Rated entity:

Bearer notes with ISIN XS1718471250 issued by Pension Alternative Markets S.C.S. SICAV-FIS, PAM II

Rating:

BBB-

Rating outlook / watch:

Outlook stable

Rating summary:

Object of this rating are the MSCIF Notes (rating object) issued by Pension Alternative Markets S.C.S. SICAV-FIS, PAM II (borrower). The borrower invests the proceeds indirectly in the form of equity capital in infrastructure assets. The investments will be made through the Macquarie Super Core Infrastructure Fund S.C.Sp. (investment vehicle). The relevant manager is Macquarie Infrastructure and Real Assets (Europe) Limited. The CRA rating of BBB-/stable represents a highly satisfactory level of credit quality and a low to medium investment risk.

According to the CRA's assessment, the relevant risk aspects of the transaction are largely unchanged from the previous year. Increasing uncertainty in the area of macroeconomic developments due to the outbreak of COVID-19 contrasts with positive developments in credit enhancement within the structure. In addition, the assumptions made regarding the portfolio were mostly confirmed, with minor updates of the quantitative analysis based on financials. The quantitative results support CRA's current rating assessment, which is why CRA confirmed the rating for the rating object with BBB-/stable.

Primary key rating driver:

+ Initial loss buffer of 20% due to available equity on the borrower level

+ Conditional equity commitment to prevent liquidity shortfalls on the borrower level

+ Asset manager's track record

+ Stable asset class with an overall low level of operational volatility

- Implicit subordination of the rating object

- Potential asset-liability-mismatch due to diverging extension options of the rating object and the investment vehicle

- Missing limitations for FX exposure

- Expected yield compression with impacts on regulatory frameworks

- Limited investor-friendly investment vehicle terms

Rating sensitivities:

Best-case scenario: In this scenario, we stressed (ceteris paribus) the return and probability of default assumption of the portfolio assets by an amount of + 1%-point and + one notch[1] respectively, resulting in a rating of A.

Worst-case scenario: In this scenario, we stressed (ceteris paribus) the return and pay-out ratio of the portfolio assets by an amount of -1%-point and -25%-points respectively, resulting in a rating of BB.

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.

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[1] I.e. assuming a lower probability of default.

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

Rating Date / disclosure to rated entity / maximum validity:

June 29, 2020 / June 29, 2020 / December 31, 2042

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:

May 23, 2018

Lead-analyst – position / Person approving (PAC):

Christian Schneider (Lead) – Senior Analyst

Sascha Pomorin (PAC) – Senior Analyst

Name & address of legal entity:

Creditreform Rating AG, Hellersbergstraße 11, 41460 Neuss, Germany

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

Rating methodology / Version / Date of application / Link:

Rating Criteria and Definitions, Version 1.3, January 2018

Rating Methodology Financial Instruments (Issue Ratings), Version 1.3, July 2016

Technical Documentation Portfolio Loss Distributions, Version 1.4, July 2018

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions".

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

Regulatory requirements:

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.

Conflict of Interests

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 policy "Rating Committee," 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. Issuing documents

4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than 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.