

Presale:

Astrea 7 Pte. Ltd.

May 6, 2022

Preliminary Ratings

Class	Preliminary ratings	Preliminary amount (mil.)	Scheduled call date	Legal maturity date (years)	LTV (%) ⁽ⁱ⁾
A-1	A+ (sf)	S\$462.00 ⁽ⁱⁱ⁾	May 2027	May 2032	17.6
A-2	NR	US\$220.00	May 2027	May 2032	11.5
B	NR	US\$200.00	May 2028	May 2032	10.5

Note: This presale report is based on information as of May 6, 2022. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The LTV ratio is calculated as a percentage of the total portfolio net asset value as of Nov. 30, 2021. (ii)Equivalent to US\$335.00 million. LTV--Loan-to-value. S\$--Singapore dollars. NR--Not rated.

Profile

Expected closing date	May 2022.
First payment date	November 2022.
Collateral	Cash flows from a portfolio of 38 private equity funds, diversified by vintage, sector, geography, and strategy.
Issuer	Astrea 7 Pte. Ltd.
Sponsor	Astrea Capital 7 Pte. Ltd., a Singapore company wholly owned indirectly by Azalea Asset Management Pte. Ltd.
Manager	Azalea Investment Management Pte. Ltd., a wholly owned investment management subsidiary of Azalea Asset Management Pte. Ltd.
Transaction and fund administrator	Sanne (Singapore) Pte. Ltd.
Bonds trustee	DBS Trustee Ltd.
Security trustee	DB International Trust (Singapore) Ltd.
Accounts bank	DBS Bank Ltd.
Credit facility provider	DBS Bank Ltd.
Hedge counterparties	DBS Bank Ltd., The Hongkong and Shanghai Banking Corp. Ltd., and Standard Chartered Bank (Hong Kong) Ltd.
Lead managers	Credit Suisse (Singapore) Ltd., DBS Bank Ltd., and Standard Chartered Bank (Singapore) Ltd.

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Transaction Overview

Astrea 7 Pte. Ltd. (Astrea 7) is a collateralized fund obligation (CFO) transaction managed by Azalea Investment Management Pte. Ltd. (Azalea), a wholly owned investment management subsidiary of Azalea Asset Management Pte. Ltd. It is backed by cash flows from a portfolio of private equity buyout and growth equity funds.

By net asset value (NAV) as of Nov. 30, 2021, the transaction is collateralized by cash flows generated by a portfolio of private equity funds comprising 77.1% buyout private equity funds and 22.9% growth equity funds. In addition, by NAV, the transaction's funds are split geographically across the U.S. (54.9%), Europe (27.5%), and Asia (17.6%). The class A-1 bonds are denominated in Singapore dollars (S\$) but were sized to be equivalent to US\$335.00 million.

The bonds are expected to be fully reserved by their scheduled call dates as distributions from the underlying funds are deposited into the class A and class B reserve accounts (collectively, the reserve accounts). The class A reserve accounts will be funded in accordance with the priority of payments, and will follow a schedule for the first 10 semiannual distribution periods leading up to the class A-1 and A-2 scheduled call dates. The class A reserve accounts and scheduled reserve amounts are designated to benefit both the class A-1 and A-2 bonds. However, if the class A reserve amount is insufficient to redeem both classes simultaneously, payments will be made from the class A reserve accounts sequentially on the scheduled call date first to the class A-1 bonds and then to the class A-2 bonds. The class B reserve accounts will be funded after either the full redemption of all class A bonds or the balance in the class A reserve accounts has met the class A reserve accounts cap, whichever is earlier.

To mitigate the currency risk of paying the principal and interest of the class A-1 bonds in Singapore dollars, the issuer is entering into a series of fixed forwards to exchange U.S. dollars for Singapore dollars. The issuer will also enter into a series of fixed forwards to exchange euros for U.S. dollars. The hedge will be sized to cover approximately 65% of the euro NAV. Distributions to equity are permitted under the priority of payments (as long as the loan-to-value [LTV] trigger has not been breached) after the semiannual class A reserve amount has been deposited.

The transaction also has a credit facility to cover cash flow shortfalls on certain senior fees and expenses, interest on the class A-1, A-2, and B bonds, and capital calls. However, the credit facility does not cover any principal amount on the bonds. The credit facility size will not exceed US\$300.00 million, and it will comprise the sum of a scheduled component that will step down from an initial US\$130.00 million over time (according to the schedule in table 6 below) and a component equivalent to 50.00% of the undrawn capital commitment. The credit facility size is expected to be approximately US\$255 million as of closing.

Capital calls (drawdowns) on the underlying funds will be funded first by available cash in the operating accounts, including a retained amount of no more than US\$15.00 million; and then to the extent there are shortfalls, the credit facility will cover them up to the available facility amount.

Environmental, Social, And Governance (ESG) Factors

Our rating analysis considered the transaction's potential exposure to ESG credit factors.

