Creditreform Rating AG Rating Sub-Methodology

Private Debt Securitizations

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Creditreform Rating

Creditreform Rating

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1 Introduction

In order to enable involved parties, investors and the interested public to understand a rating opinion of Creditreform Rating AG (hereinafter also "CRA"), this rating sub-methodology concerning private debt securitizations is disclosed. This document will be updated periodically to reflect changes in the methodology. CRA's rating methodologies and code of conduct are freely available on the website www.creditreform-rating.de.

2 Scope

The present document forms a supplementary sub-methodology to the overarching methodology "Ratings of Financial Instruments (Issue Ratings)". While the overarching methodology is applicable to financial instruments whose proceeds are invested across a broad investment universe, this sub-methodology is specifically applicable to debt instruments issued to fund investments in (portfolios of) private debt instruments, i.e. loans granted by non-banks to corporations on the private market. Such investments can be made either directly or indirectly via investment funds and / or interim structures.

With regard to eligible underlying private debt investments, this sub-methodology explicitly includes reference transactions in senior first-lien, unitranche, senior second-lien and senior or junior subordinated loans or bonds. In addition, both primary illiquid and liquid transactions are considered. In general, private debt investments under this sub-methodology are usually made by a single fund or a single managed account (SMA). Nevertheless, fund-of-funds structures with dedicated investment focus on private debt are also subject to this sub-methodology to the extent that a look-through transparency to the underlying assets is granted.

Within the private debt asset class, various investment strategies are covered by this sub-methodology, such as corporate direct lending, special situations lending, and venture debt. However, this sub-methodology *is not* applicable to distressed debt, NAV financing, or significant risk transfer (SRT) transactions. While typical private debt portfolios may include a limited portion of equity or equity-like instruments—such as equity co-investments or warrants in addition to loans—this sub-methodology does not apply to portfolios with a material share of equity exposures. Any type of convertible debt instruments as well as warrants, and preferred share classes are categorized as equity investments under this supplementary sub-methodology.

While this supplementary sub-methodology primarily focuses on aspects of the analysis that are related to the underlying private debt instruments, aspects of the analysis that are solely related to the rating object level are still covered by the overarching methodology "Ratings of Financial Instruments (Issue Ratings)".[1]

3 Rating Statement and Requirements

3.1 Rating Statement

This sub-methodology is based on the fundamental assessment of the issuer's ability to meet its financial obligations under the rated instrument (rating object) in full and on time, taking into account expected income and capital return cash-flows as well as specific risk metrics derived from the underlying investments. For ratings of private debt securitizations, CRA applies the rating scale published in the CRA document "Rating Criteria and Definitions".

3.2 Data Requirements and Sources

CRA prepares and reviews ratings based on robust and systematically compiled data sets. In case of private debt securitizations, CRA utilizes various internal and external data sources to derive and validate rating-relevant quantitative and qualitative parameters. Internal sources include CRA's proprietary databases and analytical benchmarks. Relevant *external* data sources include the transaction documentation, underlying loan data sets allowing for a look-through approach, management meetings and expert sessions/Q&A with relevant counterparties, the asset manager's track record data as well as external research data.

Appendix I provides an exemplary request list used by CRA for pre-ratings, initial ratings, and ongoing monitorings of private debt securitizations.

[1] In the subsequent risk analysis, the distinction between asset-level and structure-level risks may not always be clear-cut. Accordingly, this sub-methodology explicitly covers both rating-relevant aspects at the level of individual private debt instruments and factors affecting the overall financing structure up to the rating object.

4 Rating Methodology

4.1 Methodological Key Aspects

Levels of Analysis

Within the rating process, CRA applies quantitative as well as qualitative analysis elements. By considering qualitative assessment criteria, CRA takes into account rating-relevant aspects that cannot, or can only partially, be operationalized within CRA's cash flow model, in particular due to complex interdependencies or measurement-specific limitations.

Look-Through Approach

As the credit quality of a private debt securitization particularly depends on the composition of the underlying fund portfolio(s), CRA follows a look-through approach down to the level of the individual private debt instruments to allow for a granular risk assessment. Accordingly, CRA evaluates the creditworthiness of the individual borrowers, structural features relating to specific loans or bonds, as well as portfolio effects such as diversification and correlation. CRA may limit the look-through approach within the underlying fund portfolio(s) to the borrower level for materiality reasons.

