Maalot

S&P Global Ratings

# Brack Capital Properties N.V.

**March 25, 2019**

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## Index



**Rating ratification**

# Brack Capital Properties N.V.

| The issuer's rating ratification | ilAA-/Stable |
|---|---|

## Summary

| Key strengths | Key risks |
|---|---|
| • Activity in the German income generating real estate market – a stable market over time with a positive growth outlook for the upcoming years<br>• Geographical distribution across a large number of cities in Germany and proper diversification between the residential sector and the commercial sector .<br>• Stable operating performance of the asset portfolio with high and stable occupancy rates of 95% on average and rental fee growth over time.<br>• Adequate access to the German banking system as reflected in reducing the average interest on bank loans in recent years.<br>• Maintaining low leverage ratio than the adequate ratio of the current rating. | • Certain dependency on two major tenants and certain exposure to two material commercial assets.<br>• The fact that all of the Company's assets are pledged, in our opinion, adversely affects financial flexibility.<br>• Exposure to residential development activities, which in our view, embodies higher sectoral and operational risks than the risks of income generating real estate activity. |

**In 2018, Brack Capital Properties continued to expand its asset portfolio and improve its operating results.**

In 2018, the value of the Company's income generating asset portfolio increased to € 1.4 billion, excluding land and inventory of apartments under construction totaling about € 310 million, compared to € 1.3 billion and € 190 million, respectively, at the end of 2017. The increase was mainly due to revaluation of existing assets totaling € 95 million and equity investments in existing assets net of the sale of a hotel in Hamburg. The Company continued to show growth in revenues from identical assets and maintained high occupancy rate. We believe that the German real estate market is well developed sector enjoying a steady demand in the Company's areas of activity allowing to present a continuous improvement in operating performance.

**Brack Capital Properties continued to reduce its debt cost in 2018**. The EBITDA to financing expenses ratio of Brack Capital Properties is currently positively affected by the low interest rate environment in Germany, since the entire bank debt of the Company, which accounts for 87% of its financial debt, originates from the German banking system. In 2018, the improvement in debt cost continued, among others, upon completion of refinancing bank debt such that the average interest rate on bank debt was 1.6% compared to 1.7% in 2017 and 1.8% in 2016.

**The Company's leverage is expected to increase moderately in 2019, but will remain within the adequate range for the current rating**. The increase mainly derives from the expected acquisition of non-controlling interests in the Company's commercial assets, expected investments in existing and assets and expected dividend distributions. These will be offset to some extent through the sale of commercial assets that are not at the core of the Group's business and cash flow from operating operations. We should indicate that the sale of additional assets may reduce the leverage in accordance with the Group's financial policy. We believe that maintaining leverage margin allows the Company to continue expanding the scopes of its operations.

## Rating outlook: stable

The stable rating outlook reflects our estimate as to the Company's ability to create a stable cash flow from the income-generating asset portfolio. This estimate is supported, among others, by the positive economic growth forecast in Germany and the comfortable real estate market environment. Based on the current financial policy of the Company and our base scenario, we see a ratio of debt to debt and equity of up to 60% and EBITDA to financing expenses ratio of x 3.0 while maintaining adequate liquidity in the next 12 months, as appropriate for the current rating.

A change in the rating of the parent company, Adler Real Estate AG (BB/Positive) may have an effect of the Company's rating.

### The negative scenario

Negative rating activity is feasible if the Company deviates over time from the ratios that were defined as appropriate for the current rating, or if the Company increases significantly the weight of the development activity beyond our base scenario. In our opinion, such a scenario may occur, inter alia, if a material change occurs in the Company's business and/or financial strategy.

### The positive scenario

Positive rating activity is feasible if the Company increases the volume of its income-generating asset portfolio such that it will significantly reduce the dependency on major tenants while improving the financial portfolio such that the ratio of debt to debt and equity will be below 50% and the EBITDA to financing expenses ratio will be about x 4 over time as part of financial policy.

