

CREDIT OPINION

1 February 2023

Update



Send Your Feedback

RATINGS

Yorkshire Housing Limited

Domicile	United Kingdom
Long Term Rating	A3
Type	LT Issuer Rating - Dom Curr
Outlook	Negative

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

Maylis Chapellier +44.20.7772.1429
Analyst
maylis.chapellier@moody's.com

Csaba Szontagh +44.20.7772.8738
Associate Analyst
csaba.szontagh@moody's.com

Sebastien Hay +34.91.768.8222
Senior Vice President/Manager
sebastien.hay@moody's.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Yorkshire Housing Limited (UK)

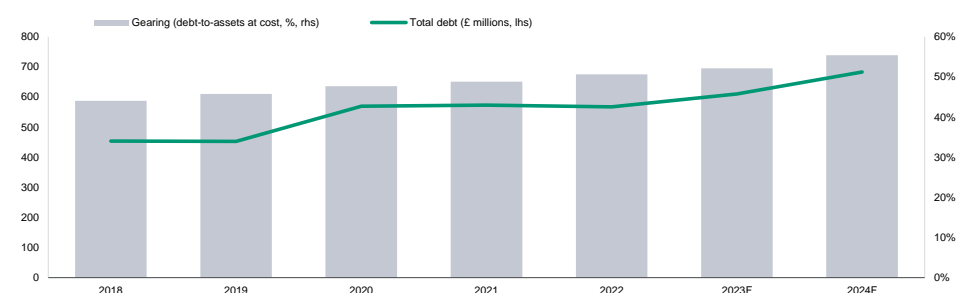
Update following affirmation of A3 negative

Summary

The credit profile of [Yorkshire Housing Limited](#) (Yorkshire, A3 negative) reflects its adequate debt metrics as well as its solid liquidity. The credit profile also takes into account the deteriorated margins, the scale-up in Yorkshire's development programme and a high exposure to market sales relative to peers. Yorkshire benefits from the strong regulatory framework governing English housing associations, and our assessment that there is a strong likelihood of the government of the [United Kingdom](#) (Aa3 negative) intervening in the event of Yorkshire facing acute liquidity stress.

Exhibit 1

Debt to increase, weighing negatively on debt metrics



F : Forecast.

Source: Yorkshire, Moody's Investors Service

Credit strengths

- » Debt metrics expected to remain in line with peer medians, despite increasing debt
- » Sound management underpins good liquidity metrics
- » Supportive institutional framework

Credit challenges

- » Deteriorated operating performance
- » Ambitious development program and very high market sales exposure

Rating outlook

The negative outlook reflects the high exposure to weaker economic and financial conditions in the UK. A 7% ceiling on social rent increases in England combined with high cost inflation and sizeable levels of mandatory expenses (quality, fire and building safety, decarbonisation) will weigh on operating margins over the next 12 to 18 months. This could be worsened by additional below-inflation caps on social rent increases. At the same time, higher interest rates and tightening financing conditions will further weaken interest coverage ratios. Further declines in home prices and sale volumes in the UK could affect HAS' profitability and surpluses from market sales and further weaken their credit profile.

Factors that could lead to an upgrade

A rating upgrade is unlikely due to the negative outlook. The negative outlook could be stabilised if Yorkshire is able to maintain relatively stable financial metrics over the medium term. This could be driven by operating performance improving more than presently anticipated, including the ability to contain cost pressures, and reductions in development plans leading to lower debt levels than currently anticipated.

Factors that could lead to a downgrade

Yorkshire's ratings could be downgraded as a result of one or a combination of the following: a failure to adapt strategies to mitigate against weaker economic conditions; a further weakening in operating margins and interest coverage ratios; increases in debt levels beyond that currently anticipated; significant deterioration in liquidity; significant scaling up in market sales exposure or material deterioration in market sales performance; or any weakening of the regulatory framework or dilution of the overall level of support from the UK government. A downgrade of the UK sovereign rating would also place downward pressure on Yorkshire's ratings.