Loan Seniority

Private debt instruments can possess different levels of seniority within the capital structure of a target company. Following an analysis of the loan documentation provided, CRA classifies individual private debt instruments into loan types such as unitranche, senior secured, and subordinated loans. For this, CRA takes into account the target company's capital structure, specific loan terms including collateralization levels as well as leverage.

Simulation Approach

CRA employs a stochastic approach to the quantitative analysis of private debt securitizations, subjecting the cash flows of the underlying structure to a Monte Carlo simulation. Based on a comprehensive set of input parameters relating to structural elements (e.g., priority of payments, credit enhancement), the underlying assets (e.g. probability of default, loss given default, correlation), and the market environment (e.g. interest rate paths, foreign exchange variations), probabilistic forecasts are generated through a large number of simulated scenarios.

Upon completion of the simulation runs, the quantitative result is derived from the proportion of scenarios indicating a default of the rating object.

4.2 Structural Risks

4.2.1 Analysis of the Transaction Documentation

Based on the analysis of the transaction documentation with regard to all relevant levels of the private debt securitization, CRA assesses the key structural features of the private debt securitization. Usually, the ultimate investments in private debt securitizations are made by closed-end funds established as limited partnerships, governed by corresponding partnership agreements. The structural setup can be supplemented by several entity levels between rating object and underlying investments, including feeder-master structures.

4.2.2 Collateralization

CRA analyzes the private debt securitizations with regard to the extent and quality of the asset collateralization, both at the level of the rating object and at the level of the underlying private debt instruments. A distinction is made between the formal collateralization of assets that can be enforced by law and the (value-based) over- or undercollateralization of the rating object derived from the valuation of the underlying private debt portfolio as well as structural credit enhancements in place, such as loss buffers (e.g., agio and equity contribution).

Formal collateralization may be direct or indirect. Direct collateralization of the rating object applies if the issuer obtains rights in rem to the assets. Indirect collateralization exists if the issuer only has contractual claims to the assets under the law of obligations. This is typically the case if the issuer has claims on fund shares. In this case, the quality of the collateral depends on the valuation of the fund shares and underlying investments, respectively.

In its quantitative analysis, CRA explicitly reflects the collateralization of an individual private debt instrument through loss given default assumptions, assuming a certain recovery rate level in case of a default.

4.2.3 Eligibility Criteria

With regard to the investments in portfolios of private debt instruments, CRA analyzes both non-binding and binding investment criteria in accordance with the transaction documentation. Such investment criteria shall ensure comparable risk profiles of portfolio investments, in particular at the beginning of the ramp-up of private debt portfolios, when a material share of committed capital has not yet been deployed, resulting in

elevated blind pool risk. As part of its analysis, CRA reviews the investment criteria and monitors their compliance with the actual portfolio composition.

4.2.4 Liquidity Risks

Illiquidity represents a key risk factor for investors in the asset class private debt, as capital is typically committed for extended periods, with limited or no secondary market exit options. Additionally, valuation transparency may be reduced due to infrequent pricing, potentially masking underlying credit deterioration. In its assessment, CRA incorporates illiquidity by applying conservative assumptions to the underlying target companies under stressed conditions. It also evaluates structural mitigants – such as liquidity reserves, amortization features, and trigger events – to determine the extent to which illiquidity risk is mitigated at the level of the rating object.

4.2.5 Country and Sector Risks

In its ratings, CRA takes into account risks arising from both the geographical allocation of credit investments and from the sectoral distribution. Country and sector risks are explicitly considered by CRA's look-through approach, which involves a methodical and analytical review down to the cash flow-generating entities within the overall financing structure of a specific loan portfolio.

At the early stage of the portfolio ramp-up, or if the rating is based on a (almost) complete blind pool, country risks are assessed on the basis of contractually reliable concentration criteria. In those cases where CRA has dedicated track record information, expected country risks can also be based or verified on manager-specific historical information. CRA uses a Country Risk Assessment Score (CRAS)[2] to summarize the risks of different jurisdictions and economic regions in the portfolio context.

4.2.6 Interest Rate Risks

Interest rate risks arise from changes in the market reference rates and may affect either ongoing interest payments or the valuation of a financial instrument. CRA focuses its analysis on the risks from potential mismatches in periodic interest payments.