## The base scenario

Key assumptions

- Stable economic environment in Germany with growth forecast of 1.7% - 1.8% in GDP and low unemployment rate of 3% in 2019 – 2020.

- Annual rental income of € 70 million – € 80 million in 2019 – 2020. This is based on forecasted annual growth of 2.5% - 3% in rental fee income from existing assets and income generation from new assets to be purchased based on high occupancy rates in the asset portfolio over time and strong presence of the Company in cities with relatively rapid population growth rate.

- Acquisition of income generating assets with annual scope of approximately € 100 million, with a rental return of about 6% on new assets, based on historical acquisitions made by the Company.

- Realization of up to half of the commercial asset portfolio in 2019, as part of focusing the Company's strategy.

- Revenue recognition from the Grafental development project totaling approximately € 80 – 100 million in 2019-2020, in line with the projected pace of construction and project marketing rate.

- Acquisition of non-controlling rights in the Company's commercial assets amounting to approximately € 90 million in 2019.

**Key ratios**

| Financial ratio | 2018A | 2019E | 2020E |
|---|---|---|---|
| EBITDA/financing expenses | 3.3x | 3.2x-3.6x | 3.4x-3.8x |
| Debt/debt and equity | 51.5% | 52%-55% | 52%-55% |
| Debt/EBITDA | 13.1x | 12.0x-13.0x | 12.0x-13.0x |

A – actual
E –expected

**Base scenario forecasts**

**Growth of approximately 2.5% -3.0% in rental income from existing assets in 2019 and 2020**

We believe that in the next two years, the Company will continue to enjoy strong operating performance, including an increase in rental fees, particularly in the residential sector. Our estimate is based on high occupancy rates in the asset portfolio over time, strong presence in cities with a relatively high population growth rate and the fact that only about 3% of rental apartments in the asset portfolio are rent-controlled by the government. Average rental fees in the residential portfolio are lower than the market average, and therefore support a continued increase in rental fees in new contracts.

**Maintaining stable interest coverage ratio and moderate increase in leverage**

The Company maintained an EBITDA to financing expenses ratio of 3.3x in 2018, similar to 2017. We believe the ratio will remain at a similar level in 2020-2019, given the expected growth in operating income in the income generating real estate sector, the forecast for profit recognition in residential development and the forecast that no material change will occur in the interest environment in Germany. We also expect a modest increase in leverage, as reflected in the expected debt to debt and equity ratio of approximately 52% -55% in 2019-2020, which is lower than the appropriate ratio for the current rating.

In the event that the Company realizes assets on a material scale beyond the base scenario, we expect that the leverage rate will decrease, based on the Company's financial policy.

## Company description

Brack Capital Properties N.V. is an income generating real estate company operating in Germany. On December 31, 2018, the value of the Company's income generating asset portfolio was approximately € 1.4 billion, and included 29 income generating residential assets, comprising approximately 12,000 residential units and 27 income generating commercial assets which include about 313 thousand square meters for rental. The Company also operates in the residential development sector, although on a low scale in relation to the entire activities. Most of this activity is concentrated in the city of Düsseldorf, and includes the Grafental project and a land reserve in the Gerresheim neighborhood.

Brack Capital Properties N.V. was incorporated in the Netherlands and is listed for trade on the Tel Aviv Stock Exchange. The principal holder in the Company is the German income generating real estate company Adler Real Estate AG (BB/Stable), which currently holds about 69.8% of the Company's shares.

## The Business Profile

The business risk profile of Brack Capital Properties is supported by focusing the real estate activity in Gemany, which we value as a stable economy with growth engines. The real estate market in Germany is well developed sector enjoying steady demand in the areas of activity allowing the Company to present continuous improvement in operating performance. Among others, in 2018, the Company showed high growth rate of 3.2% in revenues from identical assets in the income generating residential real estate and 0.5% in commercial real estate while maintaining high average occupancy rate of 95%. In addition, the Company's asset portfolio is distributed over a large number of cities in Germany and has proper diversification between the residential and the commercial segments.

