Fitch Affirms Philadelphia Presbytery Homes Rev Bonds at 'BBB'; Outlook Remains Negative

Mon 26 Jul, 2021 - 2:52 PM ET

Fitch Ratings - New York - 26 Jul 2021: Fitch Ratings has removed from 'Under Criteria Observation' and affirmed the 'BBB' ratings on the $87 million revenue refunding bonds, series 2017, issued by Montgomery County Higher Education and Health Authority on behalf of Philadelphia Presbytery Homes, Inc. (PPHI) obligated group (OG), dba HumanGood Pennsylvania (HGPA). Additionally, Fitch has assigned a 'BBB' Issuer Default Rating (IDR) to HGPA.

The Rating Outlook remains Negative.

SECURITY

Bonds are secured by a pledge of gross revenues, first lien mortgage and security interest in OG facilities and property, and a debt service reserve fund (DSRF). PPHI's affiliation with HGPA in June 2019 has not affected the composition of the OG or the bonds' security under the master trust indenture (MTI).
ANALYTICAL CONCLUSION

The maintenance of the Negative Rating Outlook reflects ongoing pandemic-related pressures on HGPA's operating and financial profiles, which have experienced softening census and weaker net entrance fee receipts over the past 18 months. However, the affirmation of the 'BBB' rating reflects HGPA's solid balance sheet with approximately 65% cash to adjusted debt in fiscal 2020, strong historical maximum annual debt service (MADS) coverage levels that have averaged 1.9x over the past four fiscal years, and ongoing Rydal Waters independent living unit (ILU) expansion project, which is expected to significantly boost operations and coverage levels once completed. The 'BBB' rating is further supported by HGPA's affiliation with HumanGood, a large senior living and affordable housing provider with communities in California and four other states, and its ongoing support from the Bala Foundation, a non-OG affiliate. While the Bala Foundation remains outside of the OG, it currently has approximately $48 million in investments and has consistently provided $1 million - $2 million in support to the HGPA OG annually in recent years.

KEY RATING DRIVERS

Revenue Defensibility: 'bbb'

Pressured Census, But Expected Improvement

HGPA's revenue defensibility is assessed at 'bbb', reflecting expected improvement in its census levels across all service lines in a post-pandemic environment, the revenue diversification of its three OG campuses located in demographically strong service areas, and its solid degree of pricing flexibility. Following disruptions from the coronavirus pandemic, HGPA has experienced softening across all service lines, as evidenced by its average occupancy in fiscal 2020 of 82% in its ILUs, 91% in its personal care units (PCUs), 73% in its memory care units (MCUs) and 73% in its skilled nursing facility (SNF) beds. While Fitch expects the census to remain pressured in the beginning half of 2021, it expects occupancy will improve in the second half of 2021 and during 2022 as the organization recovers from short-term pandemic-related disruptions and enhances its marketing efforts.
Operating Risk: 'bbb'

Improving Operations; Low Debt Burden

HGPA's operating risk is assessed at 'bbb', reflecting its improving core operations, low debt burden and manageable capital needs following its nearly completed Rydal Waters expansion project. From fiscal years 2017 - 2019, HGPA averaged a weak 101.8% operating ratio, negative 4.1% net operating margin (NOM) and 10.5% NOM-adjusted (NOMA). However, during fiscal 2020 and the three-month interim period, HGPA improved its core operations, as evidenced by its average 93.6% operating ratio and 1.3% NOM. Fitch expects HGPA to further improve its operational performance over the medium term as it increases census across all service lines amidst a post-pandemic recovery and begins to benefit from additional revenues and cash flow generated from its Rydal Waters ILUs.

Financial Profile: 'bbb'

Strong Balance Sheet and Coverage Levels

In context of its midrange revenue defensibility and operating risk assessments, HGPA's financial profile is assessed at 'bbb', reflecting its strong liquidity position and coverage levels in recent years. In fiscal 2020, HGPA had approximately $85 million in unrestricted reserves, which translates into a solid 613 days cash on hand (DCOH), 65.1% cash to adjusted debt and a 11.3x cushion ratio. Additionally, HGPA has averaged a strong 1.9x MADS coverage over the past four fiscal years. HGPA's ability to cover its higher MADS by 1.9x without the new revenues from its ongoing ILU expansion project is viewed favorably.

