



Sustainability Bond Allocation & Impact Report

April 2024

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Introduction and Background

Fondo MIVIVIENDA S.A. (“FMV” or “the Company”) is a wholly owned Government entity established in 1998. The Company’s mission is to provide access to adequate and affordable housing to lower- and middle-income working families and individuals. FMV performs an articulating role as the key link between players in the retail mortgage market: Families, Regional and Local Governments, Intermediate Financial Institutions and Real Estate Projects.

By design, FMV has an inherent social component, standing as a fundamental pillar in the Peruvian Housing Developing Program, which aims to reduce housing deficit across the country by boosting access to quality housing. In 2015 FMV introduced the Sustainable MiVivienda Program (“MiVivienda Sostenible”) where it developed specific sustainability criteria to determine eligibility of housing projects under the “MiVivienda Verde” mortgage loan. These standards are based on the Peruvian sustainable building code and include water and energy savings, biking spaces, building strategies adapted to local bioclimatic conditions, and a solid waste management plan during the construction phase. Projects are segmented in three levels (I+, II+, III+) depending on the degree of alignment to sustainability criteria (see Appendix A of FMV’s Sustainable Financing Framework).



FMV acts as one of the cornerstones in the National Strategy for Development and Social Inclusion, specified in the Peruvian Sustainable Framework as "Access to affordable housing, education and essential health services". As such, in March 2022, FMV adopted its Sustainable Financing Framework, which focuses on financing for the purchase, construction, renovation or maintenance of affordable housing, including certified sustainable housing units, that meet certain criteria as defined in Appendix A of the FMV Sustainable Financing Framework.

On Thursday, April 7th, 2022, the FMV priced a US\$600mm 4.625% Sustainability Bond due 2027 aimed at financing or refinancing Eligible Green and Social Projects as defined in the Sustainable Financing Framework.

Financial Characteristics of the Sustainability Bond

Issuer:	Fondo Mivivienda S.A.
Ranking:	Senior Unsecured Notes
Format:	144A/REG S
Maturity:	April 12, 2027
New Issue:	US\$600,000,000
Net proceeds after expenses	US\$596,528,000
ISIN:	US344593AF57
Coupon:	4.625%
Yield:	4.704%
Price:	99.625
Use of Proceeds:	Eligible Green and Social Projects related to Affordable Housing

Use of Proceeds

Eligible Social Projects

SBP Eligible Project Category	Eligibility Criteria and Example Projects	UN SDG Objectives
<p>Affordable Housing</p> <p><i>Target population:</i> Individuals who are considered to be underserved in quality access to affordable housing, including first-time homeowners in low- and moderate-income areas¹ in Peru</p>	<p>Financing and subsidies for the purchase, construction, renovation, or maintenance of housing units that meet the following requirements:</p> <ul style="list-style-type: none"> Value of housing unit is PEN 61,200 to PEN 436,100 (~US\$16,549 and ~US\$125,528)²; and Borrower must not already own or co-own another housing property in Peru 	

Eligible Green Projects

Fondo MiVivienda’s eligible green projects are a subset of its total portfolio, which is entirely social in nature and based on the criteria described above. As such, Fondo MiVivienda will not knowingly allocate proceeds to assets and expenditures under Eligible Green Projects which received an allocation of proceeds under Eligible Social Projects, or vice-versa.

GBP Eligible Project Category	Eligibility Criteria and Example Projects	UN SDG Objectives
<p>Green Housing</p>	<p>Financing and subsidies for the purchase, construction, renovation, or maintenance of certified sustainable housing units (“Sustainable Housing”) through the “MiVivienda Sostenible” program, with the following characteristics:</p> <p>Eligible Sustainable Housing projects must be located less than 55 km from the center of a city of more than 100,000 inhabitants for the Lima region, or less than 30 km from the center of a city of more than 50,000 people elsewhere in the country and be formally certified ex-ante and ex-post by independent auditors according to the criteria set out by Fondo MiVivienda. Projects certified as sustainable are classified based on different levels of sustainability as follows: I+, II+ and III+, each of them with conditions that incorporate sustainable technology as detailed below:</p>	

¹ As defined by the World Bank’s INEI institute tin Peru ELL methodology. In 2020 geographical urban areas were grouped according to 5 ranges based on economic strata – SES (Upper, Upper Middle, Middle, Lower Middle and Low). Due to the values of the homes financed, borrowers generally will reside in geographic areas designated as Middle and Lower Middle (Moderate), and Low stratas.