[2] CountryRisk.de: CountryRisk – Country risk analysis and information, available at: https://www.countryrisk.de/en

As private debt investments typically provide cash interest on a floating-rate basis, total cash yields that are regularly passed through across the securitization structure usually reflect current market reference rate levels. Nevertheless, due to loan-specific reference base rates (e.g. 1M EURIBOR vs. 6M EURIBOR) and different floating-rate reset dates, time lags may occur and result in potential mismatches. In case of fixed-rate instruments, which typically account for a minor share of the private debt market, no base rates are applied. In assessing base rate implications for floating-rate instruments, CRA applies a short-rate dynamics model, as specified in CRA's supplementary methodology "Derivation of Interest-Rate Scenarios".

Investment funds in private-debt securitizations are typically limited partnerships and as such primarily financed through equity injections by its limited partners. Nevertheless, interest rate risks may persist on the fund level, e.g., in case of bridge financing.

4.2.7 Currency Risks

CRA explicitly addresses currency risks through its look-through approach, which entails a systematic analytical review of the cash flow-generating entities within the overall financing structure of a specific private debt transaction or securitization. These risks become particularly critical when the rated entities or financial instruments are serviced in currencies different from that of the private debt fund or the underlying investments, as currency mismatches may impair the timely and appropriate servicing of credit claims. Consequently, CRA incorporates this risk into its analysis. The assessment focuses on whether appropriate hedging instruments have been implemented and the extent to which they ensure that cash flows are sufficient to meet payment obligations at the rated-entity level in a timely manner and with appropriate maturity matching.

Currency hedging within securitization structures inherently leads to counterparty risks that may affect the rating. To assess this risk, CRA has defined counterparty eligibility criteria. If a counterparty rating does not correspond to the underlying rating object, this leads to a negative qualitative assessment. Where a portfolio manager is responsible for currency hedging strategies, the assessment of the hedging strategy is embedded in the general investment manager assessment and considered in the quantitative analysis, taking into account corresponding hedging costs.

4.2.8 Maturity Mismatches

Maturity mismatches are identified when a review of the securitization structure reveals risks to the pass-through of cash flows arising from inadequate maturity profiles of investments, funds, or issuing vehicles, for

example when loan maturities extend beyond the contractual term of the fund. Maturity mismatches may also exist if intermediary vehicles within the structure have longer terms than the rating object itself. When analyzing maturity mismatches, CRA also considers whether term extension options exist and are aligned across the structure. If such risks are identified, CRA assumes that corresponding assets can only be realized at a discount.

4.2.9 Legal, Regulatory, and Tax Risks

CRA assesses potential structural deficiencies or risks in specific private debt securitizations, taking into account the complexity and the multiplicity of relevant jurisdictions. This assessment is based on the analysis of contracts provided.[3] If construction deficiencies are identified, the analysts provide an assessment of these risks. For investments with complex overall financing structures involving various contractual parties across technical, legal, supervisory, tax, and economic dimensions in several legal jurisdictions, CRA notes that related contractual construction risks can only be assessed by CRA from a commercial point of view.

For financings based on tax-optimized regimes, CRA assumes that the tax conditions will remain unchanged for the term of a specific financial instrument, so that, ceteris paribus, the servicing of the financial instruments should generally be ensured. Any discontinuation or potential adjustment of tax conditions is considered by CRA as a contingent risk in the qualitative analysis. CRA points out that subsequent tax effects, especially those affecting the creditors of the financial instruments or investors, are not part of the analysis.

The discussion of legal, regulatory, and tax aspects does not constitute a legal opinion by CRA, nor does CRA internally create legal reviews as second opinions. CRA forms a commercial opinion on these documents; neither a legal review nor a due diligence review in the traditional sense takes place.

4.3 Operational Risks

4.3.1 Market

In its market analysis, CRA considers both macroeconomic developments as well as trends and forecasts within the private debt market. The market analysis includes macroeconomic factors such as GDP growth, inflation, interest rate trends, and other indicators that may affect the operational performance of the

[3] CRA notes that a plausibility check of the contractual documentation can only be conducted on an ad hoc basis.

underlying borrowing companies. After analyzing macroeconomic developments, private debt-specific market trends are identified and examined.

