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CREDIT OPINION
1 June 2022

Update

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**RATINGS**

**DEMIRE Deutsche Mittelstand Real Estate AG**

| | |
|---|---|
| Domicile | Germany |
| Long Term Rating | Ba3 |
| 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.*


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Japan 81-3-5408-4100

EMEA 44-20-7772-5454


# DEMIRE Deutsche Mittelstand Real Estate AG

Update to credit analysis

## Summary


DEMIRE Deutsche Mittelstand Real Estate AG's (DEMIRE Ba3 stable) credit quality is supported by a relatively small but well-diversified commercial real estate portfolio, primarily comprising office properties in secondary locations but also including retail and logistics properties; its focused operations in Germany; a highly liquid real estate market with a robust funding environment; and its integrated business model and active portfolio management, which drives a solid fixed-charge coverage ratio and adequate liquidity.

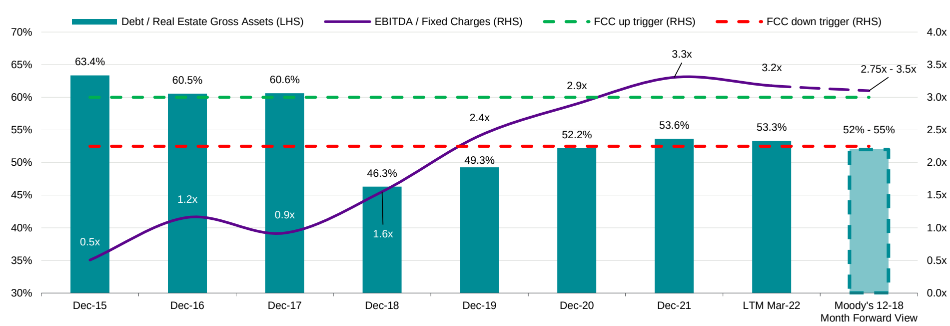
The Ba3 corporate family rating (CFR) also reflects the company's main credit challenges arising from high leverage and a private-equity-dominated ownership structure, which has demonstrated an aggressive financial risk appetite; its lower-quality portfolio than that of its higher-rated peers, without environmental credentials, which will increase investment needs to respond to changing occupier preferences and more stringent environmental regulation. Rising economic uncertainty could weigh on vacancy reduction plans, while tightening financial conditions will reduce capital availability and increase its cost.

There is a lingering event risk considering the targeted exit of DEMIRE's current shareholders.


Exhibit 1

**We expect leverage to increase while coverage remains stable over the next 12-18 months**

**Moody's-adjusted leverage and fixed-charge coverage ratio**




*Sources: Moody's Financial Metrics™ and Moody's Investors Service estimate*

## Credit strengths

- Relatively small but well-diversified commercial real estate portfolio
- Focus of its operations in Germany
- Integrated business model and active portfolio management supporting solid earnings
- Adequate liquidity and no short-dated debt maturities

## Credit challenges

- High leverage and a private-equity-dominated ownership structure, which has demonstrated an aggressive financial risk appetite
- Its lower-quality portfolio than that of its higher-rated peers, without environmental credentials, which will increase investment needs to respond to changing occupier preferences and more stringent environmental regulation
- Rising economic uncertainty, which could weigh on vacancy reduction plans, while tightening financial conditions will reduce capital availability and increase its cost

## Rating outlook

The stable rating outlook reflects our expectation that DEMIRE's operating results will remain solid, resulting in credit metrics that are rather strongly positioned within our Ba3 rating guidance.

Visibility into future financial policy or capital structure after shareholder exit, in combination with the company's ability to improve occupancy, maintain at least stable leverage and strengthen the environmental credentials of its portfolio with investments funded in a conservative manner, will support any potential positive rating action over the next 12-18 months.

## Factors that could lead to an upgrade

A rating upgrade could result from:

- a track record of sustaining leverage in line with its financial policy
- Moody's-adjusted debt/total assets sustained below 55%, in combination with net debt/EBITDA returning to the pre-pandemic level
- sustained solid operating performance, reflected by a growing and higher-quality property portfolio, with at least a stable occupancy ratio
- Moody's-adjusted fixed-charge coverage sustained at above 2.75x

## Factors that could lead to a downgrade

Factors that could lead to a downgrade include:

- additional shareholder distributions or debt-funded acquisitions resulting in DEMIRE departing from or relaxing its current financial policy
- a deterioration in the asset quality within the portfolio or an increasing vacancy rate
- Moody's-adjusted gross debt/total assets increasing to above 60%, accompanied by an increasing trend in net debt/EBITDA
- Moody's-adjusted fixed charge coverage falling below 2.25x

