

## DISTRIBUTION OF THE CFE FIBRA E CORRESPONDING TO THE SECOND QUARTER OF 2022

### Steady Sailing with a long-term horizon

During the current distribution period, electricity consumption was in accordance with the seasonality of the Mexican Electricity Market, which reflects an increase in energy demand in relation to the first quarter of 2022. This distribution shows the good performance of the transmission sector electricity and the reactivation of the Mexican economy.

The electricity demand during the second quarter showed an exceptional recovery, showing levels above the equivalent months of 2021 and even 2019, exceeding market expectations. The defensive nature of the sector, in addition to the instrument's fundamentals, have allowed it to maintain firm navigation, despite the complex macroeconomic outlook.

CFE FIBRA E has the following competitive advantages:

- Profitability per certificate is above the sector,
- The flows derived from distributions are constant,
- The instrument does not have competition in the market and it has shown to be resilient during complex events under the current scenario and finally,
- The electricity industry has significant growth expectations.

**Mexico City, June 20th, 2022.-** CFECapital, S. de R.L. of C.V. announces the distribution of CFE FIBRA E, corresponding to the second quarter of 2022, which will be effective for investors on June 30th of the current year. In accordance with the regulation, the announcement was published through EMISNET.<sup>1</sup>

The pandemic caused by the SARS-CoV2 virus, the interruption in the international supply chain due to geopolitical conflicts, as well as the growing inflationary pressure, have maintained uncertainty in the productive sectors. In the latest survey on the expectations of private sector economics specialists in May, conducted by the Bank of Mexico, the following results stand out:

Given the growing inflationary pressure, the Bank of Mexico has maintained a hawkish tone by raising its reference rate by 50 basis points for the third consecutive time this year, setting it at 7.0%. These actions are in line with the announcements made by the Federal Reserve of the United States (FED) and the central banks around the world, which have raised their reference rates, due to the high inflation presented during the first quarters of 2022. Although the monthly data for April and May suggest that the inflation peak has passed, it is important

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<sup>1</sup> Electronic System of Communication of Securities Issuers, of the Mexican Stock Exchange (BMV).

to follow its performance very closely. Based on Banco de México estimates, inflation is expected to remain at the end of the year in a range between 6% and 7%.

Compared to other FIBRAs, the CFE FIBRA E certificates have maintained a positive yield, and a stable dividend payment, showing the profitability of the transmission sector and its solvency in expected cash flows. The dividend yield of FIBRA E stands at **10.54%**, which is above its peers.

**Table 1. CFE FIBRA E net dividend yield vs other REITs**

REITs	Yield per Dividend
CFE FIBRA E	<b>10.54%</b>
FUNO11 MM	10.00%
FIBRAMQ MM	7.68%
TERRA13 MM	7.26%
IDEALB1 MM	2.63%
FIBRAPL MM	4.73%

Source: CFECapital with data extracted from Bloomberg as of June 6<sup>th</sup>, 2022.