CRA places particular emphasis on demand, fundraising, and liquidity within the private debt market, as these factors significantly influence the overall stability and growth potential of this asset class. In addition, CRA considers the competitive landscape for private debt providers, which is shaped by competition from relatively liquid credit markets, such as the broadly syndicated loan market and the high-yield bond market, as well as from traditional banking institutions. Periods of intensified competition may exert downward pressure on pricing and weaken covenant protection standards.

For private debt funds, portfolio ramp-up and the execution of exit strategies are highly dependent on the state of the private equity market, as sponsored transactions form the backbone of the asset class, particularly within the dominating private debt sub-segment of direct lending. Accordingly, developments in deal volumes across private equity and venture capital markets are of particular relevance for private debt origination, as such transactions typically require the timely provision of substantial debt financing packages. In addition to refinancing and top-up considerations for existing private debt transactions, market activity in mergers and acquisitions (M&A) as well as conditions in the initial public offering (IPO) market influence the realisation prospects of private debt investments. However, elevated deal flow in these markets does not necessarily translate into improved credit quality and may, in certain market phases, be associated with heightened underwriting risk.

A lack of transaction opportunities or lower deal activity may jeopardize the intended portfolio ramp-up and optimization of private debt funds in terms of portfolio quality and timing. Limited investment options may force funds to concentrate their assets in fewer or less attractive borrowers or sectors, thereby increasing exposure to specific risks and reducing diversification. Additionally, a stagnant market restricts the ability to identify and execute viable exit opportunities, potentially resulting in longer holding periods for their investments.

4.3.2 Asset Manager

A critical component of CRA's operational risk analysis involves the assessment of the relevant management entity. Occasionally, the analysis of management-side operational risks may extend to multiple actors beyond the asset manager, particularly when consultants, sub-fund managers, alternative investment fund managers (AIFMs), and other parties are involved.

To ensure the timeliness and reliability of the management assessment, CRA incorporates new and rating-relevant information about the relevant management entities into the analysis during the monitoring process.

4.4 Credit and Portfolio Risks

4.4.1 Loan Analysis

In its loan analysis, CRA assesses the quality of each underlying investment based on the loan agreements or specific data sets provided by the asset manager.

As a first step, the investments' seniority and collateral are analyzed. While private debt portfolios may generally comprise a broad range of debt types across various layers and seniority levels within the capital structure, ranging from super-senior first-lien to subordinated or mezzanine debt, in practice a significant share of private debt instruments is classified as unitranche due to the nature of the underlying transactions, such as leveraged buyouts (LBOs). In unitranche structures, a lender or group of lenders provides the entire debt portion of a target company's capital structure, typically excluding minor super senior secured instruments, which are often granted by banks.

As a second step, CRA assigns recovery rates to individual private debt investments. The following table illustrates standard recovery assumptions for the main loan types. These assumptions may be further adjusted to reflect transaction- or rating-specific circumstances.

Table 1 Recovery Rates for Types of Private Debt Instruments.

Instrument	Recovery Rate
Super Senior Debt	70-100%
Senior First Lien Debt	50-70%
Unitranche (incl. First/Last Out)	30-70%
Second Lien and Subordinated Debt	30-50%

Loans without financial maintenance covenants are a growing trend particularly in leveraged loan markets and are considered as cov-lite loans by CRA. As cov-lite loans offer less protection to lenders due to the absence of regular covenant tests, CRA may apply an additional stress to their recovery rates. In its quantitative analysis, CRA also accounts for recovery delay periods, reflecting the expected time to realize recovery proceeds.

4.4.2 Credit Quality

CRA evaluates the probability of default of a borrower in an underlying private debt transaction using a structured approach based on internal or external credit assessments, as well as private and public credit ratings. If such information is unavailable for existing private debt borrowers, or in case of blind pool investments to be evaluated, CRA applies a default assumption regarding a borrower's creditworthiness derived from comparable strategies and/or types of borrowers. For example, in case of classical direct lending strategies (for small and medium sized enterprises (SMEs) in the middle market), CRA typically assumes a target company's creditworthiness within a B rating category.