We believe that investment holding companies (IHCs) and general trading investment companies differ from the wider corporate sectors when we analyze credit-related environmental and social risks. This is because IHCs are exposed to these risks mainly indirectly through their investment

portfolios and not through their own operations.

Governance factors are generally neutral because the fund investments are static after closing of the Astrea 7 transaction, and the manager is not allowed to alter the portfolio composition through purchases of additional funds. However, valuation of the underlying investments could be subjective due to the limited transparency and industry standard.

ESG credit factors do not influence our assessment of the transaction's credit quality.

Rationale

The preliminary rating assigned to Astrea 7's class A-1 bonds reflects the following:

- The manager's (Azalea's) substantial experience in private equity fund investing.
- The diversification of the portfolio of funds, across fund managers, regions, investment sectors, and fund vintages.
- The bonds' legal maturity, which is 10 years from the issue date. Cash flows in private equity funds are less predictable than those of fixed-income instruments but have historically followed a J-curve, which may extend up to 10 years (see "CDO Spotlight: Global Criteria for Private Equity Securitization," published Jan. 18, 2006). A legal maturity date that generally matches the lifespan of a diversified portfolio of underlying private equity funds allows the transaction to be less susceptible to any short-term delay in fund distributions.
- The static nature of the private equity fund investments, which does not allow the manager to alter the portfolio composition through purchases of additional funds.

Transaction strengths

We believe the transaction's strengths include the following:

- The 60.4% overcollateralization and 10.5% subordination for the class A-1 bonds (which are pari passu with the class A-2 bonds during events of default) based on the portfolio NAV.
- The funds that the manager selected for the transaction portfolio result in a well-diversified portfolio in terms of general partners, regions, industries, and vintages.
- The structural features that protect the bondholders, which include reserve accounts that are funded after interest payments on the class A and B bonds, and are intended to fully repay the principal on the bonds on their scheduled call dates. The transaction also includes an LTV trigger that is set to 50.00% and redirects residual cash flow to the reserve accounts when the trigger is breached.
- The 5.3-year weighted average age (as of Nov. 30, 2021) of the underlying funds purchased by the issuer. Relative to a portfolio of more-seasoned private equity funds, these funds may generate more net positive cash flows over their remaining life.
- The availability of the credit facility, which is initially sized to approximately US\$255 million and will step down over time in accordance with the schedule in table 6, to cover shortfalls in nondeferrable expenses, class A and B interest, and capital calls from the underlying funds. The credit facility's initial available amount will exceed the total undrawn capital commitment amount for the funds held in the issuer's portfolio, which is approximately US\$250 million as of Nov. 30, 2021.

Transaction weaknesses

We believe the transaction's weaknesses include the following:

- Cash flows for timely payment of interest and ultimate repayment of principal of the rated bonds are expected to come from investments in private equity funds, an illiquid asset class with volatile cash flows. The uncertain timing and amount of fund distributions can result in the reserve accounts not being funded in accordance with the anticipated schedule.
- Uncertainties regarding the trajectory of the COVID-19 pandemic remain a risk to economies and capital markets around the world. The sharp decline in private equity valuations observed in 2020 highlighted the elevated sensitivity that private equity has to these market stresses.
- Macroeconomic risks, such as rising interest rates or inflation, could put downward pressure on private equity activity and/or valuations. Generating return in this environment can be significantly harder especially if the economy slows down, reducing fund distributions.
- Volatile markets may pressure private equity fund managers to extend the holding periods for companies in their portfolios until market conditions improve. The longer holding period could expose the investors to greater credit risk and could reduce cash flows immediately available to repay the CFO's liabilities.
- The investments' reported value is generally estimated because mark to market is nearly impossible until the investments have been exited. The valuation assumptions could be subjective and depend on the general partners' experience. In periods of high market volatility, the NAV calculation may not be reliable or reflect the rapid changes.
- The portfolio includes growth equity funds (22.9%) and Asia-based private equity funds (17.6%). These allocations are slightly higher than those of the previous transaction (Astrea VI). Our methodology for analyzing the magnitude and timing of future capital calls and distributions of private equity funds was designed for U.S. and European buyout or venture capital funds. We believe Asian funds could face higher volatility in returns compared to their non-Asian counterparts.
- The class A-1 bonds are denominated in Singapore dollars, while the underlying fund cash flows are denominated in U.S. dollars and the euro, and hence subject to foreign exchange risks.
- Distributions to equity are permitted while the class A bonds are outstanding--as long as the semiannual scheduled reserve accounts deposit has been made. Historically, some private equity securitizations have not allowed for equity distributions while the debt classes remain outstanding.

Mitigating factors

We believe the following factors partially mitigate the transaction's weaknesses:

- The private equity funds' substantial cash-generating capacity, which we believe, based on our rating scenario assumptions, will be sufficient to meet the bonds' obligations before their legal maturities.
- Although all sectors tend to exhibit increased correlation during economic downturns, the diversification in the portfolio should partially mitigate the risk of short-term volatility spikes in certain sectors. As of the Nov. 30, 2021, the portfolio's sector breakout is similar to that of the

S&P 500 Index.

