ICAP S.A.

METHODOLOGY FOR THE ASSIGNMENT OF CREDIT RATINGS TO REAL ESTATE INVESTMENT COMPANIES (R.E.I.C.)

SEPTEMBER 2018

Table of Contents

INTRODUCTION

This document outlines the basic principles of ICAP's methodology for the assignment of credit ratings to Greek companies operating as Real Estate Investment Companies (R.E.I.C.).

The methodology is in line with the amended Regulation 1060/2009, on 16th September 2009, of the European Parliament and of the Council on Credit Rating Agencies.

This methodology shall enter into force on 26 September 2018.

The document is structured in two parts. The first part presents:

- The data sources,
- The basic definitions of significant factors for understanding the methodology,
- The scope of the new methodology,
- The factors that led to the development of the new methodology.

The second part presents:

- Data that validate the accuracy of the methodology,
- General description of the methodology,
- The categories, criteria and sub-criteria of the methodology.

FIRST PART

1.1. Data Sources

For the credit rating evaluation of R.E.I.C.'s companies, ICAP uses the following data sources to obtain the necessary information:

- Information from the evaluated companies themselves, by providing the necessary data,
- General Commercial Registry (G.E.MI.),
- Government Gazettes,
- Athens Exchange,
- First Instance Courts,
- Chambers,
- Financial press releases,
- Collaborating businesses,
- ICAP Sectorial Studies,
- Sectorial studies and statistical data of the Bank of Greece and the Hellenic Statistical Authority,
- Sectorial studies and market studies of banking institutions, associations, organizations for tenants and federation of property owners, which are publicly accessible.

1.2. Definition of Default

The definition of default is quite important for developing a credit risk model, as it classifies companies as "defaulted" and "non-defaulted".

A company's is characterized as defaulted if it shows:

- Inability to pay its credit obligations or/and,
- Debts past due more than 90 days.

Among the elements that indicate an unlikeliness to pay include bankruptcy and any similar event that could cause delay of payment to the financial institution.

ICAP's database holds available data of derogatory information that derive from ICAP's primary research, from First Instance Courts and from the General Commercial Registry and are summarized hereunder.

- Bankruptcies,
- Bankruptcy Petitions,
- Payment Orders,
- Seizures,
- Real Estate Auctions,
- Movable Property Auctions,
- Pre-Bankruptcy procedure Events.

The aforementioned derogatory information shapes the definition of default. A company falls in default if the information provided meets one of the conditions based on the availability of the derogatory data.

As "non-defaulted" are defined the companies that do not record:

- A Bankruptcy, and
- A Bankruptcy Petition, and
- Past due payments.

1.3. Methodology Scope

Companies that fall within the scope of the methodology are characterized by the provisions referred to in articles 21-31 of Law 2778/1999, as amended and supplemented by Law 2892/2001, Law 2992/2002, Law 3581/2007 and Law 4171/2013. These companies essentially constitute a new institution with about 10 years of operation, while in the Greek market in the form of R.E.I.C. 6 companies are now active, 5 of which are already traded on the Athens Exchange, as provided by their legislative framework.

R.E.I.C. can be described as closed-ended companies, as opposed to open-ended real estate funds. They usually invest in income-generating real estate, are subject to a special tax regime, and seek to attract capital from investors investing in property development, while distributing the largest share of their profits to their shareholders in the form of dividends. They are subject to a number of limitations and requirements such as:

- At least 80% of the assets must be invested in real estate or real estate funds. The properties may be for business or other commercial or industrial use, hotels, marinas and tourist residences,
- Investments within the European Union (EU) are unlimited. Outside the EU there is a limit of 20% of the total investment. No property may exceed 25% of the total portfolio,
- They are allowed to undertake the development of real estate, provided that the development costs do not exceed 40% of the total investment property,
- They are obliged to reassess the value of their investments every six months and to publish them (at the end of the first six months and at the end of the second half of each year),
- They can borrow up to 75% of their assets for both the acquisition and the development of real estate. It is also allowed to lease a property amounting to 25% of the company's equity,
- They are required to distribute 50% of the annual FFO (Funds from Operations) as a dividend,
- It is mandatory to introduce their shares in the Athens Exchange within two years from the start of their activity.

1.4. Main Factors of the New Methodology Development

ICAP as the only company in Greece registered as a Credit Rating Agency by the European Securities and Markets Authority (ESMA) in July 2011 provides credit ratings to Greek companies except for those with financial and insurance activities and those that belong to the wider public administration sector.