» the company failing to maintain good liquidity or refinance debt maturities well in advance

## Key indicators

Exhibit 2

**DEMIRE Deutsche Mittelstand Real Estate AG**

| EUR Millions | Dec-16 | Dec-17 | Dec-18 | Dec-19 | Dec-20 | Dec-21 | LTM Mar-22 | Moody's 12-18 month forward view |
|---|---|---|---|---|---|---|---|---|
| Real Estate Gross Assets | 1,094.8 | 1,148.7 | 1,378.7 | 1,677.4 | 1,625.3 | 1,705.6 | 1,717.6 | 1,600 - $1,700 |
| Amount of Unencumbered Assets | N/A | N/A | N/A | 51% | 64% | 55% | 55% | 53% - 56% |
| Debt / Real Estate Gross Assets | 60.5% | 60.6% | 46.3% | 49.3% | 52.2% | 53.6% | 53.3% | 52% - 55% |
| Net Debt / EBITDA | 13.9x | 14.8x | 10.9x | 12.5x | 13.1x | 13.4x | 13.7x | 14.0x - 16.0x |
| Secured Debt / Real Estate Gross Assets | 50.6% | 25.4% | 20.0% | 12.9% | 14.7% | 17.5% | 17.3% | 16.5% - 18.5% |
| EBITDA / Fixed Charges | 1.2x | 0.9x | 1.6x | 2.4x | 3.3x | 3.3x | 3.2x | 2.75x - 3.5x |

[1] All figures and ratios are calculated using Moody's Estimates and Standard Adjustments.
[2] Periods are financial year-end unless indicated. LTM= Last 12 months.
[3] All ratios are based on "Adjusted" financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
*Source: Moody's Investors Service*

## Profile

Headquartered in Langen, Germany, DEMIRE Deutsche Mittelstand Real Estate AG (DEMIRE) is a publicly listed commercial real estate company with a focus on offices in secondary locations across Germany. The company's portfolio currently comprises 64 single properties, with a total lettable floor space of around 913,000 square metres (sqm) and an aggregate portfolio value of around €1.4 billion. The company's annualised contracted rent amounted to €79 million as of March 2022, with a 4.7-year weighted average lease term (WALT).

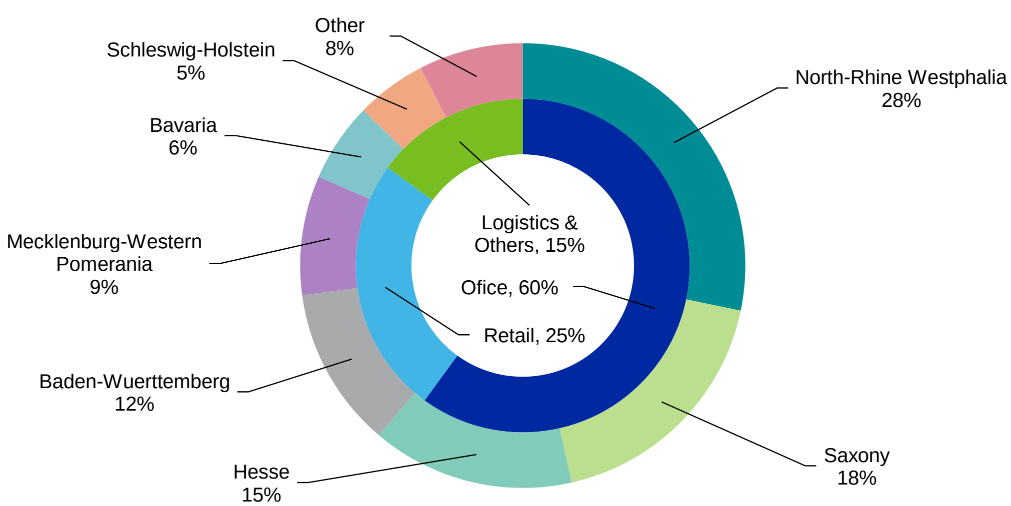
DEMIRE holds an 84.35% stake in Fair Value REIT-AG, which is fully consolidated and accounted for around €340 million in assets, or around 20% of DEMIRE's total assets, as of 31 March 2022.

DEMIRE is listed on the Frankfurt stock exchange and had a market capitalisation of around €451 million as of 24 May 2022. Apollo-managed funds and Wecken Group together hold around 90.75% of DEMIRE's shares.