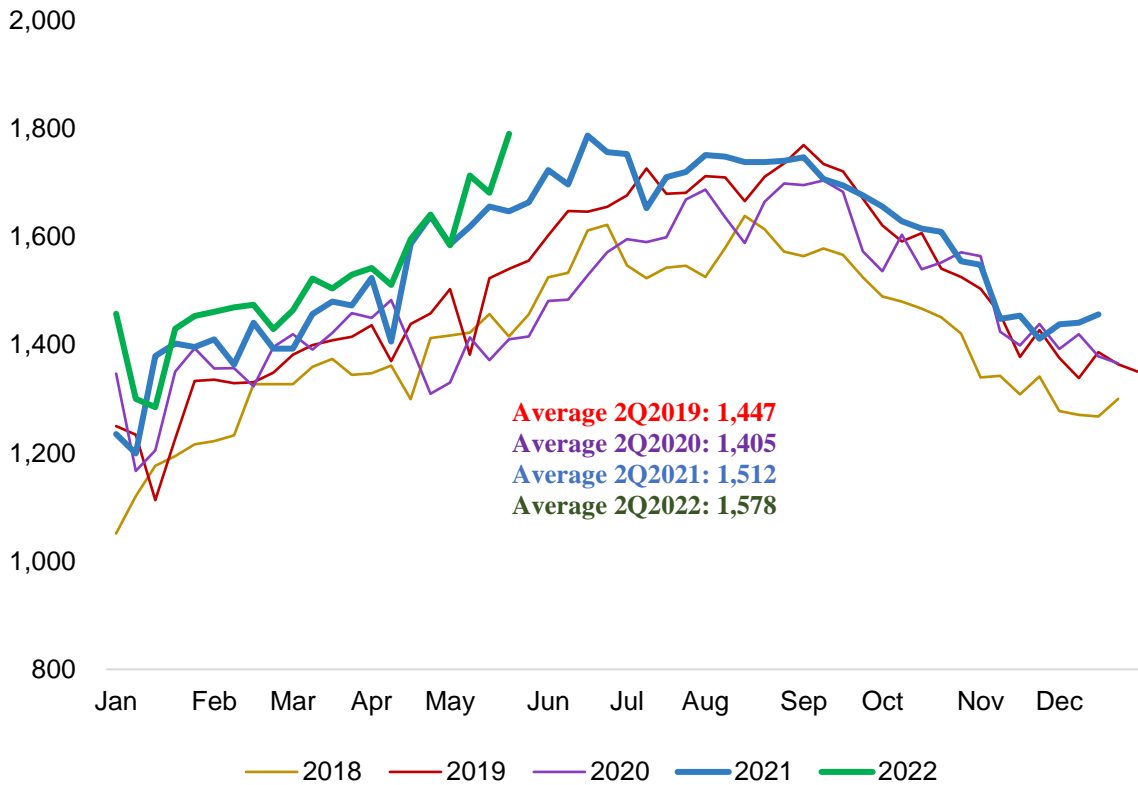
The period that includes the distribution of the Second Quarter of 2022 is made up of 13 weeks of operation -corresponding to the months of March, April and May 2022- and considers a total distribution of \$0.8576 MXN/CBFE for Series A (FCFE18) and for Series B (FCFE18-2). **The present distribution has been the highest of the second quarters of previous years since the constitution of the CFE FIBRA E**, showing consistency in the growth premises.

The most outstanding aspects of the distribution, as well as its composition, are detailed below:

- Due to the seasonality observed in the electricity transmission sector, during the present distribution there is a growth in the demand for electricity compared to the immediately previous quarter, however, it is not the quarter with the highest consumption of electricity, that it is the third quarter.
- The rate for the provision of the electricity transmission service in Mexico, from January 1 to December 31 of the current year (or until the approval of the new rate methodology) **had an increase of 1.71%.<sup>2</sup>**
- Collection rights during the second distribution period registered an **increase of 4.36% compared to the equivalent period of the previous year.**

<sup>2</sup> Weighted average of electricity rates (Required Income= 30% generators, 70% consumers). [http://www.dof.gob.mx/nota\\_detalle.php?codigo=5610652&fecha=29/01/2021](http://www.dof.gob.mx/nota_detalle.php?codigo=5610652&fecha=29/01/2021).

**Graph 1. Weekly income of CENACE**  
Millions of pesos (MXN)



Source: Statement of Account of the Promoted Trust (May 2022).

Note: Distribution of the Second Quarter of 2022: From March 1st, 2022 to May 31st, 2022. Rounded Figures.