ASYMMETRIC ADDITIONAL RISK CONSIDERATIONS

No asymmetric risk factors are relevant to the ratings.
RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-- Improvement in ILU census above 85% and/or improvement in NOM above 3% would lead to a revision in the Rating Outlook to Stable.

-- Successful completion and fill of its Rydal Waters expansion project.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-- An inability to improve ILU census to 85% over the medium term that results in a change in HGPA's revenue defensibility assessment to weak.

-- Any project execution issues such as fill-up delays or cost overruns of its Rydal Waters expansion project.

-- A deterioration in key operating metrics such that the operating ratio is steadily above 100% or NOM below 0%.

-- Unexpected deterioration in HGPA's unrestricted cash reserves that results in cash to adjusted debt falling below 55%.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/1011579.

CREDIT PROFILE
HGPA OG consists of a management services group and three communities: Rydal Park (302 ILUs, 54 PCUs and 114 SNF beds), The Mansion at Rosemont (120 ILUs and 84 PCUs), and Spring Mill Pointe (29 ILUs and 56 PCUs). A fourth community, Broomall (146 SNF beds), was sold in May 2019, and the Rydal Waters project will add 75 ILUs contiguous to the existing Rydal Park campus. Fitch's analysis is based on the OG financial statements. The OG composed approximately 66% of total consolidated assets and 79% of consolidated revenues in fiscal 2020. Total revenues of the HGPA OG in fiscal 2020 were $63.3 million.

HGPA OG is part of HumanGood East, fka Presby's Inspired Life, a senior living organization with facilities located in and around the greater Philadelphia region. Non-obligated entities include a large affordable housing portfolio (mostly U.S. Department of Housing and Urban Development housing) and the Bala Foundation, which has approximately $48 million in cash and investments. Bala provides resident assistance and provided capital support through loans to the OG, including for Rydal Waters.

REVENUE DEFENSIBILITY

HGPA's census levels have been pressured recently due to pandemic-related disruptions as evidenced by its average census in fiscal 2020 of 82% in its ILUs, 91% in its ALUs, and 73% in its MCUs and SNF beds. However, despite the recent softening in census, Fitch expects HGPA to improve its occupancy, particularly within its ILUs, to levels more consistent with its midrange revenue defensibility assessment over the medium term. HGPA management has increased its sales team and enhanced marketing efforts recently in an effort to boost sales across the OG. Fitch believes these enhanced marketing efforts, mixed with its affiliation with HumanGood, restrictions being lifted on campus, and a return to traditional marketing channels, should be sufficient to steadily improve census over the next couple years. Furthermore, despite pressures from the pandemic, HGPA has pre-sold or sold and filled approximately 75% of its new ILUs from its Rydal Waters expansion project. Fitch believes HGPA's ability to continue to build and fill its new ILUs through the pandemic is an indication of its overall solid demand indicators.

While HGPA has competition at each of its three OG campuses, Fitch believes its overall demand indicators, including a solid local reputation enhanced with its HumanGood affiliation, remain solid and should support improved census levels moving forward. Additionally, Fitch views the revenue and cash flow diversification amongst three separate LPCs favorably and supportive of HGPA's overall midrange revenue defensibility.
assessment. Furthermore, HGPA's three OG campuses are located in demographically strong service areas that are characterized by solid population growth rates and wealth/income levels that exceed state and national averages.

HGPA has had a solid track record of annual increases in both its monthly service fees and entrance fees in recent years. Over the past few years, rate increases have varied at each campus and by each contract type, but have ranged between 0% and 5% for entrance fees, and 1% and 4% for monthly service fees. Additionally, HGPA's entrance fees largely remain lower than local housing prices, which affords the organization a solid degree of pricing flexibility that is consistent with its midrange revenue defensibility assessment.

**OPERATING RISK**

HGPA offers traditional (non-refundable) and refundable lifecare (Type-A) and fee-for-service (Type-C) contracts at its campuses. Each residency contract requires an upfront entrance fee and ongoing monthly fees. The breakdown between Type-A and Type-C contracts is approximately equal.

