MOODY'S
INVESTORS SERVICE

CREDIT OPINION
12 April 2022

Update

Send Your Feedback

RATINGS

Growthpoint Properties Limited

Domicile	Johannesburg, South Africa
Long Term Rating	Ba2
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Lahlou Meksaoui +971.4.237.9522
VP-Senior Analyst
lahlou.meksaoui@moodys.com

Ahmed Al-hubaishi +971.4.237.9508
Associate Analyst
ahmed.al-hubaishi@moodys.com

Rehan Akbar, CFA +971.4.237.9565
Senior Vice President
rehan.akbar@moodys.com

Growthpoint Properties Limited

Update following the sovereign rating action on South Africa

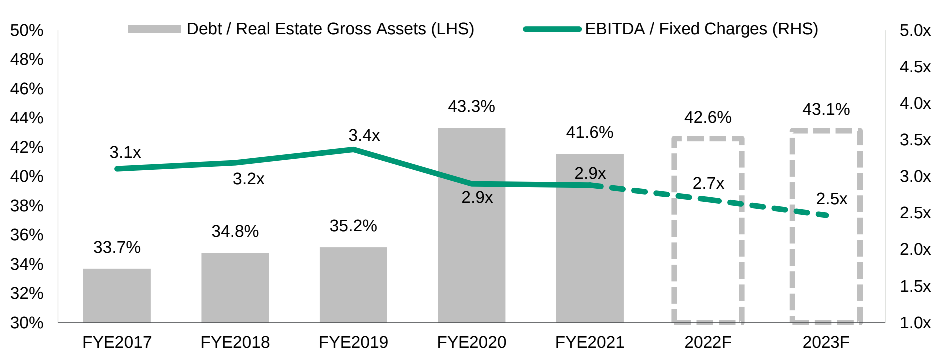
Summary

On 6 April 2022, Growthpoint Properties Limited (Growthpoint) corporate family rating was affirmed at Ba2 and the rating outlook was changed to stable from negative. The rating action is a direct consequence of the rating action on the South African sovereign and reflects Growthpoint's significant exposure to the real estate market in South Africa (Ba2 stable), with 60.1% of property assets and 70.9% of EBIT derived from properties within the country, as of 30 June 2021. We recognize that Growthpoint's exposure outside of South Africa (especially in Australia, Aaa stable), both from a cash flow generation and asset exposure, provides some offset to the negative trends on renewal rental rates and rental income growth domestically. However, at this stage this is not sufficient to warrant a delinking from the sovereign rating.

Growthpoint's ratings are supported by the company's (1) strong market position as the largest primary listed real estate investment trust (REIT) in South Africa; (2) sizable, very good-quality, and diversified property portfolio; (3) geographical diversification with exposure to Australia, Central and Eastern Europe, and the United Kingdom (Aa3 stable); and (4) good liquidity risk management with a track record of addressing debt maturities well ahead of time.

The rating is constrained by the portfolio's predominant exposure to South Africa and its currently difficult economic environment. The operating environment remains challenging especially with respect to the company's office portfolio. We expect higher vacancies and lower rental growth prospects in the next 12 months.

Exhibit 1
Credit metrics are adequately positioned within rating guidance



All ratios are calculated using Moody's estimates and standard adjustments. Moody's forecasts (F) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless otherwise indicated.
Source: Moody's Investors Service

Credit strengths

» Sizable, very good-quality, and diversified property portfolio

» Exposure to Australia, Central and Eastern Europe, and the UK

» Good liquidity risk management, with a track record of addressing debt maturities well ahead of time

Credit challenges

» Geographic concentration in South Africa

» Low growth prospects and challenging real estate market outlook in South Africa

» Weak unencumbered assets ratio

Rating outlook

The stable outlook is in line with that of the sovereign rating and it reflects Growthpoint's exposure to the economic trends in South Africa.