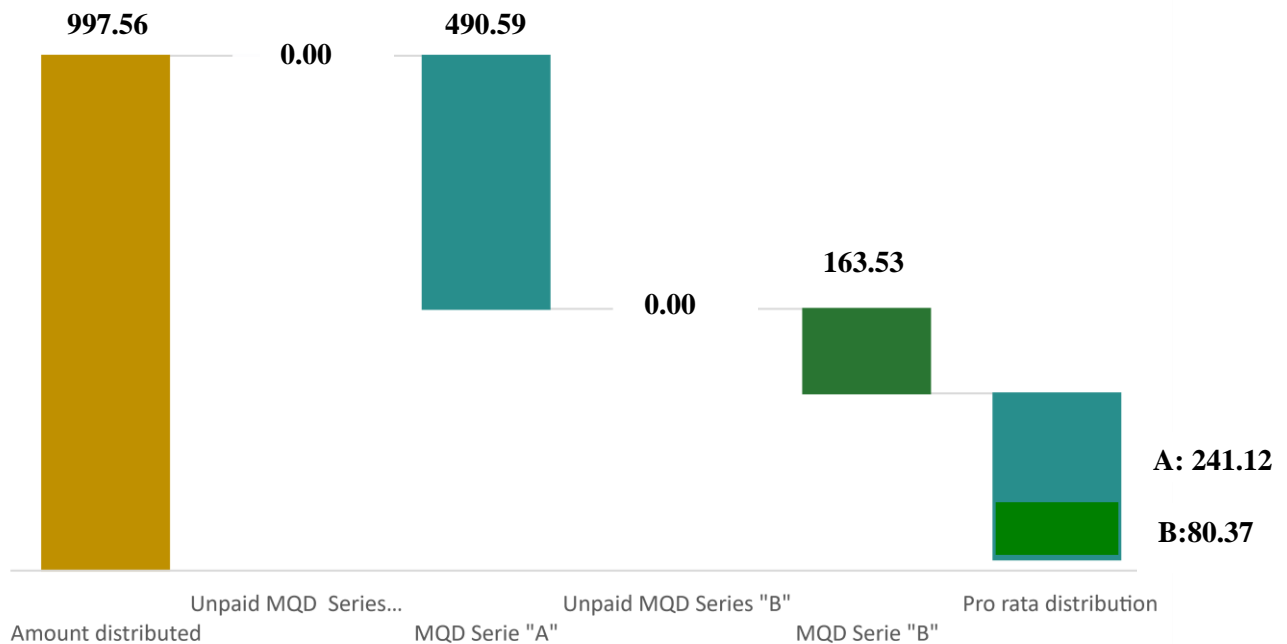
- During the second quarter of distribution, the reference rate of Banco de México (Banxico) was increased twice, currently standing at 7.00%.
- CFECapital maintains a complete distribution policy,<sup>3</sup> by distributing the cash reserve of the general account,<sup>4</sup> in accordance with the strategy of complying with the requirement of distributing at least 95% of the fiscal profit.

<sup>3</sup> Page 93 of the Placement Prospectus.

(<http://cfecapital.com.mx/wpcontent/uploads/2018/05/III-El-Fideicomiso-Emisor.pdf>).

<sup>4</sup> In accordance with sections 5.07 and 6.02 of the Issuer Trust Agreement (<http://cfecapital.com.mx/wpcontent/uploads/2018/05/IXAnexos.pdf>, páginas 40 y 45).

**Graph 2. Composition of the CFE FIBRA E 2Q2022 distribution**  
(Billions of Mexican pesos)



Source: Presentation of the Technical Committee of the Issuing Trust (June 20th, 2022).

