

**Rating Object:**

Apera PD II Feeder Notes (with the ISIN: XS2382252489) issued by Apera Bond S.C.S. SICAV-RAIF, Sub-Fund 1

**Rating:**

BBB

**Rating Outlook / Addition:**

Outlook stable

**Rating Information:**

Initial Issue Date	25/10/2021
Jurisdiction Rating Object	German law
Exchange	No stock exchange trading intended
Legal Form	SCS - Société en Commandite Simple
Volume	EUR 36,900,000
Seniority	Non-subordinated
Collateralization	Unsecured
Credit Enhancement	Available
Legal Maturity	31/12/2028
Coupon	2.5% p.a.
Coupon Period	Annually
Coupon Type	Fix, non-deferrable
Lead Analyst	Lars Köhler / L.Koehler@creditreform-rating.de / +49 (2131) 109 5138
Co-Analyst	Moritz Remmert / M.Remmert@creditreform-rating.de / +49 (2131) 109 5257
Co-Analyst	Aleksander Hepner / A.Hepner@creditreform-rating.de / +49 (2131) 109 3092

**Rating Rationale:**

Since the last follow-up rating, the structural risks affecting the rating object have slightly decreased: Credit Enhancement has improved particularly as a result of the amortization payments made in the past 12 months (01/07/2022 until 30/06/2023) as well as the increased net asset value, which serves as a subordinated loss buffer. Those developments had a rating-stabilizing effect. CRA has no knowledge of any other disadvantageous or risk-increasing structural changes. The operating risks remain elevated in view of the gloomy macroeconomic environment. Accordingly, the active management of direct lending portfolios is of particular importance in the current market environment. CRA assumes that the asset manager has the expertise and resources to successfully implement and realize the investment strategy.

The portfolio ramp-up is largely complete and the portfolio is currently in the holding and reinvestment period. Blind pool risks are only present to a very limited extent and mainly result from possible reinvestments and credit facilities that have not yet been (fully) drawn. The current degree of diversification is above CRA's initial assumptions. Even though the operating performance of the portfolio companies has been generally positive to date and no defaults have yet occurred, CRA still considers the credit risks in the portfolio to be elevated, particularly in light of the current economic downturn.

Overall, the results of the quantitative analysis are at the previous year's level and continue to show increased sensitivity to key rating parameters. CRA is hence confirming the rating of BBB / stable based on these results, considering all qualitative factors.

**Primary Key Rating Factors:**

- (+) Gradual increase of credit enhancement through steady loan amortization of up to 2% p.a.
- (+) Initial loss buffer of 10% due to subordinated partnership capital
- (+) Conditional add-on commitment enabling further drawdown of LP interests for liquidity purposes
- (+) Asset management team with many years of experience in the private debt market
- (+) Collateral and covenants at portfolio loan level
- (-) Non-deferrable coupon
- (-) Credit quality of portfolio companies below investment grade, generally comparable to the B category

- (-) Increased uncertainty about implications for the loan portfolio due to high inflationary pressure and higher interest rates
- (-) No direct access to the loan collateral by the issuer

## **Ratings Sensitivities:**

In the best-case scenario, a 25% reduction in the average probability of default (PD) of the underlying borrowers was assumed. The quantitative result in the best-case scenario is A (ceteris paribus). The corresponding rating result in the best case is A-.

In the worst-case scenario, an increase in the average probability of default (PD) of the underlying borrowers by 25% and an increase in the loss given default (LGD) by 15% was assumed. The quantitative result in the worst-case scenario is BB (ceteris paribus). The corresponding rating result in the worst case is BB-.

## **ESG-Criteria:**

CRA generally includes ESG-relevant factors (environmental, social and governance) in its assessment of the rating object. In the present case, ESG criteria do not have a significant influence on the rating when considered as a whole. Individual factors with a particular influence on the rating were not identified.

## **Latest Rating Date / Disclosure to Rated Entity / Maximum Validity:**

08/11/2023 / 08/11/2023 / 31/12/2028

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:**

21/10/2021 / 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 Rating Release Letter . The CRA Rating Release Letter 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.

## **Regulatory Requirements and Legal Disclosures:**

Creditreform Rating AG was mandated on 12/01/2021 by Apera Private Debt Fund II SCSp to conduct a rating for the bearer notes under German law, issued by Apera Bond S.C.S. SICAV-RAIF, Sub-Fund 1. 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 held by telephone on 13/10/2023. The submitted documents and information provided by Apera Bond S.C.S. SICAV-RAIF, Sub-Fund 1 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 Lars Köhler (Lead), Aleksander Hepner and Moritz Remmert, all located in Neuss/Germany. The function of Person Approving Credit Ratings (PAC) was performed by Jan Löckenhoff.

Closing of the transaction occurred on 25/10/2021. The rating is based on the portfolio information and transaction documentation as of 07/11/2023, as provided by Apera Bond S.C.S. SICAV-RAIF, Sub-Fund 1 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. Pre-ratings were 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 in 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".

## **Disclaimer**

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## Contact

### **Creditreform Rating AG**

Europadamm 2-6  
D - 41460 Neuss

Phone +49 (0) 2131 / 109-626  
Fax +49 (0) 2131 / 109-627  
E-Mail [info@creditreform-rating.de](mailto:info@creditreform-rating.de)  
Internet [www.creditreform-rating.de](http://www.creditreform-rating.de)

Chief Executive Officer:  
Dr. Michael Munsch  
Chairman of the Supervisory Board:  
Michael Bruns

HRB 10522, Amtsgericht Neuss