The specific framework for the operation of R.E.I.C. (including tax treatment and dividend payment) is different from normal business practice and therefore it is not safe, for the credit rating evaluation and probability of default to be examined through the standard methodology developed by ICAP[1]. Given their obligation to distribute a significant part of their profits, the financing of the investment projects and the restructuring of the existing financing are now crucial. Thus, it was deemed necessary to apply specialized procedures and methodology tailored to the specific characteristics of the R.E.I.C. that would ensure the principles of integrity, reliability, transparency and independence in the credit ratings assigned.

[1] CREDIT RATINGS ASSIGNMENT METHODOLOGY

This specialized methodology focuses on assessing the quality and stability of cash flows and on the assets of R.E.I.C., considering their very specific characteristics, such as the large number of properties they own and the large number of tenants who are "their customers".

Additional factors that constitute the need for specialized methodology are:

- The relatively short time of operation of these companies and, consequently, the lack of historical default data,
- The improvement of the country's macroeconomic climate, which creates the conditions for further development of the R.E.I.C., by increasing the investment opportunities for the acquisition of real estate offering income,
- The expansion of business activity as a result of the improvement of the macroeconomic environment, which creates the conditions for increasing the demand for renting space, especially business properties that can provide a satisfactory income.

SECOND PART

2.1. Introduction

The methodology, considering the lack of available historical data defaults, is based on conservative future assessments and on score - cards that focus on specific criteria specialised for these enterprises.

These criteria have been developed in such a way as to cover extensively the factors influencing the credit risk, considering the most optimal international practice in the individual sectors as reflected in the relevant bibliography.

It should be noted that in developing the methodology a conservative approach has been followed at the level of selection of the appropriate metrics, application of relevant weights and classification of results of each sub-criterion in risk categories.

2.2. Verifying Methodology Accuracy

For the purposes of verifying the correctness of the methodology, was selected the examination of a sufficient sample of relevant companies[2]. These companies are listed on regulated stock markets with a publicly accessible credit rating from recognized Credit Rating Agencies.

The purpose of the exercise was to assess the credit rating of these companies with the proposed methodology and to compare its compatibility with the most recent assessment of these recognized Credit Rating Agencies. In addition, have been examined the changes in the gradient, taking into account historical data of the previous 5yrs.

The satisfactory results of the exercise are an important indication of the correctness and validity of the proposed methodology, especially given the lack of available historical data of defaults at both Greek and European level.

2.3. General Description of the Methodology

The assessment of the probability of defaults of the R.E.I.C. companies for the next 12 months, will initially result from a combination of both quantitative and qualitative assessment criteria, in the following rating categories[3] classified (downwards) with a degree of importance:

1. Financial Risk,
2. Business Risk,
3. Quality of the Assets.

Then a further qualitative assessment of ICAP's specialised Analysts will result in the final proposal to ICAP's Rating Committee. If the Committee agrees, this will be the final assessment to be provided by ICAP. In the event of disagreement, the evaluation process will be repeated with emphasis on the steps that led to the Commission's disagreement.
Based on the above considerations, the proposed methodology is presented in the following flowchart:

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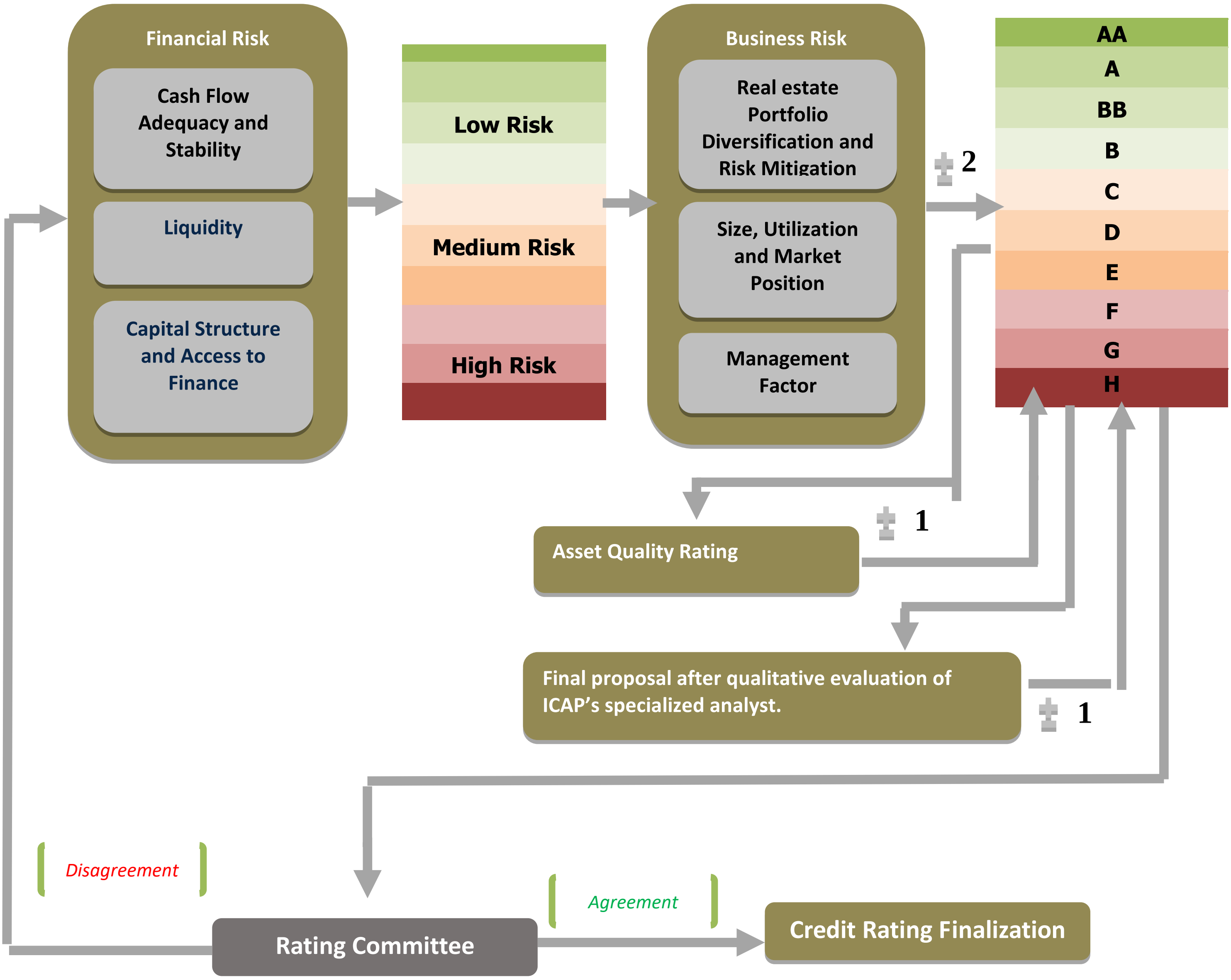
[2] The sample selected concerns the evaluation of 50 companies based in the European Union, in the real estate market with relatively common characteristics to companies operating in Greece.

[3] The overall degree of each criterion is derived from the results of its subcriteria, and that of each category results from the score of the criteria.


Financial Risk
Cash Flow Adequacy and Stability
Liquidity
Capital Structure and Access to Finance
Low Risk
Medium Risk
High Risk
Business Risk
Real estate Portfolio Diversification and Risk Mitigation
Size, Utilization and Market Position
Management Factor
± 2
AA
A
BB
B
C
D
E
F
G
H
± 1
Asset Quality Rating
Final proposal after qualitative evaluation of ICAP's specialized analyst.
± 1
Disagreement
Agreement
Rating Committee
Credit Rating Finalization

Basic parameters of the flowchart:

1. The Financial Risk, the assessment of which is the basis for the evaluation, results in the initial classification of R.E.I.C. at Low, Medium or High Risk,
2. The Business Risk is assessed independently and has the effect of differentiating or not, from the result obtained from the examination of the Financial Risk. The outcome of the risk assessment may differentiate the result of the evaluation by +/-2 zones,
3. The evaluation of the quality of the assets is considered for the final result. The result of the above step may be differentiated by +/-1 zone,
4. The qualitative assessment by the Analyst is intended to assess and evaluate specific factors and events relating to the entity under review and may result in variations in its creditworthiness. These factors are not evaluated by the rest of the described procedure. The analyst, if deemed necessary and with sufficient documentation, may differentiate the final result by +/- 1 zone.

2.4. Description of Categories, Criteria and Sub-criteria

2.4.1. Financial Risk

The Financial Risk, the assessment of which is the basis of the evaluation, results in the initial classification of R.E.I.C. at low, medium or high risk.