- The credit facility is designed to ensure timely payment of nondeferrable expenses, bond interest, and any capital calls not covered by the operating accounts.
- The issuer will enter into a series of currency hedges to minimize the mismatch between the asset cash flows, which are denominated in U.S. dollars and the euro, and the payments due to the liabilities, which are denominated in U.S. and Singapore dollars. This will include two factors: a series of forward contracts to exchange the euro-denominated asset cash flows for U.S. dollars, and a separate set of forward contracts to exchange U.S. dollar-denominated cash flows from the assets and amounts in the reserve accounts for Singapore dollars to pay class A-1 interest and principal. All hedges are expected to satisfy our counterparty criteria related to derivatives for securities rated at the 'A+' level.
- Because our methodology is calibrated based on non-Asian private equity funds, we applied a conservative 35.00% haircut to future distributions from Asian private equity funds in our rating stress to account for any potential volatility, including country and currency risk, that our simulation did not capture.
- Our view that growth equity funds can be appropriately modeled as buyout funds for the purposes of our quantitative analysis, even though our methodology was not originally designed to address growth equity funds. This reflects our analysis of the magnitude and velocity of historical returns for growth equity funds from 1990 to 2010 and our observation that their distributions were similar to those of buyout fund strategies during that time.
- The semiannual scheduled US\$55.50 million reserve amount payments, which are designed to fully reserve the class A principal by the scheduled call date. Although distributions to equity will be allowed after the scheduled reserve accounts payments have been made, they can only continue if the LTV trigger has not been breached. Furthermore, although the semiannual reserve payment amounts are sized to fully reserve for both the class A-1 and A-2 bonds by the scheduled call date, the scheduled reserve accounts balance is expected to fully cover the class A-1 bonds within six payment periods (three years) from closing. The reserve accounts balance will be used to pay down the class A-1 and then class A-2 bonds sequentially on the later of the scheduled call date and the payment date on which there is sufficient cash in the reserve accounts to pay down the class A-1 bonds in full.
- Although the collateral value is equity-based in nature, the advance rate on the class A-1 bonds is 17.6%, which is significantly lower than other similarly rated structured finance securities.

Transaction Structure

Astrea 7, a bankruptcy-remote company incorporated with limited liability under the laws of Singapore, will issue the bonds. The issuer's capitalization (excluding accumulated profits) consists of ordinary shares and preference shares, shareholder loans (100% of which are held by Astrea Capital 7 Pte. Ltd.), and the class A-1, A-2, and B bonds. The issuer holds a 100% shareholding interest in a holding company, AsterSeven Assets I Pte. Ltd. (AOC I; the asset-owning company).

The asset-owning company holds the fund investments and is the limited partner for each underlying limited partnership interest. AOC I holds all 38 fund investments. The asset-owning company's capitalization (excluding accumulated profits) comprises ordinary shares, preference shares, and shareholder loans (100% of which are held by the issuer as described above). The asset-owning company will transfer all cash distributions from the fund investments to the issuer

