

Rated entity:

Bearer Bonds with the ISIN: XS1925359058 issued by RE Debt Strategy S.A. acting in respect of its Compartment 3

Rating:

A-

Rating outlook / addition:

Outlook stable

Basic rating data:

Initial Issue Date	18.12.2018
Jurisdiction rated entity	German law
Exchange	---
Legal form	Luxembourg securitisation company in the form of a S.A.
Issue volumen	Up to EUR 225,000,000.00
Seniority	Non-subordinated
Collateralisation	Non-collateralized
Credit Enhancement	Available
Legal Maturity	17.12.2025
Cupon	Euribor 3 months + 0.75% p.a.
Cupon period	Quarterly
Cupon type	Fix (deferrable) + variable
Lead analyst	s.cordes@creditreform-rating.de / +49 2131 109 1617
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Rating rationale:

CRA confirms the rating of A- with a stable outlook of the bearer notes with ISIN: XS1925359058. The rating level is supported by initial and currently conservative look through LTVs, professional loan agreements with additional contractual enhancements and a good quality of the asset manager. Since the investment phase was terminated and the built up of the European portfolio is final, blindpool risks are no longer applicable. However, although the current impact of Covid-19 on the portfolio is manageable, effects on different asset classes have to be monitored by us and a comprehensive assessment of the midterm developments is subject to increased uncertainties at the moment. Additionally, we see an increased valuation and therefore also a collateral quality risk for a single tenant and single asset logistic property if the tenant moves out in 2022 and no new tenant will be found in a timely manner. Therefore, as in the previous year, we are keeping the rating stable despite the isolated improvement from quantitative analysis.

Primary key rating driver:

- (+) Long-standing experience and positive track record of the asset manager
- (+) Investments into senior secured debt financings and currently conservative senior look through LTVs (w. average 53%) represent adequate buffer and comfort to ensure the servicing and repayment of the notes
- (+) On a loan by loan basis there are additional contractual enhancements (like covenants and reserve account pledges, etc.) also offering more comfort and security for servicing the notes
- (+) Positive impact on quantitative analysis by realised creation of a credit enhancement through excess spread amortisation
- (-) The notes are unsecured, but Indirect and proportional participation in the security package of purchased loans and issued bonds
- (-) Limited portfolio effect due to relatively low number of investments and minor interest spread between loans and notes interests
- (-) Increased operational, portfolio and credit risks due to Covid-19 impacts on European economy and real estate market (i.a. tenant risks, demand risks)
- (-) Valuation risk of single asset and single tenant logistic property in Belgium if lease is not extended in 2022 or a new tenant is found

Ratings sensitivities:

Best-case scenario: In this scenario, we improved the property grades, resulting in a quantitative rating of A+.

Worst-case scenario: In this scenario, we applied additional stress on the values of two properties, resulting in a quantitative rating of BBB.

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 on the rating.

ESG factors with material impact were not identified.

Latest rating date / Disclosure to rated entity / Maximum validity:

09.12.2021 / 09.12.2021 / 17.12.2025

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:

05.02.2019 / A / 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 follow-up rating report. The CRA follow-up rating report outlines significant rating-relevant changes compared to CRA's most recent rating action (see rating history in the Appendix). It immediately follows that the assigned rating must not be limited to the motivators mentioned in the CRA follow-up rating report. 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.

At the time of the rating, formal documentation regarding the reduction of the Senior Portion and the termination of the investment phase for the Senior Portion was not available. Accordingly, risks that may arise from the documentation for the investors of the rated notes are not taken into account in this rating.

Regulatory Requirements and Legal Disclosures :

Creditreform Rating AG was mandated on 15/01/2020 by LaSalle to conduct a rating for the bearer notes under German law, issued by RE Debt Strategy S.A. (Compartment 3). 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" 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 management meeting by phone on 03/12/2021. The submitted documents and information provided by LaSalle or rather the Issuer 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 Simon Cordes (Lead) and Luca Olmes, all located in Neuss/Germany. The function of Person Approving Credit Ratings (PAC) was performed by Sascha Pomorin.

Closing of the transaction occurred on 18/12/2018. The rating is based on the portfolio information and transaction documentation as of 09/12/2021, as provided by LaSalle or the Issuer.

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 addition to the provision of rating activity, no further ancillary services were provided.

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.

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.

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 "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 CRA-Regulation.

The "Basic Data" information card or the press release published on Creditreform Rating's website indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

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 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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