Factors that could lead to an upgrade

Subject to an upgrade of South Africa's rating, an upgrade could be considered if: (1) total debt to gross assets remains below 45% on a sustained basis; (2) fixed charge coverage ratio remains above 2.5x on a sustained basis.

Factors that could lead to a downgrade

The ratings are likely to be downgraded in case of a downgrade of South Africa's rating although we will continue to monitor the company' geographical diversification. Growthpoint's rating would also come under downward pressure if: (1) total debt to gross assets exceeds 55% on a sustained basis; (2) fixed charge coverage ratio remains below 2x on a sustained basis; (3) the company's liquidity risk profile deteriorates.

Key indicators

Exhibit 2
Growthpoint Properties Limited

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	2022F	2023F
Gross Assets (USD billion)	$9.7	$10.0	$10.1	$9.7	$10.8	$10.8	$10.8
Unencumbered Assets / Gross Assets	39.9%	43.8%	42.1%	37.2%	35.6%	35.7%	35.8%
Total Debt + Preferred Stock / Gross Assets	33.7%	34.8%	35.2%	43.3%	41.6%	42.6%	43.1%
Net Debt / EBITDA	4.8x	5.0x	5.1x	7.4x	6.4x	6.6x	6.9x
Secured Debt / Gross Assets	23.6%	20.6%	20.7%	26.0%	25.9%	27.0%	27.4%
Fixed-Charge Coverage	3.1x	3.2x	3.4x	2.9x	2.9x	2.7x	2.5x

All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's forecasts (F) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless otherwise indicated.
Source: Moody's Investors Service

Profile

Growthpoint was established in 1987 and is the largest primary listed REIT by gross assets in South Africa. Its activities focus on a portfolio of retail, office and industrial properties. Growthpoint holds a 62.2% controlling stake in Growthpoint Properties Australia Ltd (GOZ, Baa2 stable) and 50% of the V&A Waterfront in Cape Town. Growthpoint also has a 29.4% stake in Globalworth Real Estate Investments Limited (Baa3 stable), which owns office properties and industrial properties in Romania (Baa3 stable) and Poland. Growthpoint has a 60.8% stake in Capital & Regional (C&R), a listed REIT which owns retail properties in the United Kingdom.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Detailed credit considerations

Sizable and very good quality property portfolio

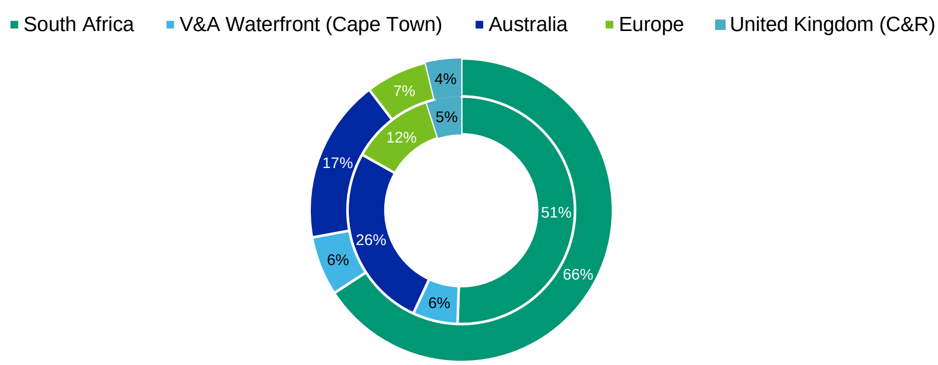
Growthpoint has a strong market position as the largest primary listed REIT company in South Africa. We view its market positioning and asset quality as very good, equating to rating sub-factor of "A". The buildings are of modern specification and are closely managed by the company's internal management team. Rental income is generated from a diversified tenant base across the retail, office and industrial sectors. In South Africa, the company's larger retail tenant exposures are some of the country's pre-eminent retail brands such as Shoprite, Pick n' Pay, The Foshini Group, Pepkor Holdings (Ba3 negative), and Woolworths. In addition, Growthpoint has good medium to long-term leases with a weighted average lease expiry (WALE) of 3.4 years in South Africa, 6.3 years in Australia and 6.4 years in the United Kingdom as of 31 December 2021. However, the average South African renewal success rate was at 77.3% and the average renewal growth rates on new leases at -15.1%. This reflects the challenging and competitive operating environment in South Africa. This risk is somewhat offset by average in-force annual escalations of 7.0%, as of 31 December 2021.