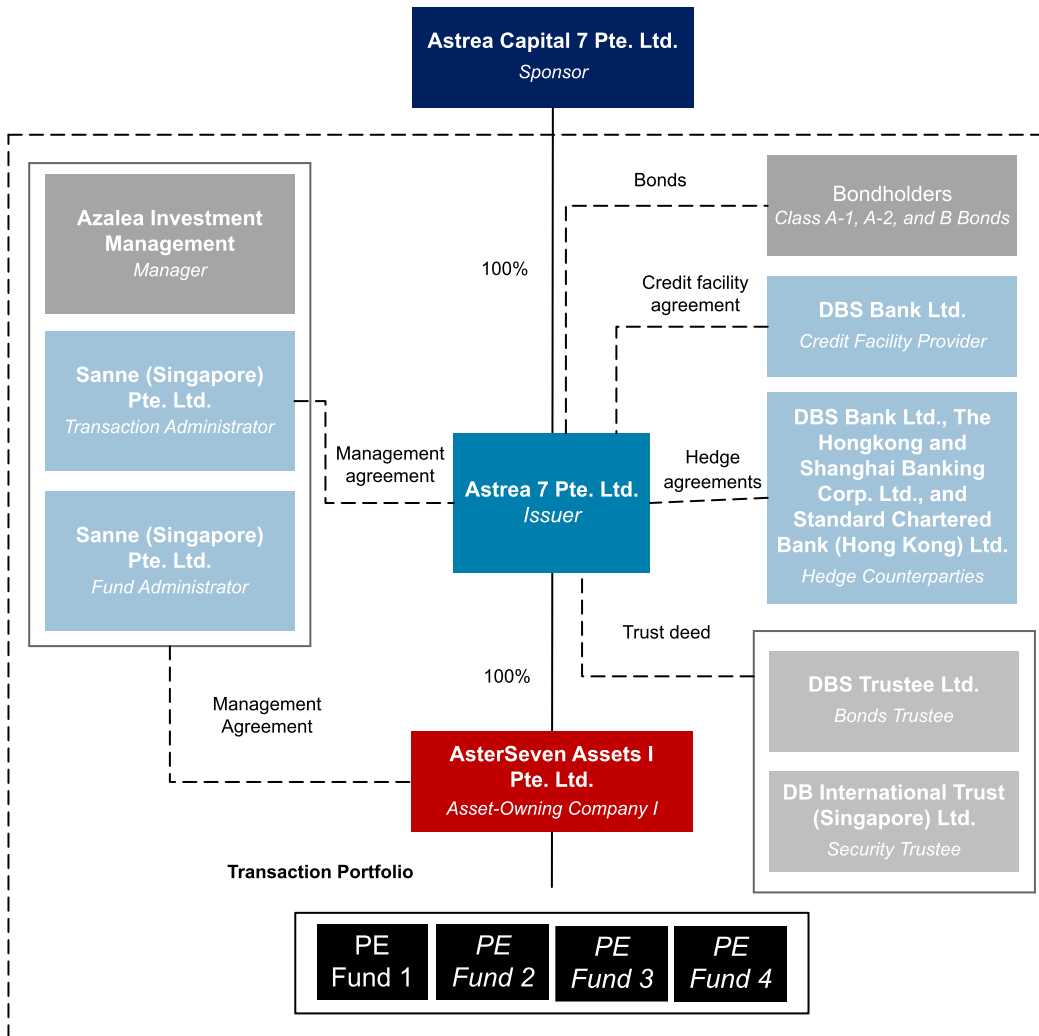
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daily via a combination of repayment of the issuer's shareholder loans and the payment of dividends (or redemptions) relating to the shares held by the issuer in the asset-owning companies. The issuer will apply those distributions semiannually in accordance with the priority of payments (see table 3).

Chart 1 shows the transaction structure.

Chart 1

Transaction Structure



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Collateral

The bonds, credit facility, and hedge counterparties will be secured by:

- A first fixed charge of the issuer's shares in the asset-owning company, which is a limited partner in the 38 private equity funds in the portfolio, and all dividends regarding those shares;
- A first fixed charge of the issuer's bank accounts and custody accounts;

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- An assignment (as security) of the issuer's rights under the shareholder loan agreements between the issuer and the asset-owning company; and
- A first floating charge of the issuer's undertaking and all of its assets.

Portfolio Characteristics

On the closing date, the issuer's subsidiary owns limited partnership interests in 38 private equity funds with an approximate NAV of US\$1.905 billion. The funds are managed across 29 general partners and are diversified by geography, sector, strategy, and vintage. The three largest fund investments make up 11.1% of portfolio NAV, while the three largest general partners make up 21.6% of portfolio NAV.

Table 1 shows the portfolio comparison on recent Astrea transactions.

Table 1

Astrea Portfolio Comparison

	Astrea 7	Astrea VI	Astrea V	Astrea IV	Astrea III
Credit rating at closing	A+ (sf)(i)	A+ (sf)	A+ (sf)	A (sf)	A (sf)
Portfolio NAV (mil. US\$)	1,905	1,456	1,324	1,098	1,142
Undrawn capital (mil. US\$)	250	156	215	168	201
Committed capital (mil. US\$)	1,481	1,358	1,376	1,753	1,557
Weighted average fund vintage	2017	2014	2014	2011	2009
Weighted average fund age	5.3	5.8	5.4	7.1	6.7
Total number of fund investments	38	35	38	36	34
Total number of general partners	29	28	32	27	26
Fund type (% of NAV)					
Buyout	77.1	81.3	81.0	86.1	76.9
Growth equity	22.9	18.7	19.0	12.3	23.1
Private debt	0.0	0.0	0.0	1.6	0.0
Fund region (% of NAV)					
U.S.	54.9	61.1	56.1	62.8	66.5
Europe	27.5	22.7	21.6	19.1	12.3
Asia	17.6	16.2	22.3	18.1	21.2
Investment region (% of NAV)					
North America	49.3	50.9	49.3	55.8	54.2
Europe	25.9	26.0	22.8	19.5	18.5
Asia	21.4	20.0	24.6	21.9	25.3
Rest of world	3.4	3.1	3.3	2.8	2.0
Sector (% of NAV)					
Information technology	33.9	28.2	23.9	22.9	22.0
Health care	19.3	19.8	17.6	10.7	14.3
Consumer discretionary	12.1	13.2	15.3	21.3	23.4

Table 1

Astrea Portfolio Comparison (cont.)

