

Fitch Downgrades 3 Oxford Colleges, Places TfL on RWN; Revises Outlook on 4 GREs to Negative

Fitch Ratings-Barcelona-01 April 2020:

Fitch Ratings has downgraded three Oxford Colleges and assigned Negative Outlooks. It has also placed Transport for London (TfL) on Rating Watch Negative (RWN) and revised the Outlook on four registered providers of social housing to Negative.

The rating actions reflect the downgrade of the UK's Issuer Default Rating (IDR; see 'Fitch Downgrades the United Kingdom to 'AA-'; Outlook Negative' dated 27 March 2020 at www.fitchratings.com). The downgrade reflected a significant weakening of the UK's public finances caused by the impact of the COVID-19 outbreak and a fiscal loosening stance that was instigated before the scale of the crisis became apparent. The downgrade also reflects the deep near-term damage to the UK economy caused by the coronavirus outbreak and the lingering uncertainty regarding the post-Brexit UK-EU trade relationship.

The ratings were withdrawn with the following reason: for commercial purposes

Key Rating Drivers

The three Oxford Colleges (Lincoln, Somerville and St Peter's) are rated under Fitch's 'Public Sector, Revenue-Supported Entities Rating Criteria'. Although the colleges' Standalone Credit Profiles (SCP) are 'aaa', they are currently capped by the sovereign rating. Consequently the downgrade and Negative Outlook reflects that on the UK sovereign. Fitch has also withdrawn St Peter's rating as the issuer has chosen to stop participating in the rating process. Therefore, Fitch will no longer have sufficient information to maintain the ratings. Accordingly, Fitch will no longer provide ratings (or analytical coverage) for St Peter's College.

Fitch has placed TfL's rating placed on RWN. TfL's 'a-' SCP - now three notches away from the government - leads to rating equalisation with the UK sovereign under our Government Related

Entity (GRE) Criteria. This reflects the application of the four key rating factors under the strength of linkage and incentive to support factor. When the assessment of support is strong, the primary driver of the GRE's IDR is the rating of the supporting government. Nevertheless, we will reassess TfL's SCP to determine the impact of the coronavirus outbreak on its finances. Fitch will assess government support in light of the severe impact on TfL's operations and analyse how this may mitigate any significant deterioration in TfL's financial profile, which may in turn affect its IDR.

We have revised the Outlooks on four registered providers of social housing (A2Dominion, Great Places, Hyde and L&Q) to Negative. Fitch assesses registered providers under its Revenue Supported Rating Criteria. A one-notch uplift is added to the standalone ratings, reflecting the application of the GRE criteria. These four entities have SCPs of 'a' and are now capped at government minus 1. Their Outlooks reflect that on the sovereign.

Derivation Summary

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Key Assumptions

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RATING SENSITIVITIES

Any further downgrade of the UK's ratings would lead to a downgrade of these entities. Any weakening in the SCPs of the entities or any weakening in the assessment under the GRE Criteria could also lead to a downgrade.

An upgrade of these entities would be dependent on an upgrade of the UK sovereign.

Best/Worst Case Rating Scenario

Ratings of Public Finance 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 <https://www.fitchratings.com/site/re/10111579>.

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.

Public Ratings with Credit Linkage to other ratings

The rating actions are directly linked to or driven by the rating of the UK sovereign.

ESG Considerations

ESG issues are credit neutral or have only a minimal credit impact on the entity(ies), either due to their nature or the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Great Places Housing Group Limited; Long Term Issuer Default Rating; Affirmed; A+; RO:Neg
----; Short Term Issuer Default Rating; Affirmed; F1+
----; Local Currency Long Term Issuer Default Rating; Affirmed; A+; RO:Neg
----senior secured; Long Term Rating; Affirmed; A+
A2Dominion Housing Group Limited; Long Term Issuer Default Rating; Affirmed; A+; RO:Neg
----; Short Term Issuer Default Rating; Affirmed; F1+
----; Local Currency Long Term Issuer Default Rating; Affirmed; A+; RO:Neg
----senior unsecured; Long Term Rating; Affirmed; A+

St Peter's College, Oxford; Long Term Issuer Default Rating; Downgrade; AA-; RO:Neg

----; Long Term Issuer Default Rating; Withdrawn; WD

----; Short Term Issuer Default Rating; Affirmed; F1+

----; Short Term Issuer Default Rating; Withdrawn; WD

----; Local Currency Long Term Issuer Default Rating; Downgrade; AA-; RO:Neg

----; Local Currency Long Term Issuer Default Rating; Withdrawn; WD

Transport for London; Long Term Issuer Default Rating; Rating Watch On; AA-; RW: Neg

----; Short Term Issuer Default Rating; Affirmed; F1+

----; Local Currency Long Term Issuer Default Rating; Rating Watch On; AA-; RW: Neg

----senior unsecured; Long Term Rating; Affirmed; AA-

----senior unsecured; Short Term Rating; Affirmed; F1+

Hyde Housing Association Limited; Long Term Issuer Default Rating; Affirmed; A+; RO:Neg

----; Short Term Issuer Default Rating; Affirmed; F1+

----; Local Currency Long Term Issuer Default Rating; Affirmed; A+; RO:Neg

----; Local Currency Short Term Issuer Default Rating; Affirmed; F1+

----senior secured; Long Term Rating; Affirmed; A+

London & Quadrant Housing Trust; Long Term Issuer Default Rating; Affirmed; A+; RO:Neg

----; Local Currency Long Term Issuer Default Rating; Affirmed; A+; RO:Neg

----senior secured; Long Term Rating; Affirmed; A+

Lincoln College, Oxford; Long Term Issuer Default Rating; Downgrade; AA-; RO:Neg

----; Short Term Issuer Default Rating; Affirmed; F1+

----; Local Currency Long Term Issuer Default Rating; Downgrade; AA-; RO:Neg

Somerville College, Oxford; Long Term Issuer Default Rating; Downgrade; AA-; RO:Neg

----; Short Term Issuer Default Rating; Affirmed; F1+

----; Local Currency Long Term Issuer Default Rating; Downgrade; AA-; RO:Neg

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Additional information is available on www.fitchratings.com

Applicable Criteria

[Government-Related Entities Rating Criteria \(pub. 13 Nov 2019\)](#)

[Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 27 Mar 2020\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Dodd-Frank Rating Information Disclosure Form](#)

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