Rated entity:

MEIF VI Notes with ISIN XS1899137027 issued by Institutional Infrastructure Holdings S.A., Compartment 25

Rating:

BBB-

Rating outlook / watch:

Outlook negative

Rating summary:

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 transaction's structural risk is unchanged compared to last year, as there were no significant amendments within the transaction. In contrast, the operational risk has altered and is now surrounded by an increased economic uncertainty, accompanied with a deterioration for the transaction's portfolio and credit risk. CRA amended its base case assumptions for the cash flow analysis to account for the most recent information regarding the investment vehicle's and underlying assets' performance. The quantitative results do not support the current rating assessment. However, due to the conditionality of coupon payments, CRA does not tend to expect a default of the borrower in the mid-term from a qualitative perspective and thus, confirmed the current rating of BBB-. Due to the rating's missing support from our cash flow analysis, CRA reduced the outlook from "stable" to "negative" and will closely monitor further portfolio developments.

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
- Economic risks from the spreading of COVID-19
- Expected deterioration of asset's financial strength
- Foreign currency exposure
- No direct collateralization of the rating object

Rating sensitivities:

Best-case scenario: In this scenario, we stressed (ceteris paribus) the return volatility and average PD of the portfolio assets by an amount of -6%-points and +1 notch respectively, resulting in a rating of A-.

Worst-case scenario: In this scenario, we stressed (ceteris paribus) the expected return and payout-ratio of the portfolio assets by an amount of -2%-points and +10%-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.

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:

August 19, 2020 / August 19, 2020 / June 12, 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:

October 31, 2018

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

Christian Schneider (Lead) – Senior Analyst

Dr. Matthias Peiß (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.