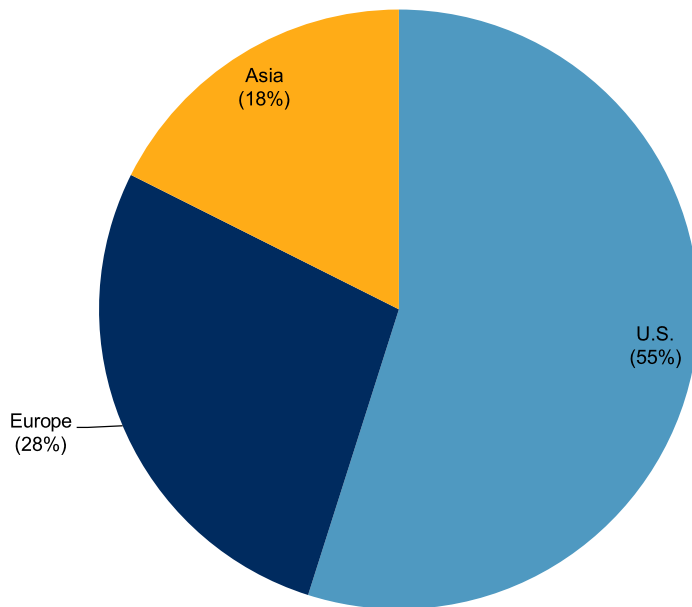
	Astrea 7	Astrea VI	Astrea V	Astrea IV	Astrea III
Industrials	11.3	12.4	14.4	11.9	14.5
Financials	7.0	7.7	7.4	10.2	10.4
Communication services	6.8	5.3	8.0	2.0	1.1
Energy	0.5	4.3	3.1	6.7	4.9
Consumer staples	4.1	4.2	4.4	5.3	5.4
Materials	2.3	2.8	3.5	4.8	3.8
Real estate	2.4	1.5	1.9	2.5	0.0
Utilities	0.3	0.6	0.5	1.7	0.2
Class A-1 size (mil. S\$)	462	375	315	242	228
Class A-1 LTV (%)	17.6	19.6	17.4	16.5	14.9

(i) Preliminary rating. NAV--Net asset value. LTV--Loan to value.

Charts 2-7 below show the portfolio characteristics as of Nov. 30, 2021.

Chart 2

Portfolio Net Asset Value By Fund Region

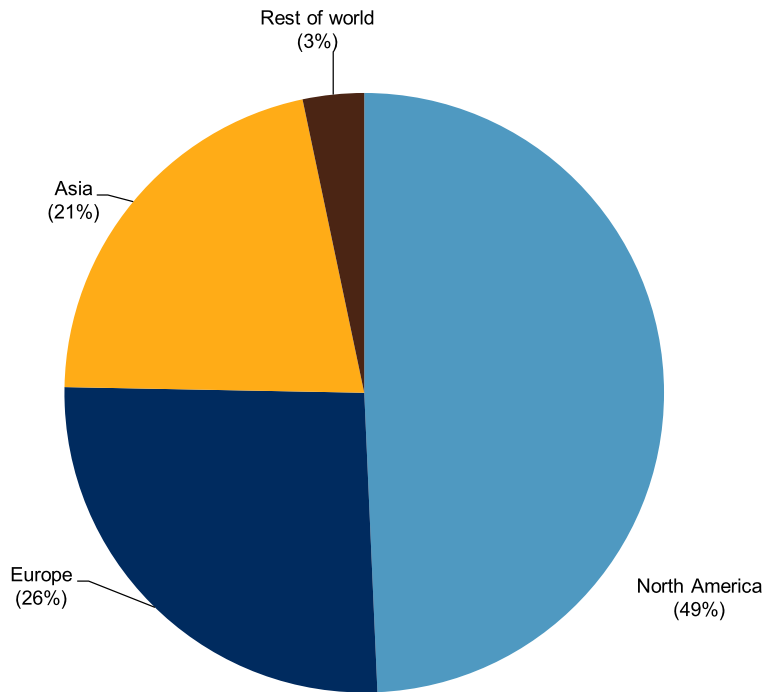


Numbers may not add up due to rounding.

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Chart 3

Portfolio Net Asset Value By Investment Region

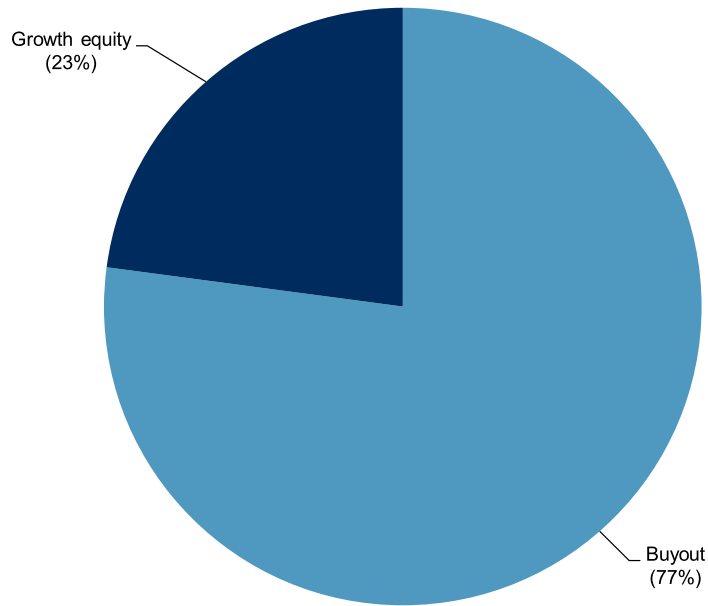


Numbers may not add up due to rounding.

