

Rated entity:

Bearer notes with the ISIN XS1899137027 issued by Institutional Infrastructure Holdings S.A., Compartment 25

Rating:

BB

Rating outlook / addition:

Outlook negative

Basic rating data:

Initial Issue Date	15/11/2018
Jurisdiction rated entity	German law
Exchange	---
Legal form	Société Anonyme
Issue volumen	EUR 150,000,000
Seniority	Non-subordinated
Collateralisation	Unsecured
Credit Enhancement	Available
Legal Maturity	12/06/2035
Coupon	6.0% p.a.
Coupon period	Semi-annually
Coupon type	Conditional
Lead analyst	Christian Schönherr c.schoenherr@creditreform-rating.de / +49 2131 109 1209
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Rating rationale:

Object of this rating are the MEIF VI Notes (rating object) issued by Institutional Infrastructure Holdings S.A., Compartment 25 (borrower). The borrower invests the proceeds indirectly in the form of equity in infrastructure assets. The investments will be made through the Macquarie European Infrastructure Fund VI S.C.Sp. (investment vehicle). The relevant manager is Macquarie Infrastructure and Real Assets (Europe) Limited (MIRAEL).

CRA's assessment of the structural risk of the transaction is unchanged compared to the previous year, as no significant amendments were made within the transaction. Although the impact of COVID-19 is diminishing, new economic risks emerged at the beginning of 2022, so that the operational risk remains elevated. Since our last follow-up rating, the manager was able to close further investments and bring the portfolio to its final number of nine assets, which is at the lower end of the originally communicated plans. Thus, no blind pool risks were considered in CRA's quantitative analysis. Due to the investment vehicle's limited number of investments, diversification effects are used only to a limited extent. High idiosyncratic risks combined with a further material deterioration of the portfolio investments' credit qualities let to a revaluation of the portfolio and credit risk, which we now assess as elevated to high. CRA updated the input factors for our quantitative cash flow model with most recent information. The base case result is BB-, which is a deterioration by three notches compared to last year. Sensitivity analyses performed on several fluctuating input parameters confirmed a sub-investment grade status for the transaction under review. Consequently, an investment grade rating is not supported any longer by quantitative results, which is why CRA has downgraded the rating from BBB-/stable to BB/negative. We downgraded the rating by only two notches, as the current fund performance is above our base case assumption and we see no immediate liquidity shortfall risk on the borrower level, as all coupon payments are conditional. CRA set the outlook to negative due to elevated economic risks, which may have negative effects on fund's future performance as well as on portfolio investments' credit qualities.

Primary key rating driver:

- (+) Conditionality of coupon payments
- (+) Limited cash out risks due to explicit priority of payments on the borrower level
- (+) Asset manager's track record
- (-) Implicit sub-ordination of the rating object

- (-) Weak collateralization structure
- (-) So far, no material realized credit enhancement (early amortizations)
- (-) Weighted probability of default of portfolio investments significantly above initial CRA assumptions
- (-) Elevated economic risks

Rating sensitivities:

Best-case scenario: In this scenario, we stressed (ceteris paribus) the return and the average PD¹ of the portfolio assets by an amount of +1%-point and +1 notch respectively, resulting in a rating of BB.

Worst-case scenario: In this scenario, we stressed (ceteris paribus) the return and the return volatility of the portfolio assets by an amount of -1%-point and +14%-points respectively, resulting in a rating of B.

ESG-Criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the present case, ESG criteria had no comprehensive impact to the rating.

ESG factors with material impact were not identified.

Latest rating date / Disclosure to rated entity / Maximum validity:

19/09/2022 / 19/09/2022 / 12/06/2035

Between the disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

Initial rating date:

31/10/2018 / BBB- / Outlook stable

Status of solicitation:

The rating is a solicited rating. The degree of participation was as follows:

With Rated Entity or Related Third Party Participation: Yes

With Access to Internal Documents: Yes

With Access to Management: Yes

Notes:

This document is a CRA Press Release. The CRA Press Release outlines significant rating-relevant changes compared to CRA's most recent rating action. It immediately follows that the assigned rating must not be limited to the motivators mentioned in the CRA Press Release. Instead, a comprehensive acknowledgement of all explanations provided in previous reports, other forms of documentation, rating updates and, in particular, the CRA initial rating report is indispensable. At this point, CRA refers the reader to these forms of documentation, rating updates and reports.

¹ PD: Probability of default

Regulatory Requirements and Legal Disclosures :

Creditreform Rating AG was mandated on 10/10/2018 by Institutional Infrastructure Holdings S.A., Compartment 25, to conduct a rating for the bearer notes under German law, issued by Institutional Infrastructure Holdings S.A., Compartment 25. This is a public rating which is regulatory applicable according to EU Regulation 1060/2009 (CRA-Regulation).

The rating was conducted on the basis of Creditreform Rating's "Issue Ratings" and "Technical Documentation - Portfolio Loss Distribution" in conjunction with Creditreform's basic document "Rating Criteria and Definitions".

Important sources of information in the context of the rating were, in addition to the submitted documents, a due diligence meeting via a conference call on 19/07/2022. The submitted documents and information provided by Macquarie or rather the Issuer were sufficient to meet the requirements of Creditreform Rating AG's rating methodology.

A complete description of Creditreform Rating's rating methodologies and Creditreform's basic document "Rating Criteria and Definitions" is published on the following internet page:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document "The Impact of ESG Factors on Credit Ratings", which is available on the homepage under the following link:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

This rating was carried out by analysts Christian Schönherr (Lead), Dominik Klunder, Nicolas Bruchner and Yannick Sagert, all located in Neuss/Germany. The function of Person Approving Credit Ratings (PAC) was performed by Sascha Pomorin.

Closing of the transaction occurred on 26/10/2018. The rating is based on the portfolio information and transaction documentation as of 29/08/2022, as provided by Macquarie or the Issuer.

The issuer or all relevant parties have examined the rating report prior to publication and were provided with at least one full working day to appeal the rating committee decision and provide additional information. The rating decision was not amended following this examination.

Ancillary services were provided. A pre-rating was conducted.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Conflicts of Interest

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee" policy, all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuance documents

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

This rating was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

The "Basic Data" information card or the press release published on Creditreform Rating's website indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated including any rating outlooks is indicated clearly and prominently in the "Basic Data" card or in the press release published on Creditreform Rating's website as a "rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data“ information card Creditreform's basic document "Rating Criteria and Definitions".

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website:

<https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website. Further information can also be found on the CRA website in the document "Rating Criteria and Definitions".

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