In recent years, HGPA's operations have been weak, which is attributed to softer census levels, expense pressures and losses from its Broomall facility, which was sold in 2019. From fiscal years 2017 - 2019, HGPA averaged a weak 101.8% operating ratio, negative 4.1% NOM and 10.5% NOMA. While weak, Fitch notes Type-A facilities often have weaker core operations due to the associated healthcare expenses.

Fitch anticipates that HGPA's operations will steadily improve due to its affiliation with HumanGood, which is expected to be accretive to its operating and financial profiles. Fitch believes HGPA's HumanGood affiliation will result in realized organizational synergies and help the OG improve census with access to resources of a larger and more sophisticated senior living enterprise. Fitch also expects the sale of its Broomall facility in 2019 to improve operations given its weaker performance in recent years and expects its Rydal Waters expansion project to boost core operational performance once stabilized. These various items, coupled with receipt of stimulus funding, has driven improved core operations for HGPA in fiscal 2020 and the three-month interim period, as evidenced by its average 93.6% operating ratio and 1.3% NOM. If HGPA is able to continuously improve its
operations and census by fiscal 2022, without any deterioration in unrestricted reserves, the Rating Outlook may be revised to Stable.

HGPA’s capital outlays have been elevated in recent years, reflecting its ongoing Rydal Waters expansion project, which entails adding 75 new cottages to a 33-acre property contiguous to its Rydal Park campus. The project is largely being financed by a drawdown bank loan, which provides some flexibility to HGPA during construction. To reduce fill-up and construction risks, the project is being completed and sold in clusters of four to nine cottages that can be occupied when completed. To date, approximately 38 cottages have been completed, with 33 new residents moved into their new ILUs. Approximately 56 units (75%) have been sold or pre-sold to date. Management expects the remaining cottages to be completed by January 2022 and expects full occupancy by YE22, with fiscal 2023 being HGPA’s first full year of stabilized operations and MADS coverage test.

Overall, the project remains somewhat delayed due to coronavirus-related disruptions, but is on budget. The project is expected to generate approximately $50 million in initial entrance fees (approximately $21 million collected to date) that are largely expected to be used to pay down temporary bank debt associated with the project, with approximately $11 million flowing through to HGPA’s unrestricted reserves. Over the past three years, HGPA has averaged approximately $19 million in annual capex, or 177% of depreciation, which has translated into a healthy 10.6 years average age of plant in fiscal 2020. Following completion of its Rydal Waters expansion project, Fitch expects HGPA’s capital outlays to average between $9 and $11 million, which are expected to be funded via operating cash flow or unrestricted reserves.

Despite the additional debt incurred to support its Rydal Waters expansion project, HGPA’s debt burden is very manageable, as evidenced by its MADS equating to 11.6% of its fiscal 2020 revenues. Additionally, revenue-only coverage and debt to net available averaged a solid 1x and 9.2x, respectively, over the past three fiscal years. Fitch expects HGPA’s ILU expansion project to be accretive to its financial profile upon completion and stabilization, which should improve coverage levels and moderate its debt burden.

FINANCIAL PROFILE
In fiscal 2020, HGPA had unrestricted cash and investments of approximately $85 million, which is approximately 33% higher than fiscal 2018 levels and translates into 613 DCOH, 65.1% cash to adjusted debt and a 11.3x cushion ratio. Fitch attributes HGPA's cash growth in recent years to the sale of its Broomall facility in 2019, which netted approximately $14 million in cash. Fitch includes HGPA's $5.5 million DSRF in its calculation of cash to adjusted debt. Additionally, HGPA's MADS coverage has been very strong in recent years, as evidenced by its 1.9x MADS coverage over the past four fiscal years. Fitch uses a MADS of $7.5 million for HGPA's coverage calculations, which assumes a full drawdown of its series 2019 bonds and includes its subordinate Bala loans. HGPA's MADS is approximately $7 million excluding its subordinate Bala loans, which translates into an average of 2x coverage over the past four fiscal years. While HGPA will not be tested on its higher MADS until project stabilization in 2023, its ability to cover its higher MADS by 1.9x with existing operations and cash flow is viewed favorably and is reflected in its rating affirmation. Fitch expects cash to adjusted and MADS coverage to both improve following completion and stabilization of its Rydal Waters expansion project, which is expected to be accretive to its financial profile.