Key indicators

Exhibit 2

Yorkshire Housing Limited							
	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23 (F)	31-Mar-24 (F)
Units under management (no.)	16,316	16,416	16,840	17,173	17,690	18,435	18,838
Operating margin, before interest (%)	30.6	29.1	21.7	20.8	16.6	17.9	19.1
Net capital expenditure as % turnover	26.1	39.6	67.5	31.6	35.4	33.2	43.2
Social housing letting interest coverage (x times)	1.7	1.4	1.0	0.9	0.3	0.8	0.9
Cash flow volatility interest coverage (x times)	1.4	1.0	0.9	1.4	0.6	1.6	1.7
Debt to revenues (x times)	4.5	4.0	4.9	4.0	3.8	4.2	4.5
Debt to assets at cost (%)	44.1	45.8	47.7	48.8	50.6	52.1	55.4

F: Forecast. Fiscal 2022 was impacted by refinancing costs of £35 million, which impacted SHLIC and CVIC, without these refinancing costs, SHLIC would stand at 0.79x and CVIC at 1.61x.
Source: Yorkshire, Moody's Investors Service

Detailed credit considerations

On 30 January 2023, we affirmed Yorkshire's ratings of A3 and maintained the negative outlook. At the same time, we downgraded the baseline credit assessment (BCA) to baa2 from baa1 reflecting the weakened operating performance and high exposure to market sales.

The credit profile of Yorkshire, as expressed in an A3 rating, combines (1) its Baseline Credit Assessment (BCA) of baa2, and (2) a strong likelihood of extraordinary support coming from the UK government.

Baseline Credit Assessment

Debt metrics expected to remain in line with A3 peer medians, despite increasing debt levels

Total debt will average £658 million over the next three years, an increase from the £567 million reached in fiscal 2022. The debt increase is driven by Yorkshire's development programme, with net capital spending to remain high, averaging 34% of turnover over the next three years, from 36% in fiscal 2022.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

However, subject to completion of market sales, we expect the increase in debt to remain in line with the increase in revenues. Debt to revenues is expected to average 4.3x over fiscal 2023-25, stronger than the expected A3 peer median of 4.5x over the same period. Gearing is expected to be around 54% over this period, slightly above the expected A3 peer median of 53% over the same period.

As of August 2022, Yorkshire's debt presents limited interest rate risk, with 14% of drawn debt on variable rates. The medium-term refinancing risk is also limited with only 10% of outstanding debt due within five years. Yorkshire's main refinancing peak is in fiscal 2045, with its £255 million bond maturing in October 2044, representing 45% of drawn debt.

In fiscal 2022, Yorkshire simplified its debt portfolio to 1/ reduce the number of lenders, 2/ reduce its interest charge, 3/ align covenants and 4/ improve its security position. The refinancing exercises have decreased its interest charge forward and have improved covenant headroom, a credit positive. Yorkshire continues to work to simplify its debt portfolio.

Sound management underpins good liquidity metrics

Yorkshire has four golden rules, with two aligned with its banking covenants (minimum interest cover of 1.75x and maximum gearing of 55%) and two focusing on liquidity to reflect the HA's development focus (minimum liquidity of 18 months and minimum liquidity, excluding sales, of 12 months), mitigation triggers have also been set on those metrics to add a buffer. Besides, Yorkshire only enters into new developing commitments once funding has been made available. As of August 2022, immediately available liquidity consisted of £22 million of cash and £150 million of undrawn secured facilities available within 48 hours. This provides around 1.5x liquidity coverage in terms of net capital commitments for the next two years. This is in line with the A3 peer median of 1.5x. Compared to Yorkshire's golden rules, it represented +36 months, comfortably above the 18 months and 12 months, excluding sales, golden rules.

Yorkshire's strengthened its board in fiscal years 2021 and 2022, bringing in expertise on commercial activities, asset management and investment as well as IT transformation and digital innovation. The added skills are in line with Yorkshire's development and investment plan, a credit positive. Yorkshire has also enhanced its governance and financial performance reporting frameworks, including stress-testing and mitigation plans. Compared to rated peers, Yorkshire has a simple corporate structure, with one dormant and two active subsidiaries that facilitates strong management and control of the organisation's strategy and business plan.

Supportive institutional framework

The sector's credit quality will continue to benefit from the strong institutional framework governing English housing associations (HAs) reflected in an Operating Environment score of a3 and a Regulatory Framework score of a1. These scores are assigned at a national level and reflect the following credit considerations:

The regulator maintains strong oversight through quarterly returns, long-term business plans, annual reviews, and by undertaking biennial In-Depth Assessments (IDAs) for large and complex HAs. The regulator has a strong track record of intervention in cases of mismanagement or financial stress with powers to provide financial assistance and/or make manager appointments where there has been a breach of regulatory standards.