An internal credit assessment requires current audited financial statements. While the internal credit assessment result presents a main pillar of CRA's credit quality assessment, additional data can be gathered from internal and external sources to verify an initial assessment. When applying external credit assessments or credit ratings from recognised rating agencies, such assessments are considered in relation to CRA's rating scale.

4.4.3 Equity Investments

In the context of private debt strategies, equity or equity-like instruments may, to a limited extent, be permitted or included. Equity investments in private debt transactions usually refer to arrangements where lenders acquire a (small) equity stake alongside the debt tranche provided to a company. Common forms of these investments include warrants and other equity co-investments. Furthermore, in the context of restructuring processes or similar measures, a portion or the entirety of the original debt tranche may be converted into equity. This type of conversion, known as a debt-to-equity swap, is a common mechanism in distressed debt situations, where creditors exchange their debt holdings for equity stakes in the company. This sub-methodology addresses equity investments, provided that their share of the overall portfolio remains non-material. Private debt strategies with a material portion of equity investments are explicitly excluded from this sub-methodology. Debt restructurings that result in the conversion of a debt tranche into equity, thereby increasing the overall equity share of the portfolio to a material level, do not in themselves lead to the exclusion of the rating from this sub-methodology.

For the purposes of portfolio analysis, CRA assumes a recovery rate of zero for equity investments, reflecting the potential for total loss. In addition, CRA assumes no recurring returns from equity investments under this methodology.

4.4.4 Yield Components

CRA identifies and categorizes the main yield components of underlying private debt investments with regard to their cash flow characteristics and timing. The most relevant recurring yield components are typically the cash margin and the PIK margin, with the cash margin delivering regular cash interest payments, whereas the PIK margin increases the outstanding principal by accrual of interest. As private debt investments are usually floating-rate, CRA considers applicable reference rates such as EURIBOR, SONIA and SOFR based on a short-rate model in order to derive the total cash and PIK yield, as specified in CRA's supplementary methodology "Derivation of Interest-Rate Scenarios". However, in its quantitative analysis, CRA may apply interest rate stress on generated yield curves subject to the characteristics of a specific portfolio of private debt investments. Typical non-recurring yield components include upfront or arrangement fees, which are usually paid by the borrower at loan inception. In addition, non-recurring yield components include original issue discounts (OID) and exit fees, which are realized in cash at loan maturity or upon realization. Yield components of a discretionary nature, such as prepayment penalties or waiver fees, are not considered ex ante given the uncertainty of their occurrence.

4.4.5 Portfolio Structure and Composition Analysis

Portfolio structure and composition analysis is essential for evaluating private debt strategies, as it provides insights into the risk and return profile of the portfolio. The primary objectives of this analysis include identifying and quantifying the risks associated with different portfolio components, assessing the performance of individual investments and their contributions to the overall portfolio, evaluating diversification benefits across various investments and sectors, and ensuring compliance with established investment guidelines and risk limits. Within the portfolio structure and composition analysis, CRA also identifies potential concentration risks that affect the structure of the private debt portfolio. Concentration risks are primarily assessed qualitatively by CRA and may arise with respect to sector, geography/jurisdiction, and loan type. These risks may counteract the positive diversification effect of a granular portfolio consisting of numerous borrowers and increase the credit risk of a transaction.

4.5 Cash Flow Modelling

4.5.1 Simulation Approach and Assumptions

In its quantitative analysis, CRA applies a stochastic cash flow model based on Monte Carlo simulation. Using this approach, CRA derives a loss distribution for the underlying private debt securitization structure from a

large number of simulated scenarios. Simulation runs that do not result in the timely and full payment of the rated financial instrument's payment obligations are classified as default events by CRA.

The CRA cash flow model incorporates specific and quantitatively measurable characteristics of the private debt securitization, based on the findings from preceding steps of the analysis. At the level of the underlying private debt transactions, key terms (such as maturity date and currency denomination) and return metrics (such as cash yield, PIK, and additional fee components) are specified. Key risk parameters are also determined, in particular, probability of default (PD), loss given default (LGD), and asset default correlation. CRA may also apply exit discounts to assets in the underlying portfolio to reflect liquidity risks arising from maturity mismatches, particularly in more mature private debt securitization structures.