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Chart 4

Portfolio Net Asset Value By Fund Strategy

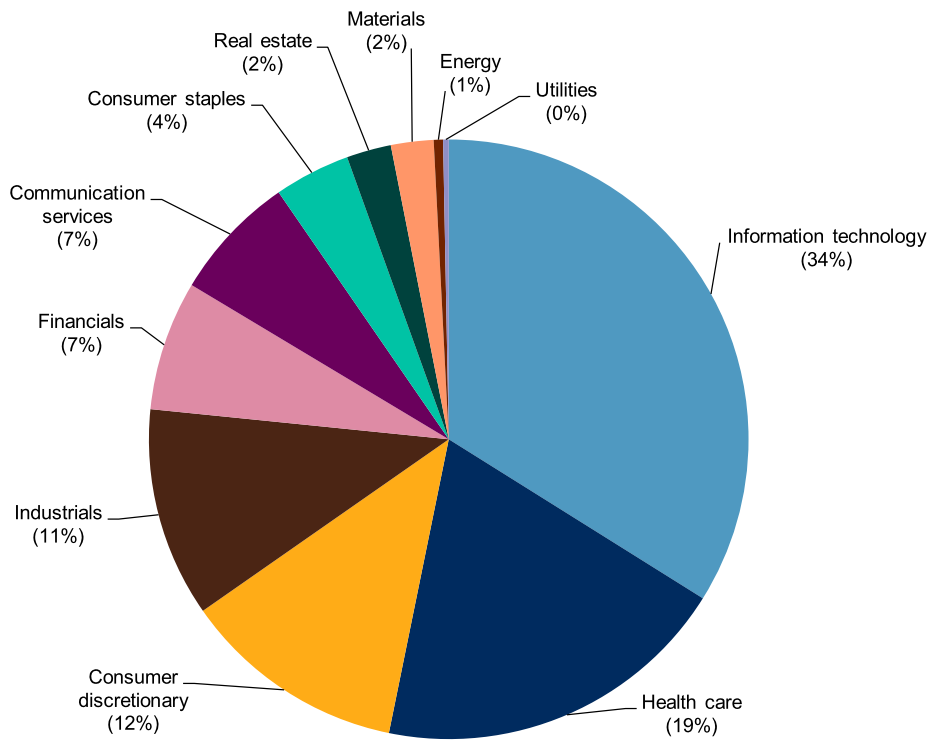


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Chart 5

Portfolio Net Asset Value By Investment Sector

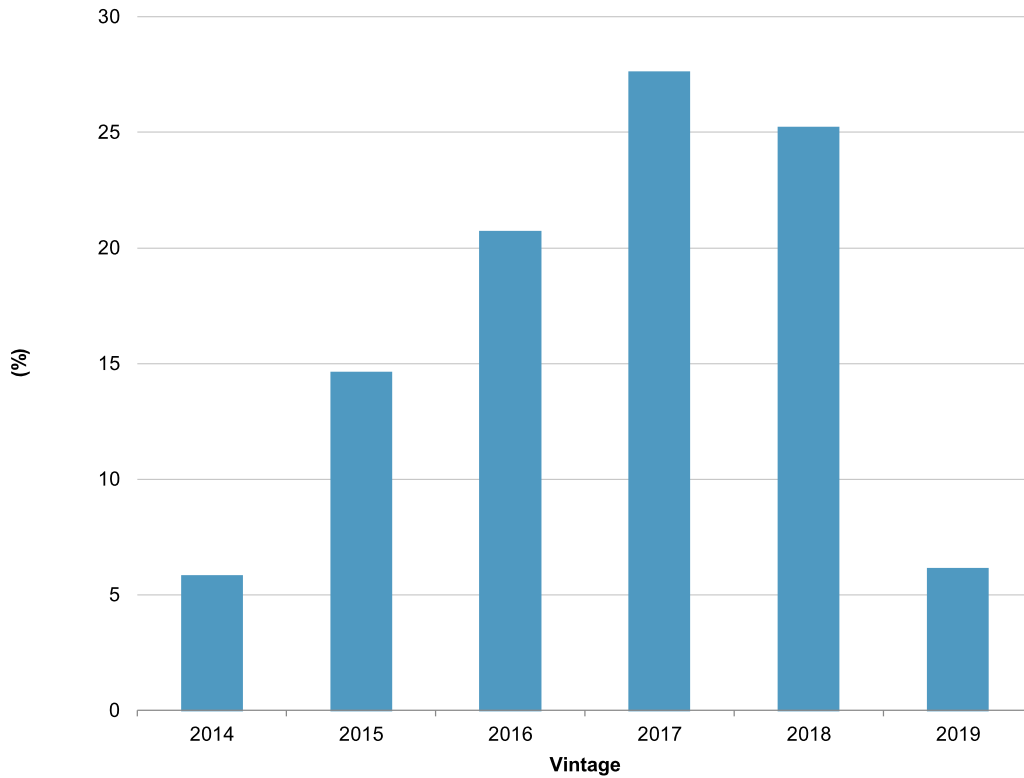


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Chart 6

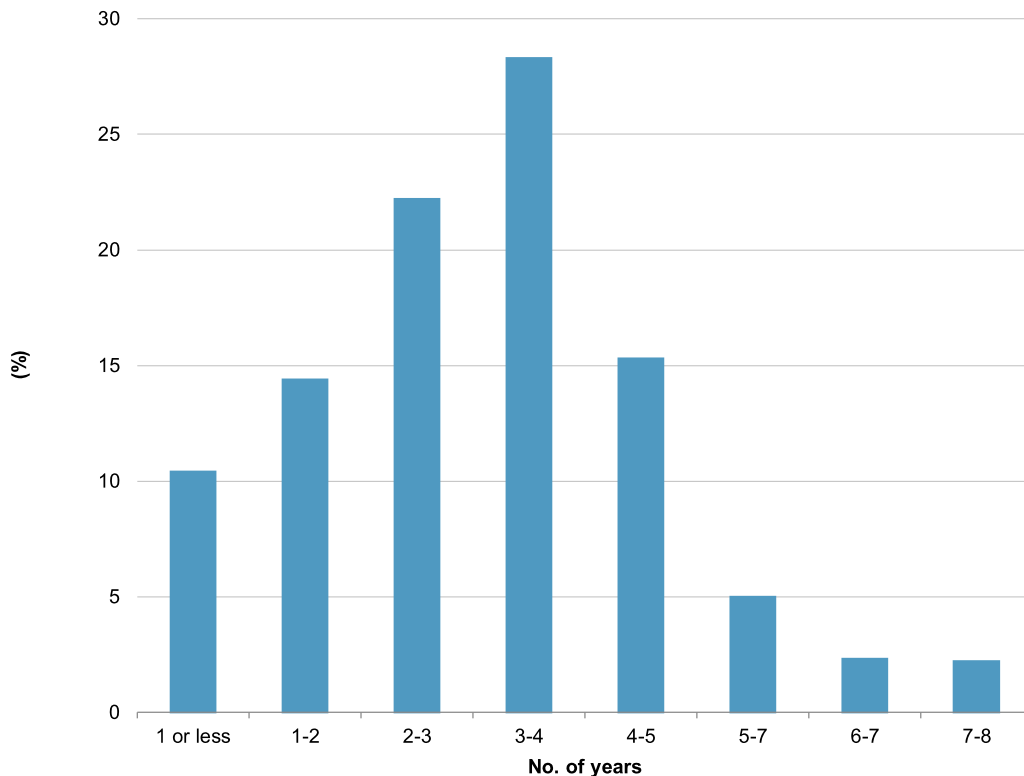
Portfolio Net Asset Value By Fund Vintage



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Chart 7

Portfolio Net Asset Value By Investment Holding Period



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Cash Flow Assumptions

Our methodology for rating debt backed by interests in a portfolio of private equity funds relies on a stochastic approach in which cash flow paths are simulated. Each represents a possible cash flow path for the aggregated funds that are in the portfolio. For each path, estimated fund cash flows are applied to pay the CFO's obligations according to its priority of payments (see "CDO Spotlight: Global Criteria For Private Equity Securitization," published Jan. 18, 2006).

S&P Global Ratings projects the expected cash flow from a well-diversified pool of private equity funds by sampling individual J-curves of fully liquidated vintages that have the same characteristics as each of the individual funds in the pool. To achieve that goal, we use the mean, median, and standard deviation statistics available from 1980 through 2002 for each of the four risk parameters that compose a J-curve (i.e., money multiple, internal rate of return, speed of draw, and depth of curve) to create J-curves that are sampled in a stochastic Monte Carlo process. In this way, a historical set of J-curves, each of which is statistically feasible, is stochastically created.

To estimate the expected future cash flow of the CFO, we combined a historical simulation of J-curves (through a historical sampling approach) with a stochastic parametric simulation of a public market index that is used to conservatively deflate the portfolio's cash distributions. Using

this approach, we created a stochastic cash flow path by first sampling a vintage year from the pool of fully liquidated vintage years and, further, a set of J-curves that have the same characteristics as the funds being sampled from the drawn vintage year. In addition, S&P Global Ratings uses a parametric approach to simulate the performance of the relevant public markets over the same projection period to compare their return performance with that of each private equity fund in the drawn vintage year. If the vintage year returns exceed the public market returns, the cash flow returns for each fund in that vintage year are reduced by an amount that would equate the vintage year returns with those of the public market (an adjusted J-curve). For U.S. private equity funds, the relevant public markets are the S&P 500 Index for buyout funds and the NASDAQ 500 Index for venture capital funds.