The Financial Risk evaluation concerns the assessment of the company's ability to produce operating cash flows, capable of serving its short-term liabilities. It also concerns the assessment of the liquidity of the company and the assessment of its capital structure and its access to the necessary sources of funding. It is based on the creation of an operating cash flow forecasting model over a five-year horizon, using appropriate data appropriately classified, derived from the published financial statements and on the information provided by the company itself.

The five-year cash flow prediction horizon is selected as it constitutes the maximum estimation of the performance of R.E.I.C. companies in the future, considering the variability of supply and demand for rented premises, directly linked to the real estate market, as well as the intense cyclicality of this market.

2.4.1.1. Financial Risk Criteria

The Financial Risk is based on a series of grouped criteria, both quantitative and qualitative, which require analysis and documentation. The Financial Risk rating is based on the following three criteria, which have different weightiness and are downwardly classified according to their degree of significance:

1. Cash Availability and Stability,
2. Capital structure and access to finance sources
3. Liquidity.

Cash Availability and Stability

The criterion examines a series of quantitative sub-criteria that are considered critical and concern the company's ability, through the development of a functional cash flow forecasting model, to serve its obligations arising from the loan and to measure the stability of operating cash flows in terms of servicing its lending. Finally, the company's ability to cover its debt obligations is also considered in the context of simulation adverse conditions.

Capital structure and access to finance sources

It consists of both quantitative and qualitative sub-criteria. The obligatory distribution of dividends, according to the law, necessarily leads the R.E.I.C., in the search for external sources of funding, in order to finance their development planning.

Liquidity

The ability of a company to serve its obligations (particularly under adverse economic conditions) is strongly supported by the existence of liquid assets.

2.4.1.2. Financial Risk Sub-criteria (per Criterion)

Each of the above criteria includes a series of sub-criteria. These sub-criteria, depending on their values, are divided into five risk levels (low/low-medium/medium/medium-high/high risk).

The rating of the criterion arises from the weighted sum of its sub-criteria. The weighting of each criterion is based on its risk level.

Sub-criteria for the Cash Availability and Stability*, ranked by descending, based on their degree of significance:*

1. Avg. Interest Coverage in a basic scenario,
2. Distance to default,
3. Avg. Interest Coverage in stress scenario.

Avg. Interest Coverage in a basic scenario

The basic scenario includes the following assumptions. For the duration of the five-year forecast are retained:

- The days of collection of receivables (rentals) at current levels,
- The creditworthiness of tenants at the levels initially estimated,
- The floating interest rate at the levels initially estimated.

It assesses the company's ability on average to cover its debt in the 5yrs horizon. The estimate of cash flows is carried out by the analyst based on specific directives and funds from either the company or publicly accessible sources. This provision is necessary to calculate the debt coverage ratio.

It is noted that due to the specificity of the operating model of the companies under consideration, as the rents of real estate are the main sources of flows, the creditworthiness and the solvency of the tenants is of critical importance. Based on this, the result of the above metrics will be adjusted based on the assessment of the average creditworthiness of the tenants, as will emerge from the standard methodology developed by ICAP (CREDIT RATING ASSIGNMENT METHODOLOGY – AUGUST 2013).

Distance to default

It examines the distance that the company maintains from the probability of default. It is a factor of stability of operating cash flow and volatility estimation. Fixed and recurring cash flows constitute a reduced risk assessment and contribute to the flexibility of the entity in the management of its debt.

Avg. Interest Coverage in a stress scenario

The coverage ratio resulting from the criterion of debt coverage is assessed under stress conditions. In this simulation scenario takes into account the following:

- The deterioration of the average rating of tenants by a risk category,
- The deterioration in average receivables from the company (rentals) by 6 months,
- The deterioration of floating interest rate, in particular the base of the interest rate, by 1 base unit.

Sub-criteria of a capital structure and access to sources of finance, ranked by descending, by their degree of significance:

1. Capital structure,
2. Debt Covenants,
3. Unencumbered Portfolio of Investment Property,
4. Access to Capital Markets.

Capital structure

It examines the ability of the company to undertake higher borrowing and the flexibility to restructure existing loan balances.

Debt Covenants

The qualitative assessment of the positive and negative covenants related to bond and / or bank structure generally restrict the firm's flexibility, but it introduces discipline in the structure of lending. Legislative restrictions (such as debt limitation exceeding a certain percentage of total assets - 75%) also apply.