Geographic concentration is a rating constraint, despite exposure to Australia and Europe

We recognize that Growthpoint's real estate investments outside of South Africa provide an offset to the challenging operating environment in South Africa. However, we do not consider this to be sufficient to delink the rating from that of the sovereign. The majority of the property portfolio is located in South Africa in the Province of Gauteng and Western Cape which are the wealthiest and the most economically active regions. Growthpoint has also international operations as shown in Exhibit 3. These include a 62.2% stake in Growthpoint Properties Australia which manages a property portfolio worth AUD5 billion with a mix of offices (32% of GLA) and industrial properties (68% of GLA). Growthpoint also holds a 29.4% stake in Globalworth which owns a diversified portfolio of mainly office properties across Romania and Poland. Growthpoint owns a 60.8% stake in Capital & Regional, a listed REIT which owns retail properties in the United Kingdom.

Exhibit 3

Geographic split by property value (inner circle) and EBIT (outer circle) as of 31 December 2021



Based on Growthpoint's ownership: 100% South African portfolio, 50% of V&A Waterfront, 62.2% of GOZ, 29.4% of Globalworth and 60.8% in C&R.
Source: Company presentation, Moody's Investors Service

The international investments in Growthpoint Australia and Globalworth were affected by the coronavirus outbreak, but to a much lesser extent as a result of their focus on office and industrial properties. Both companies benefit from strong customer bases weighted toward listed corporates and government in Australia, and large multinational tenants in Poland and Romania. However, Capital & Regional with its 100% retail focus has faced challenges with the impact of the pandemic coming on top of an already weak environment due to the structural shifts in the sector in the United Kingdom. Government easing of restrictions from April 2021 and UK advances in vaccination programme provide route for return to more normal trading conditions in second half of 2021.

Persistent challenging real estate operating environment in South Africa

Disruptive impact of civil unrest and slow vaccine rollout continue to weigh on real estate recovery in South Africa. We expect the leasing market to remain very competitive, especially in the office sector. Pressure on portfolio value will continue due to a further reduction in market rental growth assumptions, uncertainty on tenant retention, and relatively weak macro-economic environment. We expect GDP to grow 1.5% in 2022 and 1.5% in 2023. The civil unrest in July 2021 increased risks to the economy's recovery from the pandemic, and highlighted the social challenges the government faces in progressing its reform agenda. We understand that Growthpoint had two retail and five industrial assets impacted, none of which suffered material damage. South Africa is not particularly affected by the Russia-Ukraine conflict due to its limited trade links with both countries. Its most significant direct exposure is primarily through higher inflation and thereby fiscal pressure stemming from social demands.

In the retail segment, retailers' turnovers remain under pressure, tenants are downsizing space and looking to reduce cost occupancy ratio. Focus on tenant retention and structuring leases with longer WALE will continue to negatively impact rental growth rate. In the office segment, weak corporate demand and structural over supply will continue to drag rental prices down. Intense competition amongst landlords and market vacancies will remain high and key tenants are pursuing shorter lease agreements.

Overall, we expect Growthpoint to negotiate lower rents when renewing leases, or offer greater component of its rent based on turnover, in line with the demand made by large South African retailers including Woolworths Holdings Limited, Foschini Group, Pepkor Holdings. Turnover-based rents will reduce the predictability of rental income, a credit negative. We note that rent collections have significantly improved since the end of the lockdowns.