In 2018, the value of the asset portfolio increased to € 1.4 billion compared to € 1.3 billion at the end of 2017 resulting mainly from investments in existing assets carried out by the Company over the course of the year and due to revaluation profits from a decrease in the average capitalization rate. The increase in the asset portfolio confers, in our view, operating stability and good appearance of cash flows

On the other hand, it should be noted that the business profile will continue to be limited due to exposure to two material commercial assets represneting 18% of the income generating portfolio and due to the dependence on two major tenants in the commercial sector , which together constitute about 52% of rental income in the commercial sector and about 21% of total rental income. Nevertheless, high duration of lease agreements in the commercial sector moderates the risk to a certain extent.

In addition, the Company has residential development activities, which in our estimate embody higher sectoral and operational risks than the risks in the income generating real estate activity, although its weight of the total actvity is relatively low. The activity is mainly concentrated in a project in Dusseldorf which is comprised of three stages of 297 residnetial units in marketing and performance stages (of which 90 units are for rental) and three other land complexes undergoing a zoning change from offices/industrial to residential. So far, the project's marketing rate is relatively high and is about 90% (excluding stage G, the marketing of which began only at the end of 2018). The rapid sales rate reflects, in our estimate, the attractive location of the project and the marketing capabilities of the Company.

Based on the Company's plans, we estimate that the business profile will continue to reflect primarily income generating real estate company, with a stable EBITDA base that moderates the possible volatility from the development activity.

**Table 1**

**Brack Capital Properties N.V. -- Peer Comparison (Mil. €)**

**Industry Sector: Real Estate Investment Trust or Company**

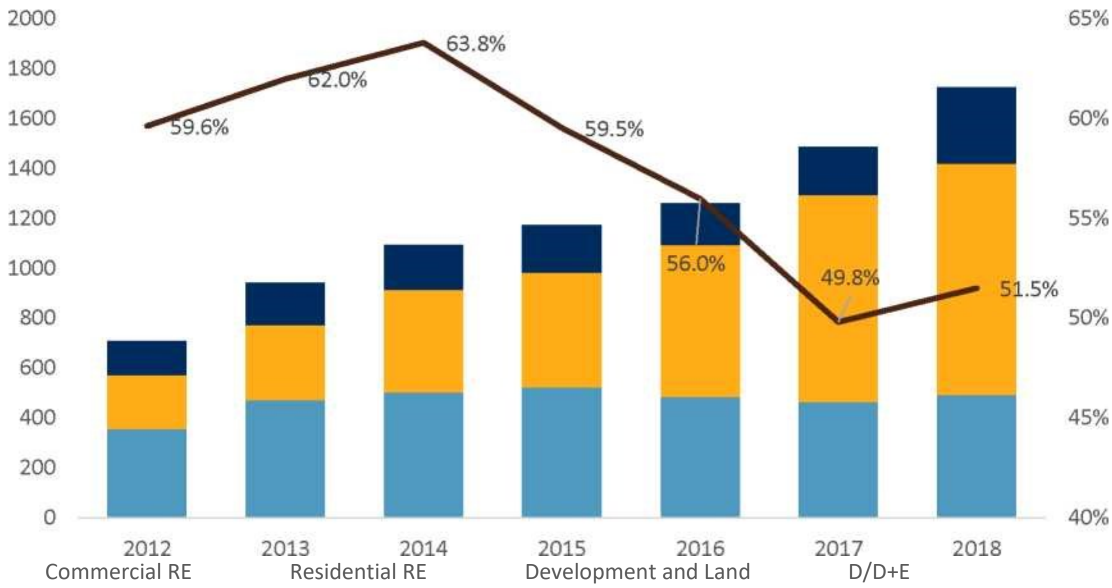
| | **Brack Capital Properties N.V.** | **ADO Group Ltd.** | **Summit Germany Limited** | **Melisron Ltd.** | **The Zarasai Group** |
|---|---|---|---|---|---|
| **Rating as of March 12, 2019** | **ilAA-/Stable** | **ilA/Stable** | **ilAA-/Stable** | **ilAA-/Stable** | **ilAA-/Stable** |
| **Year** | **2018** | **2017** | **2017** | **2018** | **2017** |
| Revenues | 168.9 | 48.1 | 60.5 | 363.8 | 152.1 |
| EBITDA | 64.7 | 28.3 | 48.1 | 253.8 | 73.1 |
| FFO | 34.1 | 10.4 | 33.6 | 127.3 | 32.2 |
| Interest Expense | 19.6 | 18.1 | 12.7 | 111.6 | 41.2 |
| Net income from cont. oper. | 119.0 | 126.0 | 100.7 | 136.6 | 25.2 |
| Cash flow from operations | (85.5)* | 3.9 | 36.1 | 151.6 | 41.1 |
| Cash and short-term investments | 27.6 | 111.2 | 22.7 | 125.6 | 75.8 |
| Debt | 848.5 | 713.1 | 390.2 | 2,321.9 | 1,063.5 |
| Equity | 800.5 | 535.2 | 566.1 | 1,553.9 | 775.4 |
| Valuation of Investment Property | 1,698.7 | 3,293.1 | 938.9 | 4,210.8 | 1,798.6 |
| **Adjusted ratios** | | | | | |
| EBITDA margin (%) | 38.3 | 58.8 | 79.5 | 69.8 | 48.0 |
| Return on capital (%) | 4.0 | 2.8 | 5.4 | 5.9 | 4.0 |
| EBITDA interest coverage (x) | 3.3 | 1.6 | 3.8 | 2.3 | 1.8 |
| FFO cash interest coverage (X) | 3.0 | 1.1 | 4.2 | 2.9 | 1.7 |
| Debt/EBITDA (x) | 13.1 | 25.2 | 8.1 | 9.2 | 14.6 |
| FFO/debt (%) | 4.0 | 1.5 | 8.6 | 5.5 | 3.0 |
| Total debt/debt plus equity (%) | 51.5 | 57.1 | 40.8 | 59.9 | 57.8 |