**Table 2. Distribution Breakdown**  
(Billions of Mexican pesos)

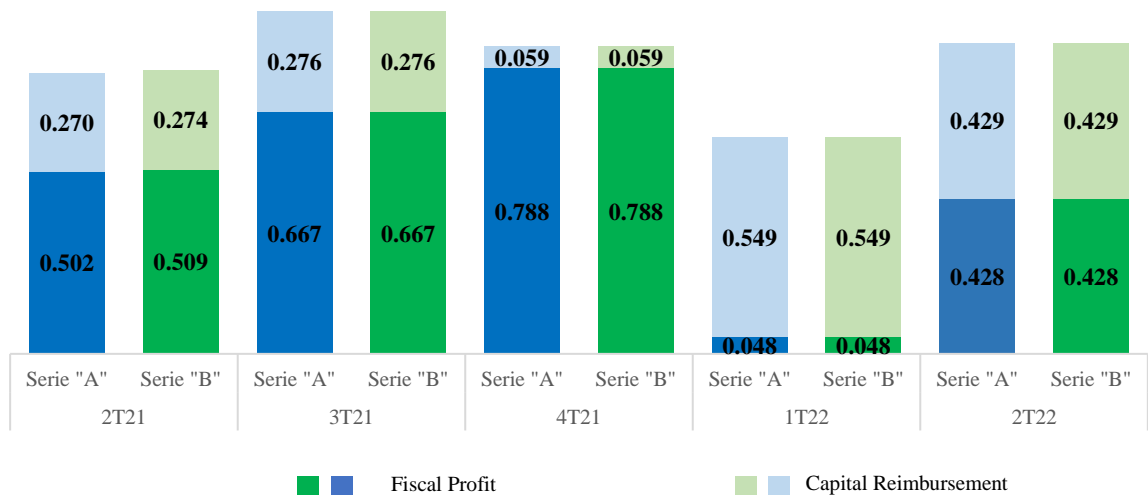
Distribution to CFE FIBRA E (6.776103%)	997.56
Restitution of the Expense Reserve Fund <sup>1</sup>	-23.54
Interest earned	1.59
Use of distribution ratio <sup>2</sup>	0.00
<b>Amount distributable to Holders</b>	<b>975.61</b>

Source: Presentation of the Technical Committee of the Issuing Trust (June 20<sup>th</sup>, 2022). Rounded figures in Mexican pesos.

Notes: 1) As specified in the Issuing Trust Agreement, an estimated Expense Reserve Fund of 45 million pesos must be maintained at the date of calculation of the distribution, for which the restitution will be equivalent up to the amount presented.

2) The distribution ratio was changed from a ratio of 1/1.1 to a ratio of 1/1 (Conflict Committee of last December 3<sup>rd</sup>, 2021) therefore, no cash reserves will be made in the General Account.

**Graph 3. CFE FIBRA E distribution by certificate for both Series holders**  
(Mexican pesos))



Source: Presentation of the 19th, 20th, 21st, 22nd, 23rd Sessions of the Technical Committee of the Issuing Trust. (2021 and 2022).

Relevant events of the Federal Electricity Commission (CFE) during the Second Quarter 2022:

- On **March 24th, 2022**, the Board of Governors of Banco de México decided to increase the target for the overnight interbank interest rate by 50 basis points to a level of 6.5%, effective as of March 25th, 2022.
- On **April 20th, 2022**, a results report was issued to the Board of Directors of CFE Transmission, which includes investment projects for the 2022-2024 period, which will contribute to satisfy the growing demand for electricity and guarantee the provision service reliably and continuously. It is mentioned that the results of the National Transmission Network (RNT) are key to the development of the country's electricity sector.
- On **April 29th, 2022**, the Federal Electricity Commission reported its financial statements, revealing that revenues from energy sales for the first quarter of 2022 grew 10.0%, while the costs of energy and other fuels decreased 36.1%, compared to the first quarter of 2021. This contributed to achieving a higher EBITDA compared to the same period of 2021, which demonstrates the operational strength of the CFE, and adequate financial management. On the same date, the Federal Electricity Commission presented its audited financial statements for the year 2021, in which it is reported that, at the end of 2021, the total income of the CFE amounted to \$566,687 million pesos, an increase of 12.7% compared to closing of 2020, mainly due to higher revenues from sales of electricity and fuels.



- On **May 12th, 2022**, the Board of Governors of Banco de México decided to increase the target for the overnight interbank interest rate by 50 basis points to a level of 7.0%, effective as of May 13th, 2022.