Exhibit 3

**DEMIRE's portfolio**

**By Gross Asset Value (GAV)**




As of 31 March 2022.
*Source:Company information*

## Detailed credit considerations

### Small but well-diversified commercial real estate portfolio primarily in secondary German locations

DEMIRE's portfolio is spread across several key regions in Germany (see Exhibit 3). The top 20 properties represent around two-thirds of the total investment portfolio, with around 10% located in the “Big Seven” German cities and the remainder in secondary locations.

In 2019, DEMIRE acquired 11 assets, including two portfolios and two single assets, for around €360 million. The transaction includes the acquisition of Roomers Hotel in Frankfurt and Imotex, a fashion distribution centre, in Neuss, for around €118 million. In the same year, the company also divested four non-strategic assets for €46.1 million.

In 2020, DEMIRE sold 18 non-strategic assets located in 12 different cities across Germany for €87.8 million in proceeds.

In July 2021, DEMIRE acquired an around 50% stake in CIELO, an office complex in Frankfurt, from RFR Group, for an overall transaction volume of €276 million. As part of the agreement, DEMIRE has secured a purchase right to the shares of its joint venture partner, RFR Group, as well as the land.

The CIELO property is 100% occupied by Commerzbank AG (senior unsecured A1 negative) under a lease agreement until 2033 with no option to break it and an annual rent of €9.8 million, subject to inflation adjustments.

Following the above transactions, the current portfolio's annual contracted Gross Rental Income (GRI) amounts to €79 million, which is derived from more than 800 individual tenants across diverse business sectors.

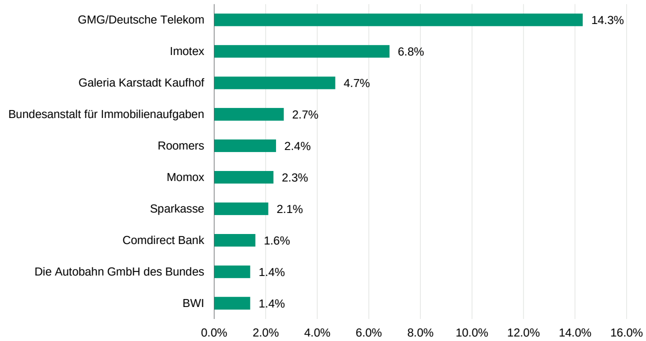
Deutsche Telekom AG (Deutsche Telekom, Baa1 stable) remained the largest tenant as of Q1 2022 and accounts for around 14.3% of DEMIRE's GRI, followed by the fashion distributor Imotex with 6.8% and the German retailer Karstadt, currently under restructuring, representing 4.7%. All other tenants account for 2.7% or less of DEMIRE's GRI.

Rental income concentration towards Deutsche Telekom is one of the highest among the company's peers that we rate but mitigated by the strong credit standing of its main tenant and notably reducing since 2018, where it accounted for 30%. We understand based on company information that upcoming lease maturities have been either extended or with some spaces already subleased by Deutsche Telekom and DEMIRE partly onboarding these tenants or signing new leases, mostly with local and federal administration entities.

Tenant credit quality is moderate because of its secondary locations and B-type properties attracting small and medium-sized enterprises (SMEs). This is partly balanced by public-sector tenants comprising more than 10% of DEMIRE's tenant base, whose credit quality is strongly correlated with the sovereign's credit strength. The historical default rate of the company's portfolio is below 2%. Uncollected rents were €1.5 million as of year-end 2021, representing around 1.8% of the 2021 gross rental income. Pandemic-related impairment of receivables was significantly down to €3.5 million from €6.1 million reported in 2020, reflecting a more stable operating environment, especially for the company's retail and hotel properties.

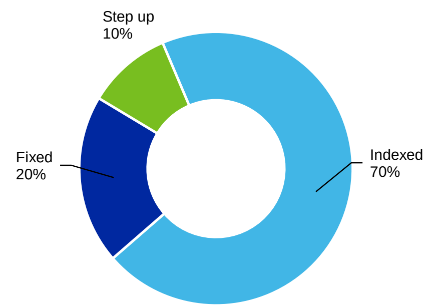
In the current inflationary environment, the company will benefit from a large share of lease agreements that include indexation clauses.