² USD equivalent based on March 21st, 2024 conversion rates. Thresholds are re-evaluated on an annual basis and may be adjusted based on local market conditions. Additionally, in April 2023, the FMV board decided to eliminate the 5° range value of housing from the Mivivienda credits (Affordable Housing and Green Housing) as of July 2023. Therefore, at the end of 2023, the value of housing is PEN 343,900 (~US\$ 92,996) at most.

	<ul style="list-style-type: none"> • Level I+: water and energy savings, water heating, building strategies adapted to local bioclimatic conditions, recycling and waste management plan during the construction phase, use of sustainable materials, and incorporation of urban sustainable mobility infrastructures such as biking spaces and optical fiber • Level II+: meets all conditions of Level II+, and also includes renewable energy generation equipment, and energy efficient appliances and equipment • Level III+: meets all conditions of Level II+, and also includes wastewater treatment facility, common areas with the purpose of fomenting economic and social activities for residents <p>Financing and subsidies for Level I+, II+ and III+ certified Sustainable Housing are eligible projects under this Framework. The complete Sustainable Housing certification criteria is described in Appendix A.</p>	
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Process for Evaluation and Selection

The Eligible Green and Social projects were identified and selected in accordance to the process described in the Offering Memorandum dated April 7th, 2022, involving key representatives from our Real Estate Projects Department (“REPD”), our operations and our finance departments.

Representatives from the REPD verified that housing projects submitted by developers met the required sustainability criteria to be certified as Green Eligible Projects. Afterwards, our operations department accounted for the associated disbursements to eligible borrowers and representatives from our finance department reviewed and selected the assets.

Allocation and Impact Report

This allocation report considers disbursements made from January 1st, 2021 to August 31, 2023. As of this date, US\$490 million or 82% of the US\$596 million in net proceeds from the 4.625% notes due 2027 have been allocated to Eligible Green Projects and US\$106 million or 18% of the US\$596 million in net proceeds from the 4.625% notes due 2027 have been allocated to Eligible Affordable Housing Projects ³. Approximately 58.6% of the proceeds were allocated to disbursements made prior to the settlement date of the bond.

Eligible green projects are a subset of Fondo MiVivienda's affordable housing program, and as a baseline meet the eligibility criteria and target population requirements for Affordable Housing as defined above, in addition to the Green Housing criteria.



Impact Metrics⁴

Number of Sustainable Affordable Housing units financed	Nº 13,041
Number, dollar-amount of financing for Sustainable Affordable Housing	\$596,590,437
% of energy use reduced vs local baseline ⁵	27.44%
% of renewable energy generated on site	0.5%
Annual GHG emissions reduced in tonnes of CO ₂ equiv. vs local baseline EDGE certification level ⁶	3,928.80 T CO ₂ e
% of water reduced vs local baseline ⁷	30.47%

³ Credit disbursements are PEN denominated and have been converted to USD for the purposes of this allocation report using the exchange rate of the disbursed date of each credit.

⁴ The impact metrics are calculated based on ex ante estimates of annual impact related to the requirements of FMV's certification procedure. We evaluate a representative sample of projects related to each credit disbursement which represents in a confidence level of 95% and a margin of error of 2.5% (see Appendix B).

⁵ Local baseline defined based on 2015 IFC study. Calculations based on EDGE online calculator (see Appendix B).

⁶ The EDGE certification requirement was selected as the local baseline after 2015 when IFC conducted a baseline study on water use and energy use in Peru. Calculations based on EDGE online calculator.

⁷ Local baseline defined based on a 2015 IFC study. Calculations based on EDGE online calculator.