Downside risks to credit metrics

As of 30 June 2021, adjusted gross debt to total assets decreased to 41.6% on the back of asset disposals and debt reduction. In 2022, we expect further pressure on property valuations which will likely result in an adjusted gross debt to total assets between 40-45%. We estimate adjusted fixed charge coverage ratio to decrease to 2.7x in 2022 from 2.9x in 2021 as tenants face financial challenges requiring downward adjustments to rent levels.

South African property companies have traditionally favored secured debt through bank loans. Growthpoint's adjusted unencumbered assets ratio of 35.6% is weakly positioned for the rating, equating to a rating sub-factor of “B”. We will monitor the extent to which secured debt and encumbered assets increases because this would be increasingly disadvantageous for unsecured creditors.

ESG considerations

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. In South Africa, a REIT must pay a minimum of 75% of distributable income in dividends to retain its status and we consider this to be a high payout limiting organic cash preservation. As a result, the REIT status limits the company's ability to retain cash and requires it to maintain access to external sources of capital to support its business and repay debt. However, it must be noted that the JSE requirement to distribute at least 75% of distributable income is subject to the solvency and liquidity requirements of the South African Companies Act. It therefore follows that Growthpoint’s REIT status will not be impacted by distributing less than 75% of total distributable profits in any given year, if the reason for this is to meet the solvency and liquidity requirements imposed by the South African Companies Act.

We note that one of Growthpoint’s key performance indicators is to maintain the LTV ratio at 40% or below. Growthpoint's strategy is to utilise asset disposals, distribution retention and the offering of the dividend reinvestment plan as other tools to manage the LTV.

Liquidity analysis

Growthpoint's liquidity is sufficient to meet its near-term obligations within the next 12-18 months, supported by funds from operations of ZAR8.9 billion, cash of ZAR2.2 billion as well as undrawn committed lines of ZAR6.2 billion in South Africa and ZAR3.6 billion in GOZ as of 31 December 2021. This is sufficient to cover capital spending of ZAR2.0 billion as well as debt maturities of ZAR2.4 billion over the next 12 months. Growthpoint intends to continue to pay dividends of at least 75% of distributable income. This will represent about ZAR6.9 billion in the next 12-18 months.

Rating methodology and scorecard factors

The principal methodology used in these ratings was the REITs and Other Commercial Real Estate Firms published in July 2021. The Scorecard-Indicated Outcome is Baa3 while the actual assigned rating is Ba2. The two notches difference reflect the company's credit links to South Africa's rating, which are not fully captured by the grid.

Exhibit 4

Rating factors

Growthpoint Properties Limited

REITs and Other Commercial Real Estate Firms Industry Scorecard	Current FY 06/30/2021		Moody's 12-18 Month Forward View	
Factor 1 : Scale (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets (USD Billion)	$10.8	A	$10.8	A
Factor 2 : Business Profile (25%)				
a) Market Positioning and Asset Quality	A	A	A	A
b) Operating Environment	Ba	Ba	Ba	Ba
Factor 3 : Liquidity and Access To Capital (25%)				
a) Liquidity and Access to Capital	Baa	Baa	Baa	Baa
b) Unencumbered Assets / Gross Assets	36%	B	36%	B
Factor 4 : Leverage and Coverage (45%)				
a) Total Debt + Preferred Stock / Gross Assets	42%	Baa	43%	Baa
b) Net Debt / EBITDA	6.4x	Ba	6.9x	Ba
c) Secured Debt / Gross Assets	26%	Ba	27%	Ba
d) Fixed Charge Coverage	2.9x	Baa	2.5x	Ba
Rating:				
a) Scorecard-Indicated Outcome		Baa3		Baa3
b) Actual Rating Assigned				Ba2

All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's forecasts (F) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless otherwise indicated.
Source: Moody's Investors Service