Unencumbered Portfolio of Investment Property

It is examined the value of the unencumbered investment property held by the entity under consideration.

Access to Capital Markets

It is examined, on a qualitative basis, the ability of the company to have access to funds sources.

Liquidity Sub-criteria, ranked by descending, based on their degree of importance:

1. Liquidity ratio,
2. Debt Service Concentration
3. Mandatory Dividend Payout.

Liquidity Ratio

It is examined the coverage of short-term liabilities of the company from current assets. For the purposes of this methodology, current assets are accounted for as:

- Cash reserves,
- Committed and unused approved banking and non-financing lines to support the investment plan,
- In some cases, it can be taken into account the expected rents, in depth of 5 yrs, of high level credit capacity tenants,
- Cash and committed funding lines for an imminent investment in assets (in-depth 5yrs),
- Covenants that accompany funding approvals and borrowing lines that may lead to a reduction in liquidity (if any).

Debt Service Concentration

It is examined the concentration of the company in the smooth servicing of its total debt. A smooth repayment program without high maturities, facilitates refinancing and reduces liquidity requirements.

Mandatory Dividend Payout

It is examined the amount of the dividends attributed to the shareholders in relation to the available liquidity of the company. Although the obligatory payment of a dividend (under applicable law) is lower according to the Greek legislation compared to other countries (at least 50%), it may continue to impose liquidity constraints under adverse economic conditions. In addition to legislative reasons, market expectations also reduce the flexibility of R.E.I.C. dividend payments, which reduces the discretion of these companies in managing liquidity.

2.4.1.3. Final Result of Financial Risk

Following the completion of all the calculations of the criteria and sub-criteria of the financial risk assessment of the R.E.I.C., is obtained the score and therefore the classification of the company in a low, medium or high-risk zone. The final Score ranges from 0 to 100, with 0 corresponding to the highest financial risk and 100 at the lowest.

The level of risk is mapped to the 10-grade rating scale (see Appendix). The relative categorization is the same as the standard methodology developed by ICAP (CREDIT RATING ASSIGMENT METHODOLOGY - AUGUST 2013).

RISK LEVEL	CREDIT RATINGS
Low Risk	AA
	A
	BB
	B
Medium Risk	C
	D
	E
High Risk	F
	G
	H

2.4.2. Business Risk

Business Risk is independently evaluated and results in whether or not the initial result of the financial risk analysis is differentiated. The outcome of the evaluation of the Business Risk may vary the result of the previous rating by +/- 2 zones.

Evaluation of Business Risk of R.E.I.C. concerns the analysis of the business quality, the diversification of the investment property portfolio, its size, market position, the fidelity and the concentration of tenants, as well as the management's experience in the subject.

2.4.2.1. Business Risk Criteria

Business Risk is based on a series of aggregated criteria, both quantitative and qualitative, which need to be answered in a specific and documented manner based on the relevant information that has come to our knowledge from both the company under review and from other official sources. Business Risk assessment is based on the following three criteria, which have different weights and are downwardly classified according to their degree of importance:

- Real Estate Portfolio Diversification and Risk Mitigation,

- Size, Utilization and Market Position,
- Management Factor.

Real Estate Portfolio Diversification and Risk Mitigation

This criterion examines a number of factors that are considered crucial to the company's risk dispersion and contribute to the credit rating. It is estimated that the dispersion of revenues by geographical area, the concentration of tenants, the timetable and the maturity of the leases combined with the duration of lending are critical risk factors for the company's business continuity, as rents are the main source revenue.

Size, Utilization and Market Position

This criterion examines factors that determine the size of the evaluated company, its market position and its profitability in the use of its investment properties. The value of the company's investment properties, the assessment of its quality, its profitability and its market position are considered as factors that enhance the evaluated company's prestige and reduce the risk of default.

Management Factor

This criterion examines the management's quality and performance, its experience and, in general, its contribution to the company's dynamic growth. Also, examines the cooperation and the trading behavior of the company, which is reflected in the management actions. An important element is whether the company's management follows statutory corporate governance rules as defined by the Hellenic Corporate Governance Council (HCGC).

2.4.2.2. Business Risk Sub-Criteria (per Criterion)

Each of the above criteria includes a series of sub-criteria. These sub-criteria, depending on their values, are divided into three risk levels (low / medium / high risk). The rating of the criterion arises from the weighted sum of its sub-criteria. The weighting of each criterion is based on its risk level.