Exhibit 4
**Top 10 tenants**
**Total GRI of €79 million**




*Source: Company information, as of 31 March 2022*

Exhibit 5
**Lease types**
**By number of contracts**




*Source: Company information*

## Germany's real estate market fundamentals are solid, but macroeconomic uncertainty is rising

Real estate market fundamentals in strong jurisdictions like Germany (Aaa stable) have proved to be resilient through market cycles. A highly liquid market and a robust funding environment have been supporting demand for real estate assets and underlying valuations. The investment volume for 2021 amounted to around €112 billion, compared with around €80 billion in 2020[1],including €32 billion and €28 billion offices' investments in 2021 and 2020, respectively. Investment volume of around €24 billion as of Q1 2022 was up 50% from that in Q1 2021, demonstrating a strong rebound following the recovery from the pandemic-induced economic contraction. Investments in offices amounted to €10 billion in Q1 2022.

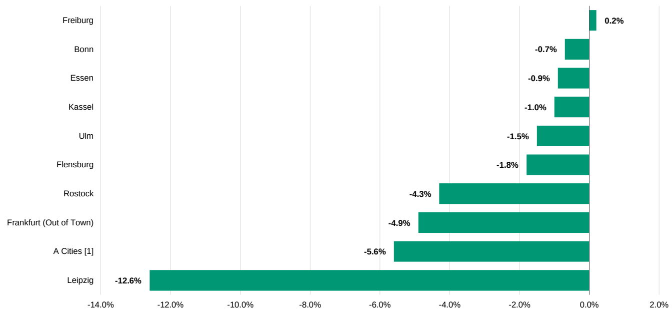
The German economy is supported by its wealthy and highly competitive economy; sound institutional framework; tradition of prudent fiscal policies; and ready market access because of its safe-haven status. The main credit challenges are the high level of openness of the economy that is exposed to global business cycles and trade tensions. In addition, an ageing population weighs on the German economy's growth potential and social security systems.

However, the macroeconomic environment weakened in Q1 2022 because of geopolitical tensions, which will worsen inflationary pressures and likely weigh on consumer and business sentiment. Weaker investor sentiment and tightening financial markets are the main risks to European real estate companies' credit quality.

In this context, DEMIRE's vacancy reduction plans and overall operating performance could be hurt. Moreover, tightening financial conditions will reduce capital availability and increase its costs.

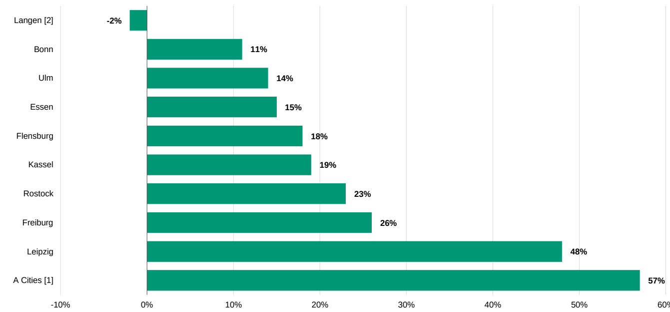
Weaker rental growth prospects and tightening financial conditions will likely put downward pressure on capital values. Partly balancing that risk is the fact that during the past 10 years capital and rental appreciation in secondary locations have been less pronounced than for prime office segments in the top seven German cities. Also, decreasing office vacancy rates across secondary German markets, little speculative office building activity in secondary locations and rising construction costs limiting new construction activity, should protect the portfolio's occupancy rate.

Exhibit 6
**Vacancy rates have decreased in DEMIRE's top 20 cities over the period of 2011 to 2020**




[1] A Cities include Berlin, Hamburg, Munich, Köln, Frankfurt am Main, Stuttgart, and Düsseldorf
*Source: Bulwiengesa research, November 2021*

Exhibit 7
**Robust office employment trends and decreasing vacancy rates have driven the increase in average office prices over the period of 2011 to 2020**




[1] A Cities include Berlin, Hamburg, Munich, Köln, Frankfurt am Main, Stuttgart, and Düsseldorf
[2] Langen inclusive Dreieich
*Source: Bulwiengesa research, November 2021*

The company's diversification into structurally favoured logistics-type properties, although small, could mitigate a potential weakening of office and retail real estate markets.

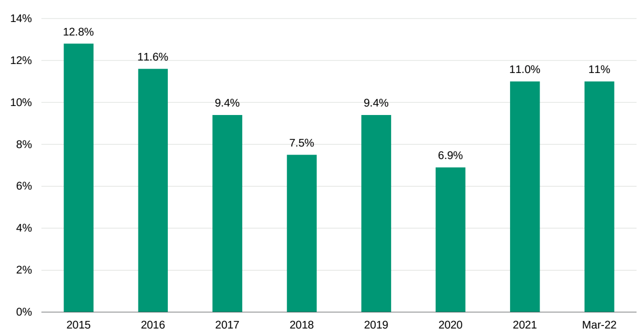
## Integrated business model supports solid earnings and stable occupancy rate across the portfolio

DEMIRE benefits from an integrated business model comprising portfolio and asset management. Property and facility management services were outsourced to STRABAG SE in 2018, increasing the company's cost efficiency and operational scalability.

