,000	4,000
Real Solare	276	821	3	4,717	11,344	5,399	5,399	2,800
Real Amalfi	–	324	40	560	1,347	609	609	609
Real Vizcaya	–	163	173	375	902	273	273	273
Real Castilla	662	197	3	2,876	6,917	5,400	2,000	2,000
Real Bilbao	–	630	–	1,959	4,711	450	450	450
Real Navarra	188	465	3	1,616	3,886	681	681	2,690
Montalto	–	–	7	7	17	19	19	19
La Vista	–	–	84	131	315	547	547	547
Real Segovia	379	494	–	1,517	3,648	773	3,404	3,404
Real Madeira	–	159	117	415	998	294	294	294
Real Catania	–	178	66	255	613	132	132	132
Real Lucerna	–	6	–	6	14	218	218	218
Real Valencia	118	143	–	1,050	2,525	247	247	247
Real Alcala	–	–	–	–	–	–	1,500	–
Total	2,000	4,832	496	19,912	47,888	16,422	19,773	17,683

Key Performance Indicator	As of March, 2020 ⁴
Schools built and donated (total #)	12
Parks built with area of more than:	61,627 m3
EDGE Certified Homes	3,916 (including 147 EDGE Advanced homes) with total annual savings in 2,408 tCO2 per year and approximately 31% Energy Savings, 38% Water Savings and 67% Embodied Energy in Materials Savings.

³ 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/>

⁴ From a baseline date of Q3 2018.

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Sustainalytics

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