Sub-Criteria of Real Estate Portfolio Diversification and Risk Mitigation downwardly classified according to their degree of importance:

1. Geographical Diversification,
2. Concentration of tenants,
3. Lease Maturity Schedule,
4. Lease Maturity and Debt Repayment,
5. Termination of leases,
6. Protection against inflation.

Geographical Diversification

The geographical dispersion of the investment property portfolio is examined. It is estimated that a large dispersion of real estate in income-generating geographical areas reduces the risk derived from the limited demand for premises (business and residential) in specific areas thus consequently reducing the rents. The decline in demand for particular areas also has an impact on the fair value of the real estate. For the purposes of this methodology, areas Attiki (North, South, East and West regions), Region of S. Thessaloniki, Rest of Greece, and Abroad are defined.

Concentration of tenants

It is examined whether the majority of the rental income of R.E.I.C. comes from a small number of tenants. The existence of a large number of tenants minimizes the risk resulting from the early termination of the lease, broadens the dispersion and ensures the continuity of the lease.

Lease Maturity Schedule

The duration of the lease for the next 10 years and their maturity for the same period is examined. It is noted that usually R.E.I.C. form long-term leases with their prospective tenants. The large concentration of lease agreements maturing at the same time increases the risk of revenue loss of and makes it difficult for the company to try to replace and / or extend the lease with the same terms as the provisions.

Lease Maturity and Debt Repayment

The value of leases maturing before the full repayment of its borrowing is examined. The revenues of R.E.I.C. mostly derive from the rents and, consequently, their smooth collection creates the necessary cash flows to meet its obligations, especially the long-term loans. The relatively high value of leases maturing before the full repayment of the borrowing increases the risk arising from the difficulty in servicing total borrowing. The above must also be considered together with the ability of the company to easily replace its tenants on the same terms or even better.

Termination of leases

Any risks arising from special terms of the lease agreements are examined qualitatively and concern the unilateral termination of the agreement. The existence of special terms in the lease agreements relating to the early termination of leases following unilateral actions, at fault of the tenants and the provision of compensation to the company, reduces the risk of the company's inability to collect cash in order to meet its obligations.

Protection from inflation

It is examined qualitatively if in the majority of the lease agreements there are relevant provisions regarding the inflation fluctuations, which reflect upon the rent. In general, if the majority of agreements include inflation provisions, the criterion is estimated to be low risk. If the above provisions relate to less than 50% of the agreements, then it is estimated to be a high risk.

Sub-Criteria of Size, Utilization and Market Position, downwardly classified according to their degree of importance:

1. Productiveness,
2. Assessment of the location of investment properties,
3. Fair value of investment properties,
4. Market Position.

Productiveness

The occupancy rate of the investment properties from which the revenues of the R.E.I.C. arise is being examined. The high percentage of GLA used is a sign of high productiveness and is positively evaluated.

Assessment of the location of investment properties

The percentage of all investment properties, which are located in developed areas with strong commercial and residential activity and are easily accessible are being examined. The existence of real estate in developed areas (access to means of transport, commercial streets, business or / and commercial areas, etc.) in a high percentage of the total investment properties of R.E.I.C. reduces the risk of significant rent reduction and keeps demand high.

Fair value of investment properties

The fair value of the investment properties of R.E.I.C. is examined based on the latest published balance sheet. The existence of high value investment properties increases the company's flexibility for future financing or restructuring of existing debt obligations.

Market Position

The company's position on the market is considered qualitatively, taking into account the value of the property portfolio, its productiveness, profitability and the position of its competitors. In general, the high value of investment properties in relation to competition, the existence of continuous and stable profitability, the implementation of continuous and stable investment plans strengthens the company's position on the market thus taking a leading role.

Sub-criteria of Management Factor, downwardly classified according to their degree of importance:

1. Trading Behaviour,
2. Growth,
3. Completeness / Data Credibility,
4. Management Experience,
5. Management Quality.

Trading Behaviour

The company's trading behavior is examined, which is reflected in the management's actions. The absence of adverse data is assessed positively.

Growth

The average growth rate of the net value of the company's assets is examined, which is reflected in the management's actions and decisions. The increase or decrease in the net asset value is largely the result of correct or incorrect management actions and effective implementation of strategic planning, given the market conditions and the macroeconomic environment.

Completeness / Data Credibility

The completeness of the information received as well as the cooperation, the continuous and uninterrupted flow of information in order to ensure the consistency of the credit rating is being examined qualitatively. The existence of communication difficulties and the availability of the necessary evaluation data that are considered essential for a correct and consistent credit rating assessment of the company being evaluated may increase the risk of an incorrect estimation result.