Through its integrated approach, the company is able to actively monitor properties' operating performance and maintain close relationships with tenants, which allows for proactive management of rental contracts and early marketing of expiring leases. This is reflected in the strong letting performance of DEMIRE. The company has signed lease contracts for around 43,000 sqm in Q1 2022 compared with 23,265 sqm signed in Q1 2020. The leasing activity in Q1 2022 secures €2.9 million rental income per year with a 4.5 years WALT.

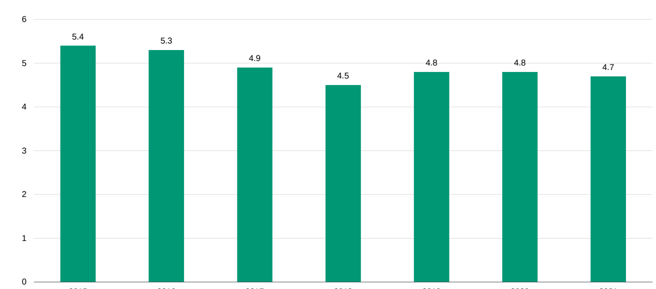
As of March 2022, the company maintained a stable European Public Real Estate Association (EPRA) vacancy rate based on rental value and expects to reduce it in the course of 2022 to the levels observed before the pandemic. (see Exhibit 8).

Exhibit 8
**Vacancy rate has declined over the last few years [1]**
**In percentage terms**




[1] EPRA Vacancy rate excludes properties held for sale and project developments
*Source: Company information*

Exhibit 9
**WALT remained broadly stable over the last few years**
**In years**




*Source: Company information*

While DEMIRE successfully disposed smaller properties, we consider its average portfolio quality still below that of its higher-rated peers. This is reflected in a current gross rental yield of 5.6% with an average in-place rent for the total portfolio of €8.1 per sqm per month. This low level of rent compared with prime office rents could in turn offer some buffer against the rising economic uncertainty and inflationary pressures.

The top 20 properties represent around 72% of the total portfolio by value.

Exhibit 10
**Portfolio review**
**As of 31 March 2022**

| | No. of properties | GAV (€ m) | GRI p.a. (€ m) | EPRA Vacancy (in %) | WALT (years) |
|---|---|---|---|---|---|
| Office | 42 | 843.7 | 47.8 | 12.2% | 3.8 |
| Retail | 17 | 357.1 | 23.0 | 7.4% | 5.3 |
| Logistics & Other | 5 | 221.6 | 8.2 | 13.3% | 8.0 |
| **Total** | **64** | **1,412.5** | **79.0** | **11.0%** | **4.7** |

*Source: Company information*

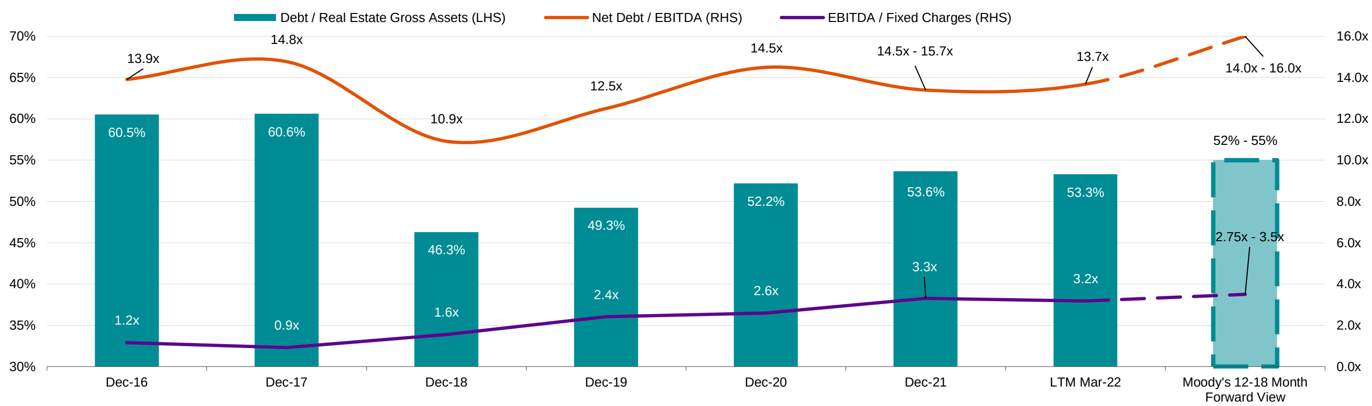
## High leverage ratio, but strongly positioned within its current rating category