Amount of waste reduced, reused or recycled in % of total waste	1%
Waste removed in tonnes	88,136.08T

Project Spotlights

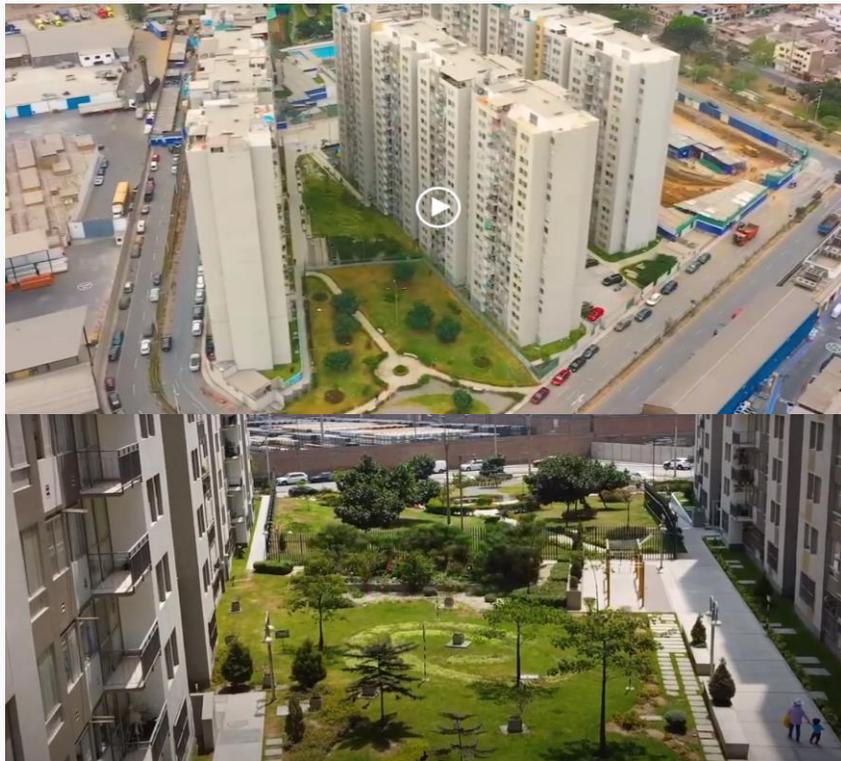
Nuevo Nogales (III+ certified project with 3,000 sustainable affordable housing units) – BESCO SAC, Lima

Residential affordable housing project located in El Agustino district in Lima. Towers 7,8,13-18.

- 3,000 sustainable affordable housing units
- 280 units financed each year
- Certified as sustainable since 2017
- III+ Level Certified project by Mivivienda Sostenible Program

Savings:

- 27.36% of water reduced
- 29.15% of energy use reduced
- 34.22% less embodied energy in materials
- 9.89 tCO2/Year /Home



Parque de Comas (III+ certified project with 10,000 sustainable affordable housing units) – BESCO SAC, Lima

Residential affordable housing mega project located in Comas district in Lima.

- 10,000 sustainable affordable units
- 800 units financed each year
- Certified as sustainable since 2018
- III+ Level Certified project by Mivivienda Sostenible Program



Savings:

- 28.94% of water reduced
- 29.82% of energy use reduced
- 45.85% less embodied energy in materials
- 6.42 tCO₂/Year /Home