* Including purchase of land for € 128 million.

## The Financial Profile

The Company's financial risk profile is supported in the last two years by maintaining lower leverage level than the adequate rate for the current rating simultaneously with consistent increase in the asset portfolio over the years. We estimate that cash flows from operating activities after interest payments will be 45-55 million per year including the contribution from handing over apartments in the residential development project in Dusseldorf.

**Leverage and value of asset portfolio**




In 2018, a moderate increase in leverage has occurred, as reflected in debt to debt and equity ratio of about 51.5% at year-end, compared to 49.8% in the previous year. The increase in leverage was mainly due to an increase in adjusted debt, which was mainly due to the purchase of land reserves in the city of Düsseldorf, from the purchase of 4.1% of the shares of a German real estate company whose shares are traded on the Frankfurt Stock Exchange, from the purchase of residential assets and investments in existing assets.

We expect a moderate increase in leverage in 2019-2020 to approximately 52% -55%, mainly due to the expected acquisition of non-controlling interests in the Company's commercial assets, expected investments in new and existing assets, and the expected dividend distributions, which will be offset to certain extent by the sale of commercial assets that are not at the core of the Company's business. The expected leverage range reflects the uncertainty about the expected scope and timing of asset realization. In this regard, it should be emphasized that revaluations and realization of additional assets in the future may reduce leverage beyond the base scenario.

Another supporting factor in the financial risk profile is the appropriate access to financing sources, and in particular to the banking system in Germany, which is reflected in the reduction of financing costs due to financial debt refinances carried out by the Company over the years. In 2018, the average interest rate on bank debt was about 1.6%, compared to 1.7% in 2017 and 1.8% in 2016.

The EBITDA ratio of Brack Capital Properties is favorably affected today by the low interest rate environment in Germany, since about 87% of its gross financial debt is originated from the German banking system. We expect that in 2019-2020, the EBITDA ratio to financing expenses will be in line with the adequate target for the current rating, namely 3.0x, given the expected increase in NOI (net operating income) from existing and new assets and operating contribution from the residential development sector.