Management Experience

The management experience in the Real Estate industry is examined. In general, a period of more than 10 years of experience is generally considered to be most satisfactory.

Management Quality

It examines qualitatively whether the company's management follows statutory corporate governance rules as defined by the Hellenic Corporate Governance Council (HCGC) which concern all companies listed in the Athens Exchange or follows an internal Corporate Governance plan.

2.4.2.3. Final Result of Business Risk

Following the completion of all the calculations of the criteria and sub-criteria for the business risk assessment of the R.E.I.C., the score is derived and consequently either the differentiation (-2, -1, +1, +2) or the confirmation of the financial risk assessment. The final Score ranges from 0 to 100, with 0 corresponding to the highest business risk and 100 to the lowest.

2.4.3. Asset Quality Assessment

The evaluation of the quality of the assets is taken into account for the final result and may differentiate the final result by +/-1 zone.

It includes two stages of evaluation:

- The first stage concerns the evolution of the prospects and trends of leases per category of property use. The source of information is the official reports of the Bank of Greece, Hellenic Statistical Authority, as well as any other available official source, which includes the course and evolution of the leases in the country,
- The second stage concerns the percentage of the Gross Leasable Area (GLA) maintained by the entity under review by category of property. The occupancy rates of the buildings by type of use, available to the entity under review and the final result of the asset quality criterion. Source of information is the entity under review that provides relevant information and the official announcements of the real estate that accompany the financial statements.

The ranking is done on a scale that the lowest rating indicates positive rental prospects for the specific category of use and the highest indicates negative prospects.

Positive (negative) perspectives are defined as the percentage increase (decrease) of the lease index over a period of 6 months compared to the previous months. It is noted that the evaluation will result from the division of the country into 3 major groups (Attica, region of Thessaloniki, rest of the country), where these companies operate in Greece and maintain investment properties. If they keep property in other countries, then this will be highlighted in the "Other" field and will be graduated with an average perspective.

The final result of the asset quality assessment factor may differentiate the result obtained following the risk assessment by +/-1 zone.

2.4.4. Qualitative Analysis

The objective of qualitative assessment of these companies by qualified Analysts is to ensure the quality of the credit rating produced, besides the qualitative factors evaluated in the basic model.

Analysts may consider factors and information related to the company under review that may not be reflected in the basic evaluation and have an impact on the credit rating of the company.

Such factors may be, indicatively:

- The ability to expand the business to foreign markets and market quality of them,
- The value and quality of the additional assets, other than the real estate properties, owned by the company under review,
- The assessment of the power of supply and demand for real estate to be exploited,
- The quality of the shareholders,
- Estimation of mergers / acquisitions,
- Any administrative changes that affect the business operation,
- Other non-systemic events.

In any case, the assessment of the above factors should be within reasonable assumptions must be validated by all available sources of information and be adequately documented in order to ensure the credibility, objectivity and consistency of the credit rating.

The Analyst's qualitative estimate may either maintain the result that arose after examining the asset quality or differentiate it +/- 1 zone.

Finally, the Analyst may, based on the most recent data, attribute to the company concerned, if necessary, an outlook assessment that is related to the projections for the future credit rating of the company over the next four months. This information will accompany the credit rating and reflects a status that is in progress and may affect the credit rating of the company in the future.

It is noted that assigning an outlook does not necessarily lead to a change in the rating, and that any change in a credit rating of a company does not require the respective outlook in advance. Moreover, there is no limitation on the outlook trend in case of a change during the review.
Depending on the effect on the credit rating, the outlook of a company can be:

- Negative outlook,
- Positive outlook,
- Under surveillance.

The final rating and outlook together with all the associated material and the proposal of the Analyst, is announced to the Lead Analyst, who in turn, after reviewing the company, agrees or disagrees with the rating of the Analyst.

2.4.5. Rating Committee

Following the completion of the evaluation of the three categories and after the assessment of the Analyst, according to the above described procedure, the credit rating and, possibly, the outlook will be resulted. They are then reviewed by the relevant ICAP Rating Committee, according to ICAP's Rating Committee Policy.

The Committee after taking into account all available data and information, has the following possibilities:

- Agree with the suggestion (either the Analyst or the Lead Analyst if they are different) and validate the proposed credit rating and outlook or
- Raise objections and disagreements on the results of the various criteria that shape the result (e.g. qualitative sub-criteria and Analyst estimates).