We expect Moody's-adjusted gross debt/assets to remain between 53% and 56%. The company remains committed to its publicly communicated financial policy of a reported net loan-to-value (LTV) target of maximum 50%, currently backed up by a strong cash position of €137 million as of Q1 2022.

We expect earnings to remain broadly stable and support a net debt/EBITDA at a level between 14x-16x over the next 12-18 months. Fixed-charge coverage ratio will remain at a solid level of 2.75x-3.5x, supported by previous refinancing activities that significantly reduced financing costs to the current level of 1.66%. The absence of near-term debt maturities will help the company manage its refinancing risk and cost amid tightening financial conditions.

Over the next 12-18 months, we expect DEMIRE to retain leverage and coverage metrics that positions the company strongly within its Ba3 rating category.

Exhibit 11
**Leverage will increase while coverage will remain stable**
**In percentage and times**




*Source: Moody's Financial Metrics™ and Moody's Investors Service estimate*

## ESG considerations

### Environmental

DEMIRE's lower-quality portfolio than that of higher-rated real estate companies with no environmental credentials, makes it more vulnerable to rising regulation on carbon emissions and greater tenant scrutiny with respect to energy performance, while increasing the investment requirements to upgrade its properties to prevent obsolescence risk.

### Social

Occupier demand for commercial real estate is vulnerable to rising hybrid-working models and accelerated shift towards e-commerce. Nonessential retail and non-prime office property landlords will need to adjust strategies and increase capital spending to adapt properties to changing consumer and working preferences. The economic and digital transformation will favour the company's logistics operations.

### Governance

The private-equity-dominated ownership of DEMIRE reflects negatively on its credit quality. Its majority shareholders, Apollo and Wecken, have demonstrated an aggressive financial stance, tolerant of debt-funded mergers and acquisitions, shareholder distributions and high leverage, which was temporarily outside of the company's publicly communicated financial policy in 2021.

There is a lingering event risk amid the review process initiated by DEMIRE's shareholders, which includes a potential sale of their entire stake to a strategic or financial investor, as communicated by the company in November 2021. The latter could make us change our view on governance risks, depending on the background and financial risk appetite of the new shareholders.

The continuation of a seasoned management team, on board since 2019, provides stability to DEMIRE's business strategy.

## Liquidity analysis

The company has adequate liquidity, which is driven by:

» cash and cash equivalents of €137 million as of 31 March 2022

» an undrawn committed €6 million revolving credit facility

» expected funds from operations of €45 million (Moody's-defined)

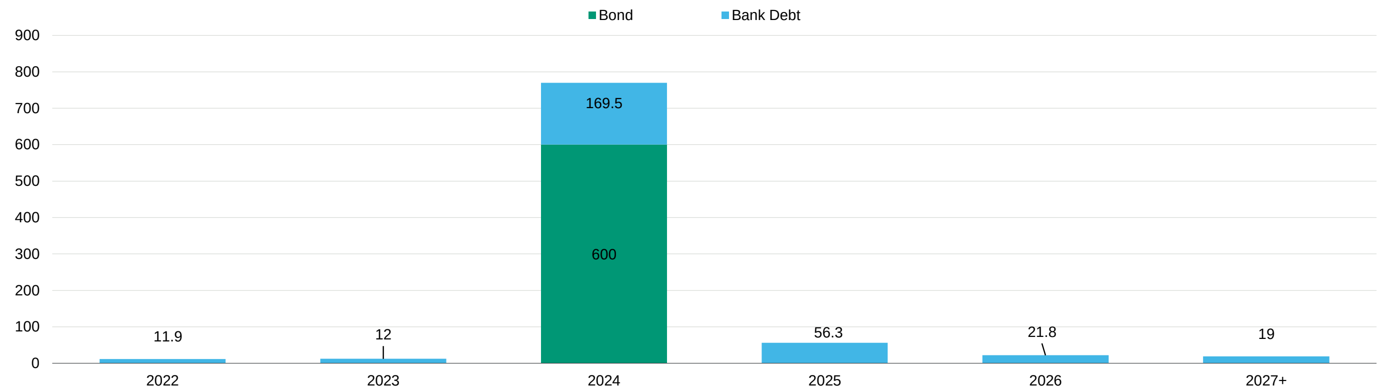
» a pool of around €947 million of unencumbered assets, which provides a source of alternative liquidity

We expect cash resources to cover all the company's cash outflows over the next 12-18 months, including small debt repayments, net committed capital spending of around €38 million, a potential bolt-on acquisition, and expected dividend payments of €33 million or 2022. The company currently has a weighted average debt maturity of 3.7 years with an average cost of debt of 1.66%.