**Table 2.**

| Brack Capital Properties N.V. - Financial Summary (Mil. €) | | | | | |
|---|---|---|---|---|---|
| **Industry Sector: Real Estate Investment Trust or Company** | | | | | |
| | **2018** | **2017** | **2016** | **2015** | **2014** |
| Revenues | 168.9 | 160.1 | 171.6 | 161.1 | 153.6 |
| EBITDA | 64.7 | 63.0 | 64.2 | 61.3 | 55.7 |
| FFO | 34.1 | 36.2 | 41.1 | 40.2 | 35.5 |
| Interest Expense | 19.6 | 19.5 | 20.7 | 21.2 | 20.5 |
| Net income from continuing operations | 119.0 | 119.0 | 88.7 | 77.5 | 47.5 |
| Cash flow from operations | (85.5)* | 58.5 | 80.7 | 60.8 | 51.3 |
| Cash and short-term investments | 27.6 | 114.1 | 89.3 | 55.8 | 60.7 |
| Debt | 848.5 | 692.2 | 661.2 | 667.8 | 668.3 |
| Equity | 800.5 | 698.6 | 520.1 | 454.1 | 379.2 |
| **Adjusted ratios** | | | | | |
| EBITDA margin (%) | 38.3 | 39.3 | 37.4 | 38.1 | 36.3 |
| Return on capital (%) | 4.0 | 4.6 | 5.3 | 5.4 | 5.6 |
| EBITDA interest coverage (x) | 3.3 | 3.2 | 3.1 | 2.9 | 2.7 |
| FFO cash interest coverage (x) | 3.0 | 3.3 | 3.3 | 3.2 | 2.9 |
| Debt/EBITDA (x) | 13.1 | 11.0 | 10.3 | 10.9 | 12.0 |
| FFO/debt (%) | 4.0 | 5.2 | 6.2 | 6.0 | 5.3 |
| Debt/debt and equity (%) | 51.5 | 49.8 | 56.0 | 59.5 | 63.8 |

* Including purchase of land for € 128 million.

## Liquidity: adequate

We assess the liquidity of Brack Capital Properties as appropriate based on our assessment that the ratio between the Company's sources and uses will exceed 12.x in the 12 months starting from January 1, 2019. Our assessment of the Company's liquidity level is mainly supported by the Company's ability to generate high and stable cash flows from its income generating asset portfolio. Nevertheless, since all of the Company's assets are pledged, in our estimate, it negatively effects financial flexibility, although the LTV ratio (loan-to-value ratio) against the pledged assets is relatively low (about 50% on average) thereby allowing refinancing.

Below are the main sources and uses of the Company for 12 months from January 1, 2019:

| Main sources | Main uses |
|---|---|
| • Cash in a scope of € 27 million;<br>• FFO (funds from operations) in cash in a scope of € 45 -55 million;<br>• Positive working capital from residential development activity in a scope of € 10 - 15 million;<br>• Net proceeds from sale of commercial assets in a scope of € 45 million (signed). | • Short term credit and bond payment of € 32 million (of which € 17 million for bond principal payment);<br>• Purchase of non-controlling interests for € 79 million, net (by a binding notice). |

Uses do not include one-off payments ("bullet payments") of non-recourse bank loans, primarily against assets in Hanover and Krefeld, based on our estimate that these assets will be refinanced, since these are assets with a good operating performance financed at a relatively low LTV rate of about 30 % -45%.

| Debt maturities | | | | | |
|---|---|---|---|---|---|
| Year | **2019** | **2020** | **2021** | **2022** | **2023 onwards** |
| Maturities (€ in millions) | 118 | 68 | 257 | 148 | 283 |

## Covenants' Analysis

### Forecast

We expect that the Company maintains an adequate margin (more than 15%) with respect to its financial covenants.

### Requirements

Under the terms of the bonds, the Company must maintain a net debt to net debt and equity ratio not exceeding 75%, capital attributed to the majority shareholders of not less than €190 million and the ratio of the Company's equity to net financial debt (on solo basis) which will not be less than 187.5%.

