

Rated entity:

Bearer notes with ISIN: XS1760446168 issued by the Luxemburg securitization company CRE Loans Debt Issuance S.à r.l., acting through and in respect of its compartment CRE Senior 9 Issuance.

Rating:

A-

Rating outlook / watch:

Outlook negative

Rating summary:

Object of this rating are the bearer Notes with ISIN XS1760446168 issued by the Luxemburg securitization company CRE Loans Debt Issuance S.à r.l., acting through and in respect of its compartment CRE Senior 9 Issuance. The issue proceeds serve to subscribe units (Class A3 Units) of the compartment CRE Senior 9 of the specialized investment fund CRE Loans SCS-SIF. The relevant manager is AXA Real Estate Investment Managers SGP (France) on behalf of its General Partner, CRE Loans 2 General Partner S.à r.l. (Luxembourg). The CRA rating of A-/negative represents a high level of credit quality and a low investment risk.

Primary key rating driver:

- + General credit enhancements: excess spread, liquidity reserve, coupon deferral, partially amortizing loan agreements
- + Liquidity reserve floored at EUR 1 million
- + Hedging of FX risks (nominal and interest payments)
- + Overall, high diversification of the portfolio and high granularity through loan repartition among all vehicles of AXA platform
- + Loans secured only by first lien mortgages, other assets and covenants
- + Low average portfolio LTV of c. 52%
- Pressure towards declining all-in spread by early prepayments
- Possibility to leverage up to 10.0% of the aggregate amount of the subscribers maximum commitments at CRE Senior 9 Issuance level and leverage up to 25.0% of the NAV at fund level. So far no leverage has been used by the Manager.
- Illiquid underlying assets, especially in times of economic downturns
- Floating loans partially not floored
- COVID-19 impact on hotel and retail sector
- Uncertainties on Brexit risks

Rating sensitivities:

Best-case scenario: In this scenario, we assumed no default of the investment "Intu", resulting in a rating of A-.

Worst-case scenario: In this scenario, we stressed (ceteris paribus) LGD and PD of the portfolio assets by an amount of + 10% and - 2 notches respectively, resulting in a rating of B+.

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the present case, ESG criteria had no comprehensive impact to the rating.

ESG factors with material impact were not identified.

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>

Rating Date / disclosure to rated entity / maximum validity:

June 24, 2020 / June 24, 2020 / May 29, 2027

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:

May 29, 2015

Lead-analyst – position / Person approving (PAC):

Qinghang Lin (Lead) – Analyst

Sascha Pomorin (PAC) – Senior Analyst

Name & address of legal entity:

Creditreform Rating AG, Hellersbergstraße 11, 41460 Neuss, Germany

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

Rating methodology / Version / Date of application / Link:

[Rating Criteria and Definitions, Version 1.3, January 2018](#)

[Rating Methodology Financial Instruments \(Issue Ratings\), Version 1.3, July 2016](#)

[Technical Documentation Portfolio Loss Distributions, Version 1.4, July 2018](#)

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions".

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

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). 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 CRA-Regulation.

Conflict of Interests

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. In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

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 policy "Rating Committee," 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. Issuing documents
4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than 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.