At the level of the rating object and the fund, the model considers payment terms, costs, and fees. With regard to the rating object, this particularly includes transaction-specific payment priorities, as well as applicable trigger mechanisms. In addition, risk buffers, liquidity and cost reserves, and other sources of credit enhancement or impairment are considered in the quantitative analysis. Modeling these structural features enables CRA to analyze the cash flows generated by the underlying assets in relation to the borrower's payment obligations.

4.5.2 Blind Pool

Typically, a fund's life cycle consists of a ramp-up phase followed by a harvesting phase. During the ramp-up phase, new investments are made in accordance with the fund's specific investment criteria until the investment phase ends. The fund documentation may foresee revolving structures that allow for reinvestments of proceeds received from portfolio realizations, for example, through fund structures with multiple series or vintages resulting in consecutive investment periods. During the harvesting phase, the blind pool risk is significantly reduced and the underlying investments are finally realized through divestment or repayment.

When constructing the simulation portfolio, CRA considers blind pool risks during the ramp-up phase based on the fund's investment criteria, existing investments, and the asset manager's track record. Due to uncertainties associated with reinvestments in revolving structures and portfolios, particularly with regard to timing and risk-return characteristics, reinvestment blind pool investments are not considered in the quantitative analysis by CRA. However, revolving structures may affect the calibration of the portfolio input parameters applied in the Monte Carlo simulation.

4.5.3 Sensitivity Analyses

The information gathered during the rating process is used to construct best-, base-, and worst-case assumptions regarding the parameters of the cash flow model. Additionally, sensitivity analyses are conducted to examine how the quantitative base-case result changes with variations in individual parameters. This allows CRA to assess the impact of parameter uncertainty on the evaluation of the rated entity.

4.5.4 Qualitative Analysis

As part of the rating process, CRA combines both quantitative and qualitative analysis elements to determine the final rating. The addition of qualitative assessment criteria enables CRA to address rating-relevant aspects that cannot be, or can only be partially, operationalized in CRA's cash flow model due to complex interdependencies or measurement-specific limitations. These rating-relevant qualitative parameters are derived and processed as part of the analysis using a scoring approach.

The qualitative results of the individual scoring parameters are aggregated in a manner that allows for a systematic up- or downward adjustment of the quantitative results by up to several notches, subject to rating caps in accordance with the overarching methodology "Ratings of Financial Instruments (Issue Ratings)". A non-exhaustive list of key assessment criteria included in the CRA scoring approach is included in Appendix II.

APPENDIX I: Exemplary Request List

The following exemplary request lists form the minimum requirements for the preparation of pre-ratings, full ratings and follow-up ratings. The scope of the data request list for a specific (pre-)rating may differ from the exemplary request lists, depending on the specific circumstances of the underlying transaction.

Request List for Pre-Rating:

A. Issuer Level

- Structure chart, including involved parties
- Break-down of estimated costs (setup costs, running costs & fees, also considering any interim vehicles, if applicable)
- Draft service provider agreements (AIFM, administrator, depositary, paying agent etc.) (if available)

B. Note (Rating Object)

- Term sheet, including structural elements and payment waterfall
- Draft prospectus/draft placement memorandum/draft T&Cs (if available)
- Draft subscription agreement (if available)

C. Manager

- Corporate structure/organigram
- Team overview and CVs
- Latest investor presentation
- Relevant track record data (fund level and underlying loan level), including analysis of workout/loss rate
- Manager policies (governance, investment process, investment allocation, risk management, hedging, ESG etc.)

D. Fund Level

- Fund model, including details on the underlying assumptions
- Break-down of estimated costs (setup costs, running costs & fees, also considering any interim vehicles, if applicable)
- Term sheet, including details on strategy, investment criteria, target size etc.
- (Draft) Fund documentation, i.e. LPA, PPM, DDQ (if available)
- (Draft) Service provider agreements (AIFM, administrator, custodian etc.) (if available)
- Fund's latest investor report (if available)

E. Underlying Investments

- Current portfolio/loan tape (if available)
- Target portfolio, including key financing terms to be expected (contractual loan term, CY, PIK, arrangement fees, OID, exit fees, covenants)
- Credit facility agreements (example)
- IC documents regarding investments made (if applicable)
- Deal pipeline
- Confirmation regarding compliance with any existing covenants (if applicable)

Request List for Full Rating:

A. Issuer Level

- Final structure chart
- Articles of association[4]
- Company registration
- Documentation regarding the foundation of compartment/sub-fund (if applicable)
- Break-down of estimated costs (setup costs, running costs & fees, also considering any interim vehicles, if applicable)
- Service provider agreements[4] (AIFM, administrator, depositary, paying agent etc.)