## The Group's Impact Analysis

Adler Real Estate AG ("Adler" or "Group" BB/Positive), the controlling shareholder in the Company holding approximately 70% of its shares, is an income generating real estate company operating in Germany that owns about 50 thousand residential units valued at € 3.2 billion. In our estimate, Brack Capital Properties is a core company of the Group among others, since it constitutes a material part of the consolidated operations and the companies are managed by an identical senior management. In addition, both companies operate in Germany in the income-generating real estate sector, with potential for integration of the activities mainly in the residential sector. At this stage, the Group's impact is neutral, among other things given the rating levels of both companies.

## Rating adjustments

Sectoral distribution: neutral

Capital structure: neutral

Liquidity: neutral

Financial policy: neutral

Management, strategy and corporate governance: neutral

Comparison to reference group: neutral

## Debt recovery analysis

### Major considerations

- We ratify the rating for Brack Capital Properties NV's unsecured bond series (Series A, B and C) the rating of ilAA- which is identical to the issuer's rating. The debt recovery rating for these series is '3' reflecting our assessment that given hypothetical nonpayment scenario, the debt recovery rate will be at the top of the range 50% -70%.

- Our assessment of the debt recovery rate takes into account the fact that the series are subordinated to the senior bank debt (to which all of the Company's assets are pledged) the certain dependence on two major tenants and the certain exposure to two material commercial assets.

### Key assumptions for hypothetical nonpayment scenario

- Year of hypothetical nonpayment event: 2024

- A deep recession in German economy will cause a significant reduction in occupancy rates, a decrease in rental fees and substantial erosion in the value of the asset portfolio.

- The Company will continue to operate as a going concern, an estimate which is supported by the key locations of its assets that will allow it to obtain refinancing to repay some of its liabilities.

- The value of the Company's commercial asset portfolio will decrease by 50%, considering the concentration value of a number of large assets, depending on two major tenants and the quality and location of the assets.

- The value of the Company's residential asset portfolio will decrease by 30%, considering the distribution of tenants and the relatively high number of assets.

- The value of inventory in construction for sale and land for construction by the Company will decrease by 40% -60% considering the locations, engineering completion rates, marketing rates, planning status and building permits status.

### Basic payment waterfall upon nonpayment

- Value as going concern (gross) at asset value: € 1.02 billion.

- Administrative costs: 5%

- Available value to cover secured debt: € 973 million.

- Total secured senior debt: € 891 million.

- Available value to cover unsecured debt: € 82 million.

- Total unsecured debt (Series A, B and C): € 119 million.

- Estimate of the unsecured debt recovery rate: 50% -70% (at the top part of the range).

Debt figures include semi-annual accrued interest

**Impact of Debt Recovery Estimate on Debt Rating with respect to Issuer's Rating**

| Debt recovery estimate in percentage | Description | Score of debt recovery estimate | Rating of series above/under the issuer's rating |
|---|---|---|---|
| 100% | Full repayment expected | 1 + | 3+ notches |
| 100%-90% | Very high debt recovery | 1 | 2+ notches |
| 90%-70% | High debt recovery | 2 | 1+ notch |
| 70%-50% | Significant debt recovery | 3 | 0 notches |
| 50%-30% | Average debt recovery | 4 | 0 notches |
| 30%-10% | Modest debt recovery | 5 | -1 notches |
| 10% -0% | Negligible debt recovery | 6 | -2 notches |

Debt recovery ratings are limited in some countries to take into account reduced debt recovery prospects in those countries. Debt recovery ratings of unsecured debt issuances are also generally limited (for more information, see Step 6, paragraphs 98-90 of the Methodology for Evaluating Debt Recovery of Non-Financial Corporations, December 7, 2016).

## Financial reporting adjustments

In order to bring the financial data to a common base compared to other rated companies, we adjust the reported data in the financial statements used by us in calculating financial ratios. Below are the main adjustments to the consolidated data of Brack Capital Properties NV for 2018:

- Offsetting surplus cash and cash equivalents, as we have defined, from the reported financial debt.