The operating environment for English HAs remains supportive. Demand for social housing remains very high and the government has committed to increased capital grant on more flexible terms for new social housing. English HAs retain some expenditure flexibility and have a track record of reducing costs to mitigate lower income.

However, due to presently very high rates of inflation, the government has intervened on social rent policy with a 7% ceiling on social rent increases to be implemented from April 2023 for one year. The ceiling of 7% will likely result in an adverse differential between rental income and cost growth, driving lower margins and interest coverage. The intervention introduces policy volatility to the sector as the ceiling will supersede the allowable increase of consumer price inflation (CPI) plus 1% under the current rent standard, which is in place until March 2025.

Deteriorated operating performance

Yorkshire's operating margin is expected to remain low, averaging 19% over the next three years, driven by increased costs in Yorkshire's programme to improve customer service experience and tenant safety, as well as the impact of inflation. The operating margin for social housing is expected to be around 21% over the next three years, because of increased spending on the quality of existing stock.

Yorkshire's 2022 operating margin was hit by the write off of a software intangible asset, decreasing to a low 13%. Excluding this one-off, it reached 17% which remains below peers (A3 peer median of 23%). The deteriorated performance is linked to an increase in voids, due to the covid-19 pandemic, and in management costs to strengthen its team and resolve issues around data and processes.

The reduction in profitability has led to social housing lettings interest coverage (SHLIC) dropping to 0.8x in fiscal 2022 (excluding the impact of the refinancing in fiscal 2022 and of the software write off), well below peers (A3 peer median of 1.1x). Over the next three years, SHLIC is projected to improve slightly around 0.9x, thanks to the reduction of interest payments, as a result of the refinancing exercises.

Cash flow volatility interest coverage increased to 1.6x in fiscal 2022 from 1.4x in fiscal 2021 (excluding the impact of the refinancing in fiscal 2022 and of the software write off). It is expected to average 1.8x over the next three years, supported by next stronger cash generations, slightly above the expected A3 peer median of 1.6x over the same period. Due to Yorkshire's increase in market sales activity, its operating performance will be increasingly driven by performance on its market sales programme which can typically be more volatile. [With a likely housing market downturn over the next two years, HAs with high exposure to market sales are unlikely to achieve forecasted income, leading to lower surpluses.](#)

Ambitious development program and very high market sales exposure

Yorkshire's exposure to market sales risk is very high (that we define as >30% of turnover) as of fiscal 2022, with market sales representing 35% of turnover. The exposure will remain at high, with market sales averaging at 26% of turnover over the next three years.

Most of the units Yorkshire develop over the next 5 years are affordable rental properties (58%). 42% will be for market sales (34% shared ownership, 8% outright market sales). Yorkshire has removed any uncommitted outright sales from its plan, because of the weakened operating environment. We note that tenure split is indicative and will vary depending on opportunities that are available, a mitigant against a potential housing market downturn. Demand for Yorkshire's units remained strong, with only 1 new unit of over three months unreserved and 8 reserved, as of August 2022. However, the likelihood of a decline in UK home prices continues to increase, as inflation and interest rates surge and economic growth slows, and Yorkshire would be more at risk than peers, given its relatively higher reliance on market sales.

Yorkshire plans to develop 8,000 homes by 2030, with around 2,000 units have already been delivered against that objective, 1,000 on site 500 in contract and 500 in the pipeline. Of the 2,000 pipeline units, 89% are either partially funded by Homes England grants or have been purchased at a reduced value under a section 106 agreement. The plan is ambitious as the remaining units to develop represent 35% of Yorkshire's existing units. However, around 4,000 units remain aspirational at this stage, only 10% of post 2025 plan is committed as of November 2022 and the plan is dependent on future economic circumstances, providing flexibility and mitigating the development risk. We also note that part of the development plan will be funded through grants, that Yorkshire had secured through its Strategic Partnership with Homes England, a credit positive.

Yorkshire's capital spending plan also includes an environment programme to reduce its units' carbon footprint and reach an energy performance criteria (EPC) of C by 2030 on all social housing units. Fire and building safety represents a lower cost than peers and than its environmental programme (£8 million for environmental spending between 2022 and 2030, versus £1.5 million for fire and building safety), thanks to its very limited number of high rise buildings.