Fitch's stressed scenario incorporates an investment portfolio and cash flow stress that are in line with current economic conditions and expectations. HGPA's investment portfolio stress was moderate given its current investment allocation. Fitch expects HGPA's capex levels to remain elevated in fiscal 2021 as it finishes its Rydal Waters expansion project that is expected to be completed by January 2022. Fitch anticipates the remaining costs of the project to be funded by its draw down series 2019 bonds. Fitch expects all of HGPA's temporary debt will be paid off by fiscal 2023 as it fills the remaining ILUs associated with the expansion. HGPA's revenues are expected to outpace expenses moving forward as it improves census from pandemic lows and fills its expansion units that will significantly boost top line revenues. Under these assumptions, HGPA's key leverage and coverage metrics steadily improve and remain consistent with its midrange financial profile assessment, supporting the affirmation of its 'BBB' rating.

**ASYMMETRIC ADDITIONAL RISK CONSIDERATIONS**

**Debt Profile**

As of the three-month interim period, HGPA had approximately $145 million outstanding in debt, which consists of $87 million in series 2017 bonds, $14 million in two separate Bala loans, and approximately $44 million in series 2019 bonds (drawdown construction loan). The series 2017 bonds and the loans from Bala are fixed rate and have final maturities of
2048 and 2054, respectively. The series 2019 loan is a drawdown loan, which is variable rate and has a final maturity of 2049. Only $21 million of the drawdown loan is expected to be permanent debt, with the remaining balance expected to be paid down by initial entrance fees generated from its Rydal Waters expansion project. The bank will have the option to tender the bonds in 2029 and every 10 years. MTI covenants include 1.2x MADS coverage and 120 DCOH. The bank purchase agreement also had additional terms, including reporting requirements and an event of default for debt service coverage below 1x. HGPA has no exposure to derivative instruments, a pension liability or a future service liability.

**SOURCES OF INFORMATION**

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

**REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

**ESG CONSIDERATIONS**

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of ‘3’. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

**RATING ACTIONS**

<table>
<thead>
<tr>
<th>ENTITY/DEBT</th>
<th>RATING</th>
<th>PRIOR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENTITY/DEBT</td>
<td>RATING</td>
<td>PRIOR</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Philadelphia Presbytery Homes, Inc. (PA)</td>
<td>LT</td>
<td>BBB Rating Outlook Negative</td>
</tr>
<tr>
<td></td>
<td>IDR</td>
<td>New Rating</td>
</tr>
<tr>
<td>Philadelphia Presbytery Homes, Inc. (PA) /General Revenues/1</td>
<td>LT</td>
<td>BBB Rating Outlook Negative</td>
</tr>
<tr>
<td></td>
<td>Affirmed</td>
<td></td>
</tr>
</tbody>
</table>

**FITCH RATINGS ANALYSTS**

**Ryan Pami, CFA**
Director
Primary Rating Analyst
+1 212 908 0803
ryan.pami@fitchratings.com
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

**Gary Sokolow**
Director
Secondary Rating Analyst
+1 212 908 9186
gary.sokolow@fitchratings.com

**Margaret Johnson, CFA**
Director
Committee Chairperson
+1 212 908 0545
margaret.johnson@fitchratings.com

**MEDIA CONTACTS**

**Sandro Scenga**
New York
+1 212 908 0278
sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

Public Sector, Revenue-Supported Entities Rating Criteria (pub. 23 Feb 2021) (including rating assumption sensitivity)
U.S. Public Finance Not-For-Profit Life Plan Community Rating Criteria (pub. 02 Mar 2021) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v1.3.2 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form
Solicitation Status
Endorsement Policy

ENDORSEMENT STATUS

Montgomery County Higher Education & Health Authority (PA) EU Endorsed, UK Endorsed

DISCLAIMER

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, THE FOLLOWING HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DATUM DOCUMENT DETAILS FITCH’S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH’S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES
AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR WHICH THE LEAD ANALYST IS BASED IN AN ESMA- OR FCA-REGISTERED FITCH RATINGS COMPANY (OR BRANCH OF SUCH A COMPANY) CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.

READ LESS

COPYRIGHT

Copyright © 2021 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch’s factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch’s ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions.
about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.
For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.
Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a
Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

US Public Finance Healthcare and Pharma North America United States