- Neutralization of income from increase in fair value of investment property from operating income.

- Deduction of interest expenses from cash flows from operating activities.

**Table 3.**

**Reconciliation of Brack Capital Properties N.V. Reported Amounts with S&P Global Ratings Adjusted Amounts (Mil. €) for the Fiscal Year Ended Dec 31, 2018**

**Brack Capital Properties N.V. reported amounts**

| | Debt | Shareholders' equity | Operating income | EBITDA | Cash flow from operations |
|---|---|---|---|---|---|
| Reported | 871.4 | 694.6 | 160.1 | 64.7 | (68.1) |
| **S&P Global Ratings adjustments** | | | | | |
| Interest expense (reported) | -- | -- | -- | (19.6) | — |
| Interest income (reported) | -- | -- | -- | | — |
| Current tax expense (reported) | -- | -- | -- | (11.0) | — |
| Surplus cash | (24.8) | -- | -- | -- | — |
| Reclassification of interest and dividend cash flows | -- | -- | -- | -- | (17.5) |
| Non-controlling Interest/Minority interest | -- | 105.8 | -- | -- | |
| Debt - Accrued interest not included in reported debt | 1.9 | -- | -- | -- | -- |
| D&A - Asset Valuation gains/(losses) | -- | -- | (95.5) | -- | — |
| **Total adjustments** | **(22.9)** | **105.8** | **(95.5)** | **(30.6)** | **(17.5)** |
| **S&P Global Ratings adjusted amounts** | | | | | |
| | **Debt** | **Equity** | **EBIT** | **Funds from operations** | **Cash flow from operations** |
| Adjusted | 8,207.1 | 8,747.2 | 130.1 | 317.7 | 399.6 |

## Methodology and Related Articles

- Methodology: use of rating outlook and CreditWatch, September 14, 2009.
- Methodology: methodology for assessing the management and corporate governance of corporations and insurers, November 13, 2012;
- Methodology- general: timing of payments, grace period, guarantees and using the ratings of D' (Default) and SD (selective Default), October 24, 2013.
- Methodology: rating a group of companies, November 19, 2013
- Methodology: rating of companies – financial ratios and adjustments, November 19, 2013
- Methodology: general methodology for rating corporations November 19, 2013.
- Methodology: methodology for estimating country's risk, November 19, 2013.
- Methodology: sector risk, November 19, 2013.
- Methodology: methodology for assessing the liquidity profile of corporations, December 16, 2014.
- Methodology: methodology for assessing debt recovery of non-financial corporations, December 7, 2016.
- Methodology: key factors for rating real estate companies, February 26, 2018.
- Methodology – General: credit rating in local scales, June 25, 2018.
- Rating definitions of S&P Global ratings, October 31, 2018.
- Opinions and interpretation: the link between the global rating scale and the Israeli rating scale, June 26, 2018.

## List of ratings

**General information (as of March 25, 2019)**

| **Brack Capital Properties N.V** | |
|---|---|
| | |
| **The issuer's rating** | |
| Long term | **ilAA-/stable** |
| | |
| | |
| **Unsecured senior debt** | |
| Series A,B and C. | **ilAA-** |
| | |
| | |
| **Issuer's rating history:** | |
| | |
| Long term | |
| **March 14, 2016** | **ilAA-/stable** |
| **April 2, 2013** | **ilA+/stable** |
| **April 1, 2012** | **ilA/stable** |
| | |
| **Additional details** | |
| The time the event has occurred | March 25, 2019 14:32 |
| The time it was first learned about the event | March 25, 2019 14:32 |
| The party initiating the rating | The rated company |
| | |

**Monitoring credit rating**

We are regularly monitoring developments that may affect the credit ratings of issuers or of specific bond series that we rate. The purpose of the monitoring is to ensure that the rating will be updated regularly and identify the parameters that may lead to change in the rating.

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