Appendix A

TABLE N°1								
DETAIL OF ELIGIBILITY REQUIREMENTS BY CRITERIA								
N°	CATEGORY	CRITERIA	SUB-CRITERIA	LEVEL I+ TO III+	N°	N°	ELIGIBILITY REQUIREMENTS	
1.00	WATER	Rational Water Consumption	Low consumption hydro sanitary equipment	I+ to III+	1	1.1	Installation of low-consumption washbasins taps.	
					2	1.2	Installation of low-consumption sink taps.	
					3	1.3	Installation of low-consumption shower taps.	
					4	1.4	Installation of low consumption toilets.	
					5	1.5	Installation of water reserve tank (tank or elevated tank).	
					6	1.6	Installation of technical irrigation systems for green areas.	
			Measurement		7	1.7	Installation of independent measurers or counters.	
			Water Reuse	Maximize wastewater	III+	8	1.8	Installation of wastewater treatment plant or other treatment system for irrigation of green areas.
		9				1.9	Installation of wastewater treatment plant or other treatment system for reuse in toilets. *	
2.00	ENERGY	Energy Efficiency	Low consumption lighting systems	I+ to III+	10	2.1	Installation of low energy consumption lighting in common areas.	
					11	2.2	Installation of low energy consumption lighting in housing units.	
					12	2.3	Installation of motion sensors in common areas. **	
				Installation of energy efficient equipment and systems	II+ to III+	13	2.4	Installation of low-consumption, centralized, storage or flow-through water heaters (energy efficient).
			14			2.5	Installation of photovoltaic system for electricity generation for indoor community areas. **	
			15			2.6	Installation of photovoltaic system for lighting of outdoor common areas or LED. **	
			Gas Network	Installation of natural gas network	I+ to III+	16	2.7	Installation of low energy electromechanical equipment.
		17				2.8	Installation of efficient heaters through natural gas.	
		18				2.9	Installation of centralized water heating system through natural gas.	
				19	2.10	Installation of natural gas network.		
3.00	BIOCLIMATIC	Promote thermal comfort	Bioclimatic strategies according to climatic zones	I+	20	3.0	Installation of technologies according to a bioclimatic strategy appropriate for each zone. **	
				II+	21			
				III+	22			
4.00	MATERIALS	Eco-Materials	Use of eco-materials	I+ to III+	23	4.0	Installation of eco-materials. **	
5.00	RESIDUES	Construction management	Construction recycling plan	I+ to III+	24	5.0	Implementation of an extended waste management and recycling plan in the project. **	

6.00	URBAN SUSTAINABILITY	Communication	Communication plan	I+ to III+	25	6.0	Extended communication plan (project + saving and recycling strategies). **
					26	6.1	Installation of "optical fiber".
		Sustainable mobility	Parking spaces for sustainable mobility	I+ to III+	27	6.2	Space for sustainable mobility parking for owners. **
		Economic and social sustainability	Complementary uses	III+	28	6.3	Commercial area. **
					29	6.4	Area for communal service. **
					30	6.5	Communal washing area (communal washing machines). **
					31	6.6	"Green roof" and/or bio-garden. **

- The eligibility requirement 1.8 to 1.9 shall be considered valid if one of the two alternatives is chosen.
- Eligibility requirement 2.4 will be considered valid with negative feasibility of the supplier of Natural Gas in the locality
- From the eligibility requirement 2.8 to 2.10, will be considered as valid any of these alternatives only counting on the positive feasibility of Gas Natural for the project, otherwise the application of the eligibility requirement 2.4 will be valid.
- Eligibility requirement 6.0 must include monitoring of water, electricity and natural gas consumption at all Certification Grades.
- Of the eligibility requirement 6.3 to 6.5 one of the three alternatives shall be considered valid.

*New approach in Phase II

**New criterion in Phase II from 2020.

Appendix B

Impact Metrics Methodology

The 13,096 disbursements linked to the issuance of sustainable bonds are associated with more than 100 projects certified as sustainable by FMV. To quantify the impact on emissions, water, energy, waste, etc. we identified a sample size of 14 projects that reflect the total allocation distribution across the three Levels of certification (10.25% in Level I +, 22.39 % in Level II + and 67.36% in Level III +). The sample size of associated disbursements implies a confidence level of 99% and a low margin of error of 2%.

All 14 projects in the sample were evaluated using the EDGE online tool. The evaluation was carried out by an external international certifier, AENOR. The results of this evaluation were tabulated and averaged in order to estimate the water and energy savings of the projects. In addition, CO2 emissions reductions were calculated based on the lowest value per year per housing project. We consider this is the most conservative estimate and therefore are confident that it is representative of the sample analyzed.