In case of disagreement, the proposed assessment shall be returned to the relevant Analyst for further processing, documentation and review of the outcome on the basis of the Committee's comments and re-introduced for consultation in a new convening of the competent Committee, where the same procedure described is followed. If the Committee raises disputes again the evaluation is cancelled and assigned N.R.

2.4.6. Final Decision

In the case of a Committee agreement, its assessment and outlook are recorded in ICAP database, together with the necessary documentation, following the disclosure of the result to the rated company and then ICAP’s standard procedure until the final rating and outlook decision.

2.4.7. Control and Monitor

The above methodology results in the assessment of the future performance and prospects of the rated companies, taking into account facts and circumstances at a specific time.

In order to ensure that initial credit ratings and outlook remain valid and justifiable, particular consideration is made to continually updating key assumptions and estimates. ICAP has developed a process of monitoring and re-evaluating companies through a specific service (Credit Watch).

Credit Watch service includes scoring and monitoring the company for at least twelve months. Within the monitoring period, the credit rating will be reviewed at least once every six months (i.e. when interim results and real estate valuations become public), unless there is a prospective indication (outlook) then the reassessment will take place within four months.

Appendix: ICAP Credit Rating Scale

AA	The AA-rating indicates the lowest credit risk and it is assigned to companies that are able to honor their obligations even under severe distressed conditions and therefore their credit worthiness is expected to continue to be very high. Companies rated with AA are characterized by exceptional financial strength, very strong business growth and important market position.
A	The A-rating indicates very low credit risk and it is assigned to companies that are able to honor their obligations even under severe distressed conditions and therefore their credit worthiness is expected to continue to be high. Companies rated with A are characterized by very strong financials, strong business growth and important market position.
BB	The BB-rating indicates very low credit risk and it is assigned to companies that are likely to be affected very marginally by severe distressed conditions and therefore their credit worthiness is expected to continue to be relatively high. Companies rated with BB are characterized by significant financial strength, stable business growth and competitive market position.
B	The B-rating indicates low credit risk and it is assigned to companies that are likely to be affected slightly by severe distressed conditions and therefore their credit worthiness is expected to continue to be relatively stable. Companies rated with B are characterized by satisfactory financial strength, stable business growth and relatively competitive market position.
C	The C-rating indicates moderate credit risk and it is assigned to companies that are sensitive to market and economic conditions and therefore their credit worthiness is expected to continue to be relatively stable. Companies rated with C are characterized by moderate financial strength and stable business level and relatively declining competitive market position.
D	The D-rating indicates relatively increased credit risk and it is assigned to companies that are rather sensitive to market and economic conditions. Companies rated with D are characterized by below average financial strength and negative business growth and declining competitive market position.
E	The E-rating indicates increased credit risk and it is assigned to companies that are very sensitive to market and economic conditions. Companies rated with E are characterized by low financial strength and substantially negative business growth and low competitive market position.
F	The F-rating indicates significantly increased credit risk and it is assigned to companies that have or are very likely to have in the short term a problem in honoring their financial obligation. Companies rated with F are characterized by significantly low financial strength and competitive market position.
G	The G-rating indicates very high credit risk and it is assigned to companies with significant problems in honoring their financial obligation. Companies rated with G are characterized by encumbered financial strength that put in jeopardy their business.
H	The H-rating indicates the highest credit risk and it is assigned to companies with very significant problems in honoring their financial obligation. Companies rated with H are characterized by extremely encumbered financial strength that put in significantly jeopardy their business.

N.R.	Not Rated. The "NR" class does not constitute a rating grade and includes companies that cannot be rated.
N.T.	Not Trading. The "NT" class does not constitute a rating grade and includes companies that have ceased to operate.
N.C.	Not Calculated. The "NC" class does not constitute a rating grade and includes companies that cannot be calculated.

NOTE: Credit Rating expresses an overall view on the financial position of the rated entity and it should not be equated to the possible profitable or loss-making financial outcome. Credit Ratings do not constitute suggestions to buy, sell or hold of investment securities.

ICAP Credit Rating Scale is publicly accessible.

COMMUNICATION
For any clarifications or comments related to this document, please contact:

ICAP S.A.
Credit Risk Services Dept.
El. Venizelou 2, 176 76, Kallithea

Tel.: +30 210 72 00050
Email: customercare@icap.gr