B. Note (Rating Object)

- Prospectus/placement memorandum/T&Cs[4]
- Subscription agreement[4]
- Global certificate/note register (if applicable)[4]

C. Manager

- Corporate structure/organigram
- Team overview and CVs
- Latest investor presentation
- Relevant track record data (fund level and underlying loan level), including analysis of workout/loss rate
- Manager policies (governance, investment process, investment allocation, risk management, hedging, ESG etc.)

[4] Final and executed version

D. Fund Level

- Fund model, including details on the underlying assumptions
- Break-down of estimated costs (setup costs, running costs & fees, also considering any interim vehicles, if applicable)
- Fund documentation[4], i.e. LPA, PPM, DDQ
- Service provider agreements[4] (AIFM, administrator, custodian etc.)
- Fund's latest investor report (if available)

E. Underlying Investments

- Current portfolio/loan tape (if available)
- Target portfolio, including key financing terms to be expected (contractual loan term, CY, PIK, arrangement fees, OID, exit fees, covenants)
- Credit facility agreements (example)
- IC documents regarding investments made (if applicable)
- Deal pipeline
- Confirmation regarding compliance with any existing covenants for investments made (if applicable)
- Audited financial statements of existing portfolio companies (if applicable)

Request List for Follow-up Rating:

A. Issuer Level and Note (Rating Object)

- Drawdown notices[5]
- Distribution notices[5]
- NAV statements[5]
- Board resolutions[5]
- Documentation regarding any material changes concerning the issuer, the rating object and/or the underlying structure (if any)

B. Manager

- Latest investor presentation
- Update track record data, including analysis of workout/loss rate
- Documentation regarding any material changes concerning the manager (if any)

C. Fund Level

[5] Since initial rating/previous follow-up rating

- Drawdown notices[5]
- Distribution notices[5]
- Investor reports[5]
- NAV statements[5]
- Board resolutions[5]
- Updated Fund model (if applicable)
- Documentation regarding any material changes concerning the fund and/or the underlying assets (if any)

D. Underlying Investments

- Loan tape, including relevant data for each active portfolio investment (alternatively, individual credit facility agreements), such as:
    - Asset level: security/loan type, currency, floating/fixed rate, applicable base rate, cash margin/spread (bps), PIK (bps), arrangement fee, OID, exit fee, investment date, contractual repayment date/maturity date, expected exit date, principal value, cost (of investment), market value, facility size, facility hold, no of covenants, watchlist status
    - Borrower level: industry/sector, country, sponsor (if applicable), net and gross leverage[6], total debt[6], enterprise value[6], LTV[6], revenue[6], EBITDA[6]
- IC documents regarding investments made[5]
- Details on watchlist assets (if applicable)
- Update deal pipeline
- Confirmation regarding compliance with any existing covenants for investments made
- Audited financial statements of existing portfolio companies

[6] At closing and current

APPENDIX II: Qualitative Notching Criteria (Extract)

A prerequisite for considering any of the criteria listed below in CRA's qualitative rating analysis (Notching) is always to verify the relevance of the specific criterion for the pertinent transaction, and to confirm that this criterion has not been or could not be adequately considered in the quantitative rating analysis.

Structural Risks (among others):

1. Collateral Structure Configuration
2. Availability of Relevant Additional Collaterals
3. Complexity and Transparency of the Overall Transaction
4. Possibility of Leveraged Financing at the Investment Vehicle Level
5. Mismatch of Deadlines within the Transaction Structure
6. Professionalism of Transaction Contracts
7. Presence of Conflicts of Interest within the Transaction Structure
8. Counterparty Risks (at all transaction levels)
9. Ongoing Legal or Tax Risks
10. Placement Risks

Operational Risks, Portfolio, and Credit Risks (among others):

1. Relevant Market or Industry Developments
2. Track Record of the Asset Manager
3. Blind-Pool Risks Combined with the Degree of Restriction of Investment Criteria
4. Project Risks
5. Country Risks
6. Tail-Period Risks