Extraordinary support considerations

The strong level of extraordinary support factored into the rating reflects the wide-ranging powers available to the regulator in cases of financial distress, with the possibility of a facilitated merger or a transfer of engagements. However, the process can be protracted and is reliant on HAs agreeing to merge, which could be more challenging in a weakening operating environment. Recent history has shown that the UK government is willing to support the sector, as housing remains a politically and economically sensitive issue. The strong support assumption also factors increasing exposure to non-core social housing activities in the sector, that add complexity to HA operations, and the weakening of the sovereign's financial resilience, making an extraordinary intervention slightly more challenging. In addition, our assessment that there is a very high default dependence between Yorkshire and the UK government reflects their strong financial and operational linkages.

ESG considerations

Yorkshire Housing Limited's ESG Credit Impact Score is Neutral-to-Low CIS-2

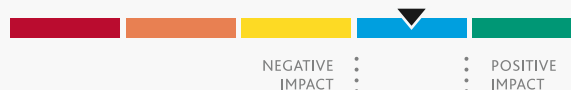
Exhibit 3

ESG Credit Impact Score

CIS-2

Neutral-to-Low

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.



Source: Moody's Investors Service

Yorkshire's CIS is neutral-low reflecting moderate exposure to environmental and social risks, low-neutral governance profile, as well as a supportive regulatory framework and support from the UK government.

Exhibit 4

ESG Issuer Profile Scores

ENVIRONMENTAL

E-3

Moderately Negative



SOCIAL

S-3

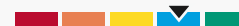
Moderately Negative



GOVERNANCE

G-2

Neutral-to-Low



Source: Moody's Investors Service

Environmental

Its overall E issuer profile score is moderate (**E-3**), reflecting moderately negative exposure to environmental risks, primarily due to carbon transition risk from the legislative requirement for English housing associations to improve the energy efficiency of their existing housing stock by 2035, leading to increased expenditure. We consider that Yorkshire has a material exposure to this risk due to a significant proportion of its stock requiring retrofit.

Social

We assess its S issuer profile score as moderate (**S-3**), reflecting exposure to risks from responsible production and demographic and societal trends. Responsible production risks include the legislative requirement to improve the safety of its existing housing stock which will increase expenditure over the medium term. Demographic and societal trends risks reflect the vulnerability of the sector to government policy which controls rent setting in England and Wales. The government's recent intervention on social rent policy with a ceiling on social rent increases introduces policy volatility to the sector and will have a negative impact on financial performance.

Governance

We assess its G issuer profile score as neutral to low (**G-2**). Governance in the sector is generally fit for purpose, with good oversight of business risks, strong financial planning and risk management processes, detailed reporting and simple organisational structures. The regulatory framework also supports good governance in the sector.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The assigned BCA of baa2 is one notch above the scorecard-indicated BCA for fiscal 2022, however the scorecard includes one-off refinancing costs of £35 million which weigh negatively on interest coverage ratios. Without these one-offs, the scorecard-indicated BCA would have been baa2, which is the same as the assigned BCA.

The methodologies used in this rating are the [European Social Housing Providers](#) rating methodology, published in April 2018, and the [Government Related Issuers](#) rating methodology, published in February 2020.

Exhibit 5

Yorkshire, fiscal 2022 scorecard

Yorkshire Housing Limited			
Baseline Credit Assessment	Sub-factor Weighting	Value	Score
Factor 1: Institutional Framework			
Operating Environment	10%	a	a
Regulatory Framework	10%	a	a
Factor 2: Market Position			
Units Under Management	10%	17,690	baa
Factor 3: Financial Performance			
Operating Margin	5%	16.6%	baa
Social Housing Letting Interest Coverage	10%	0.3x	b
Cash-Flow Volatility Interest Coverage	10%	0.6x	b
Factor 4: Debt and Liquidity			
Debt to Revenue	5%	3.8x	baa
Debt to Assets	10%	50.6%	b
Liquidity Coverage	10%	1.5x	a
Factor 5: Management and Governance			
Financial Management	10%	baa	baa
Investment and Debt Management	10%	baa	baa
Scorecard - Indicated BCA Outcome			baa3
Assigned BCA			baa2

Source: Yorkshire, Moody's Investors Service

Ratings

Exhibit 6

Category	Moody's Rating
YORKSHIRE HOUSING LIMITED	
Outlook	Negative
Baseline Credit Assessment	baa2
Issuer Rating -Dom Curr	A3
YORKSHIRE HOUSING FINANCE PLC	
Outlook	Negative
Senior Secured -Dom Curr	A3

Source: Moody's Investors Service

© 2023 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 credit 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, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - 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 61 003 399 657 AFSL 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

1355666

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454