Under the bond documentation, the company is subject to the fulfilment of a maintenance covenant of a minimum interest coverage of 2.0x effective from the end of March 2021, and two debt-incurrence tests of a maximum 60% net LTV and a maximum net secured LTV of 40%.

As of 31 March 2022, DEMIRE was compliant with all of the above with sufficient capacity.

Exhibit 12
**No major refinancing needs until 2024 when the company faces a refinance wall**
**DEMIRE's debt maturity (in € millions)**




As of 31 March 2022.
*Source: Company information*

## Structural considerations

The current Ba3 rating of the senior unsecured bond, in line with the long-term CFR, reflects that most of the debt is senior unsecured. As of December 2021, senior unsecured creditors were adequately covered with unencumbered assets/unsecured liabilities of 1.3x. Bondholders are subordinated to existing secured debt of around €296.5 million.

## Methodology and scorecard

Exhibit 13 shows Summit's scorecard-indicated outcome using REITs and Other Commercial Real Estate Firms Methodology, based on data as of 30 June 2021.

The scorecard-indicated outcome for the 12 months that ended 31 March 2022 and under the forward-view are one notch above the assigned rating.

A private-equity-dominated ownership structure and its demonstrably more aggressive financial approach to shareholder distributions than we had previously factored into our assessment are weighing on the assigned rating. No visibility into the future financial policy and capital structure after the shareholder exit limits any positive rating action at this stage.

Exhibit 13
**Rating factors**
**DEMIRE Deutsche Mittelstand Real Estate AG**

| REITs and Other Commercial Real Estate Firms Industry Scorecard [1][2] | Current LTM 03/31/2022 | | Moody's 12-18 Month Forward View As of 5/31/2022 [3] | |
|---|---|---|---|---|
| **Factor 1 : Scale (5%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Gross Assets (USD Billion) | $1.9 | Ba | $1.7 - $1.8 | Ba |
| **Factor 2 : Business Profile (25%)** | | | | |
| a) Market Positioning and Asset Quality | Ba | Ba | Ba | Ba |
| b) Operating Environment | Baa | Baa | Baa | Baa |
| **Factor 3 : Liquidity and Access To Capital (25%)** | | | | |
| a) Liquidity and Access to Capital | Ba | Ba | Ba | Ba |
| b) Unencumbered Assets / Gross Assets | 55.1% | Ba | 53% - 56% | Ba |
| **Factor 4 : Leverage and Coverage (45%)** | | | | |
| a) Total Debt + Preferred Stock / Gross Assets | 53.3% | Ba | 52% - 55% | Ba |
| b) Net Debt / EBITDA | 13.7x | Ca | 14x - 16x | Ca |
| c) Secured Debt / Gross Assets | 17.3% | Baa | 16.5% - 18.5% | Baa |
| d) Fixed Charge Coverage | 3.2x | Baa | 2.75x - 3.5x | Baa |
| **Rating:** | | | | |
| a) Scorecard-Indicated Outcome | | Ba2 | | Ba2 |
| b) Actual Rating Assigned | | | | Ba3 |

[1] All ratios are based on "Adjusted" financial data and incorporate Moody's Global Standard Adjustments for non-financial corporations.
[2] As of 31 March 2022.
[3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.
*Sources: Moody's Financial Metrics™ and Moody's Investors Service estimates*

## Ratings

Exhibit 14

| Category | Moody's Rating |
|---|---|
| **DEMIRE DEUTSCHE MITTELSTAND REAL ESTATE AG** | |
| Outlook | Stable |
| Corporate Family Rating | Ba3 |
| Senior Unsecured -Dom Curr | Ba3 |