Appendix

Exhibit 5

Peer Comparison

	Growthpoint Properties Limited Ba2 Stable			Redefine Properties Limited Ba2 Stable			Fortress REIT Limited Ba2 Negative			Arabian Centres Company Ba2 Negative		
(in USD million)	FYE Jun-19	FYE Jun-20	FYE Jun-21	FYE Aug-19	FYE Aug-20	FYE Aug-21	FYE Jun-19	FYE Jun-20	FYE Jun-21	FYE Mar-20	FYE Mar-21	LTM Dec-21
Gross Assets	10,070	9,688	10,814	6,748	4,835	5,218	3,765	2,464	3,190	4,742	4,662	4,812
Unencumbered Assets/ Gross Assets	42.1%	37.2%	35.6%	39.5%	32.8%	34.0%	35.6%	26.1%	27.2%	62.7%	63.9%	64.2%
Gross Debt / Gross Assets	35.2%	43.3%	41.6%	41.5%	47.7%	40.9%	32.5%	39.0%	36.4%	63.3%	62.1%	63.2%
Net Debt / EBITDA	5.1x	7.4x	6.4x	6.1x	6.9x	5.8x	4.8x	4.7x	7.2x	6.4x	7.7x	8.3x
Secured Debt / Gross Assets	20.7%	26.0%	25.9%	26.3%	29.9%	28.4%	27.4%	33.3%	30.7%	29.1%	29.4%	13.8%
Fixed Charges Coverage	3.4x	2.9x	2.9x	2.8x	2.2x	2.0x	2.2x	2.3x	2.4x	2.8x	2.6x	2.3x

All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are financial year-end unless indicated. LTM = last twelve months.
Source: Moody's Investors Service

Exhibit 6

Moody's-Adjusted Debt Reconciliation for Growthpoint Properties Limited

(in ZAR Millions)	FYE Jun-17	FYE Jun-18	FYE Jun-19	FYE Jun-20	FYE Jun-21
As Reported Debt	**42,568**	**48,234**	**51,624**	**73,713**	**64,182**
Operating Leases	320	457	454	0	0
Non-Standard Adjustments	-119	-849	-2,158	-790	0
Moody's-Adjusted Debt	**42,769**	**47,842**	**49,920**	**72,923**	**64,182**

All figures are calculated using Moody's estimates and standard adjustments. Periods are financial year-end unless indicated
Source: Moody's Investors Service

Exhibit 7

Moody's-Adjusted EBITDA Reconciliation for Growthpoint Properties Limited

(in ZAR Millions)	FYE Jun-17	FYE Jun-18	FYE Jun-19	FYE Jun-20	FYE Jun-21
As Reported EBITDA	**11,104**	**11,264**	**10,960**	**-845**	**4,561**
Operating Leases	32	47	47	0	0
Unusual	-2,022	-1,509	-831	9,910	3,673
Non-Standard Adjustments	-369	-711	-553	460	1,426
Moody's-Adjusted EBITDA	**8,745**	**9,091**	**9,623**	**9,525**	**9,660**

All figures are calculated using Moody's estimates and standard adjustments. Periods are financial year-end unless indicated
Source: Moody's Investors Service

Ratings

Exhibit 8

Category	Moody's Rating
GROWTHPOINT PROPERTIES LIMITED	
Outlook	Stable
Corporate Family Rating	Ba2
Senior Unsecured -Dom Curr	Ba2
Other Short Term -Dom Curr	(P)NP
NSR Corporate Family Rating	Aa1.za
NSR Senior Unsecured MTN	Aa1.za
NSR ST Issuer Rating	P-1.za
NSR Other Short Term	P-1.za
GROWTHPOINT FINANCE PTY LIMITED	
Outlook	Stable
Bkd Sr Sec Bank Credit Facility -Dom Curr	Baa2
GROWTHPOINT PROPERTIES INTERNATIONAL	
Outlook	Stable
Bkd Senior Unsecured	Ba2

Source: Moody's Investors Service

© 2022 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from $1,000 to approximately $5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1324516

MOODY'S
INVESTORS SERVICE