

Rating Object:

Bearer notes with the ISIN XS1880313314 Round Hill Real Estate Partners Securitization S.à r.l., Compartment 1

Rating:

BBB-

Rating Outlook / Addition:

Outlook positive

Rating Information:

Initial Issue Date	04/10/2018
Jurisdiction Rating Object	Federal Republic of Germany
Exchange	---
Legal Form	Société à responsabilité limitée
Volume	Up to USD 200,000,000
Seniority	Non-subordinated
Collateralisation	Collateralized
Credit Enhancement	Available
Legal Maturity	04/10/2028
Coupon	Variable
Coupon Period	Quarterly
Coupon Type	Variable
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Co-Analyst	Luca Olmes l.olmes@creditreform-rating.de / +49 2131 109 1114

Rating Rationale:

The transaction shows an unchanged structural risk. CRA notes a slight improvement in the operational area, as market volatility appears to be decreasing and the largest price adjustments seem to be behind us. CRA expects a stabilization of the real estate market over the next 12-18 months, which should benefit investors in the rating object. The quantitative results have improved slightly compared to the previous year, mainly due to a significant increase in early amortization payments. Consequently, CRA initially confirms the rating at BBB-. Due to the better quantitative results, combined with a slightly improved outlook for the relevant real estate market, CRA raises the outlook from "stable" to "positive." Assuming the borrower continues to utilize all liquid funds for repayment of the rating object, the market stabilizes as expected, and quantitative results remain consistent, CRA considers a rating upgrade likely.

Primary Key Rating Factors:

- (+) High equity ratio on property level
- (+) Variable enhancement ("Increased Rate of Amortization"): amortization rate has been raised to the maximum quarterly amount
- (+) Variable coupon reduces default risk during notes term
- (+) Property investments are stabilized and performing
- (-) Lower than expected number of investments increases transaction's susceptibility to idiosyncratic risk
- (-) Low diversification on property type due to sector focus on southern US Multifamily, Garden Style Apartments
- (-) Equity Investments exhibit a high degree of risk

Ratings Sensitivities:

Best case scenario: In this scenario, we stressed (ceteris paribus) the current income and average capital appreciation rate of the portfolio assets by an amount of +15% and +60 bps respectively, resulting in a quantitative result of A-. Taking into account both quantitative and qualitative factors, CRA derives a rating of BBB+.

Worst case scenario: In this scenario, we stressed (ceteris paribus) the current income and average capital appreciation rate of the portfolio assets by an amount of -15% and -40 bps respectively. At the same time, we assumed that available liquidity will be applied to early amortize the rating object by 1% p.a. with remaining cash is distributed as variable coupon, resulting in a rating of BBB-. Taking into account both quantitative and qualitative factors, CRA derives a rating of BB+.

ESG-Criteria:

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing the rating object. In the present case, ESG criteria had no comprehensive impact to the rating.

ESG factors with material impact were not identified.

Latest Rating Date / Disclosure to Rated Entity / Maximum Validity:

14/06/2024 / 14/06/2024 / 04/10/2028

Between the disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

Initial Rating Date:

22/03/2019 / BBB- / Outlook stable

Status of Solicitation:

The rating is a solicited rating. The degree of participation was as follows:

With Rated Entity or Related Third Party Participation: Yes

With Access to Internal Documents: Yes

With Access to Management: Yes

Notes:

This document is a CRA Press Release. The CRA Press Release outlines significant rating-relevant changes compared to CRA's most recent rating action. It immediately follows that the assigned rating must not be limited to the motivators mentioned in the CRA Press Release. Instead, a comprehensive acknowledgement of all explanations provided in previous reports, other forms of documentation, rating updates and, in particular, the CRA initial rating report is indispensable. At this point, CRA refers the reader to these forms of documentation, rating updates and reports.

Regulatory Requirements and Legal Disclosures :

Creditreform Rating AG was mandated on 23/04/2018 by Round Hill to conduct a rating for the bearer notes under German law, issued by Round Hill Real Estate Partners Securitization S.à r.l., Compartment 1. This is a public rating which is regulatory applicable according to EU Regulation 1060/2009 (CRA-Regulation).

The rating was conducted on the basis of Creditreform Rating's "Issue Ratings" and "Technical Documentation - Portfolio Loss Distribution" in conjunction with Creditreform's basic document "Rating Criteria and Definitions".

Important sources of information in the context of the rating were, in addition to the submitted documents, a due diligence meeting in Atlanta, USA, on 01/12/2022. The submitted documents and information provided were sufficient to meet the requirements of Creditreform Rating AG's rating methodology.

A complete description of Creditreform Rating's rating methodologies and Creditreform's basic document "Rating Criteria and Definitions" is published on the following internet page:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document "The Impact of ESG Factors on Credit Ratings", which is available on the homepage under the following link:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

This rating was carried out by analysts Christian Schönherr (Lead) and Luca Olmes. The function of Person Approving Credit Ratings (PAC) was performed by Jan Löckenhoff.

Closing of the transaction occurred on 04/10/2018. The rating is based on the portfolio information and transaction documentation as of 07/06/2024.

The issuer or all relevant parties have examined the rating report prior to publication and were provided with at least one full working day to appeal the rating committee decision and provide additional information. The rating decision was not amended following this examination.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009. Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the EU Regulation 1060/2009.

Conflicts of Interest

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

Creditreform Rating AG guarantees that the provision of ancillary services does not cause a conflict of interest with its rating activities, and discloses in the final rating report which ancillary services were provided for the rating object or for third parties associated with it. The following ancillary services were provided for this rating object or for related third parties:

- Rating-related/other services for the rating object

The final list of rating-related services and credit services can be viewed on the Creditreform Rating AG website at <https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html#non-core-business-activities>.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee" policy, all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuance documents

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

This rating was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the EU Regulation 1060/2009.

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In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated including any rating outlooks is indicated clearly and prominently in the “Basic Data” card or in the press release published on Creditreform Rating’s website as a “rating action”; first release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade or downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data” information card in Creditreform’s basic document “Rating Criteria and Definitions”.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website:

<https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform’s default rates are available in the credit rating methodologies disclosed on the website. Further information can also be found on the CRA website in the document “Rating Criteria and Definitions”.

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