*Source: Moody's Investors Service*

# Appendix

Exhibit 15

## Peer comparison

| | DEMIRE Deutsche Mittelstand Real Estate AG Ba3 Stable | | | Globe Trade Centre S.A. Ba1 Positive | | | Summit Properties Limited Ba1 Stable | | | Fastpartner AB Baa3 Stable | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (in EUR million) | FYE Dec-19 | FYE Dec-20 | FYE Dec-21 | FYE Dec-19 | FYE Dec-20 | FYE Dec-21 | FYE Dec-19 | FYE Dec-20 | FYE Dec-21 | FYE Dec-20 | FYE Dec-21 | LTM Mar-22 |
| Real Estate Gross Assets | 1,677 | 1,625 | 1,706 | 2,523 | 2,481 | 2,844 | 1,706 | 1,637 | 1,765 | 3,289 | 3,698 | 3,704 |
| Amount of Unencumbered Assets | 50.6% | 64.0% | 55.0% | 24.0% | 22.9% | 61.2% | 56.8% | 51.6% | 67.6% | 17.3% | 33.1% | 33.5% |
| Debt / Real Estate Gross Assets | 49.3% | 52.2% | 53.6% | 49.7% | 52.6% | 52.2% | 34.9% | 36.3% | 33.4% | 47.2% | 43.4% | 45.0% |
| Net Debt / EBITDA | 12.5x | 13.1x | 13.4x | 8.9x | 10.5x | 12.8x | 5.2x | 8.2x | 3.6x | 12.1x | 12.4x | 12.5x |
| Secured Debt / Real Estate Gross Assets | 12.9% | 14.7% | 17.5% | 41.8% | 43.3% | 25.3% | 17.3% | 17.9% | 16.4% | 26.8% | 19.3% | 20.0% |
| EBITDA / Fixed Charges (YTD) | 2.4x | 3.3x | 3.3x | 3.4x | 2.7x | 2.8x | 4.3x | 4.0x | 3.3x | 3.5x | 3.7x | 4.4x |

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments.
[2] FYE= Financial year-end. LTM = Last 12 months. RUR*= Ratings under review, where UPG = for upgrade and DNG = for downgrade.
*Source: Moody's Financial Metrics™*

Exhibit 16

## Moody's-adjusted debt reconciliation for DEMIRE Deutsche Mittelstand Real Estate AG

| (in EUR million) | FYE Dec-16 | FYE Dec-17 | FYE Dec-18 | FYE Dec-19 | FYE Dec-20 | FYE Dec-21 |
|---|---|---|---|---|---|---|
| **As Reported Total Debt** | 662.6 | 694.9 | 638.3 | 826.2 | 848.4 | 915.0 |
| Leases | 0.8 | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Hybrid Securities | (0.5) | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Moody's Adjusted Total Debt** | 662.9 | 696.3 | 638.3 | 826.2 | 848.4 | 915.0 |
| Cash & Cash Equivalents | (31.3) | (73.9) | (190.4) | (102.1) | (94.9) | (136.4) |
| **Moody's Adjusted Net Debt** | 631.6 | 622.4 | 447.9 | 724.0 | 753.6 | 778.5 |

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments.
[2] FYE= Financial year-end. LTM = Last 12 months. RUR*= Ratings under review, where UPG = for upgrade and DNG = for downgrade.
*Source: Moody's Financial Metrics™*

Exhibit 17

## Moody's-adjusted EBITDA reconciliation for DEMIRE Deutsche Mittelstand Real Estate AG

| (in EUR million) | FYE Dec-16 | FYE Dec-17 | FYE Dec-18 | FYE Dec-19 | FYE Dec-20 | FYE Dec-21 |
|---|---|---|---|---|---|---|
| **As Reported EBITDA** | 81.2 | 80.3 | 117.3 | 149.5 | 24.9 | 99.0 |
| Unusual Items - Income Statement | (41.5) | (46.7) | (88.5) | (99.2) | 29.3 | (39.8) |
| Leases | 0.2 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Standard Adjustments | 5.6 | 8.2 | 12.3 | 7.6 | 3.4 | (1.1) |
| **Moody's Adjusted EBITDA** | 45.4 | 42.1 | 41.0 | 57.9 | 57.6 | 58.1 |

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments.
[2] FYE= Financial year-end. LTM = Last 12 months. RUR*= Ratings under review, where UPG = for upgrade and DNG = for downgrade.
*Source: Moody's Financial Metrics™*

# Endnotes

1 Source: CBRE Research.

REPORT NUMBER 1325822

## CLIENT SERVICES

| | |
|---|---|
| Americas | 1-212-553-1653 |
| Asia Pacific | 852-3551-3077 |
| Japan | 81-3-5408-4100 |
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