We then apply the committed capital of those funds to the adjusted J-curve pattern to estimate the expected future cash flow. The total cash flow the CFO is capable of generating in a single stochastic path is estimated as the sum of all the funds. Simultaneous to such sampling, we simulate an interest rate model to estimate the cost of the rated liabilities. The total cash flow over the entire exposure period is then applied to a payment priority that incorporates all of the CFO's obligations, including funding capital calls, payment of fees and expenses, and payment of the rated liabilities (timely interest and principal at maturity).

If cash flows are insufficient to pay a liability in full, that path is deemed to be a failed path for the purpose of rating that liability. After running the stochastic simulation a sufficient number of times to ensure model stability, the number of failed paths is counted and compared with the total number of paths run to compute the probability of default for each rate liability. To determine whether a liability is able to sustain a particular rating, the number of failed paths has to be commensurate with the default probability of a corporate bond with a rating equal to the rating sought, and with a tenor equal to the weighted average maturity of the liabilities in the number of paths run. For example, if the default probability for a rated 10-year corporate bond was 1.00%, the number of failed paths in 100,000 runs can be 1,000 at most.

Cash Flow Results

To determine whether the class A-1 bonds are able to achieve an 'A+' rating level, the number of failed paths in our cash flow modeling simulation has to be commensurate to the default probability of a corporate obligation with a rating equal to the 'A+' rating and with a tenor equal to the weighted average maturity of the class A-1 bonds in the number of paths run (50,000 paths in this case). In other words, the private equity securitization debt may not be riskier than an equivalently rated corporate obligation because it cannot have a higher default probability than the corporate obligation.

Table 2

Cash Flow Modeling Results

Class	Preliminary rating ⁽ⁱ⁾	Failed paths in our simulation (%)	Weighted average maturity (years)	Corporate default probability for rating and maturity (%)
A-1	A+ (sf)	0.076	5	0.995

⁽ⁱ⁾The rating on each class of securities is preliminary and subject to change at any time.

As showed in table 2, class A-1 failed 0.058% of the simulated paths under our base rating assumptions, which is below both the 0.995% hurdle rate for a five-year 'A+ (sf)' rating and the 0.135% hurdle rate we would look to for a five-year 'AAA (sf)' rating. Our preliminary 'A+ (sf)' rating reflects the following constraints and qualitative considerations:

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- S&P Global Rating's sector cap of 'AA (sf)' for private equity CFOs (see our "Assumptions: Risk Profile Of Global Private Equity Securitizations No Longer Supports 'AAA' Ratings" criteria, published Feb. 13, 2009);
- A maximum potential rating of 'AA- (sf)' implied by the minimum eligible hedge counterparty rating of 'A- (sf)' and the lack of a collateral posting requirement for the transaction's hedge counterparties. (This equates to a replacement trigger of 'A- (sf)' and a "weak" collateral posting requirement according to table 2 in our "Counterparty Risk Framework: Methodology and Assumptions" criteria, published March 8, 2019);
- The additional sensitivity runs to address currency, region, and liquidity risks (see the Sensitivity Analysis section below);
- Macroeconomic headwinds caused by the ongoing COVID-19 pandemic, rising interest rates, and inflation, which can all materially impact the underlying funds' performance; and
- Our consideration of the limited, though stable, observed performance for the private equity CFOs rated by S&P Global Ratings after the Great Recession. We may revise this qualitative adjustment if we observe stable performance as we surveil the transaction, such as those regarding equity distributions and scheduled reserve accounts deposits.

Sensitivity Analysis

Singapore dollars hedge analysis

The class A-1 bonds are denominated in Singapore dollars, while the asset cash flows will generally be denominated in U.S. dollars and the euro. As a result, the issuer will be entering into a series of forward currency agreements to minimize the mismatch between the asset cash flows denominated in U.S. dollars and the euro and the payments due to liabilities in U.S. and Singapore dollars. There will be separate forward agreements related to the fixed interest payments and full principal repayment of the class A-1 bonds through their scheduled call date in year five.

S&P Global Ratings currently does not have published currency stress assumptions related to Singapore dollars. Despite this limitation, we incorporated projected asset cash flows beyond year five in our scenarios by applying a haircut to all U.S. dollar-denominated cash flows received from the funds following the expiration of the forward agreements, reflecting a 50.00% decline in the U.S. dollar to Singapore dollar exchange rate. This haircut only affects those scenarios where the available U.S. dollar amount is insufficient to redeem the class A-1 bonds in full on the scheduled call date. Even with this conservative haircut, our model indicated that the class A-1 bonds would still be able to sustain an 'A+ (sf)' rating level.

35.00% Asia-based distribution haircut

Our methodology for analyzing the magnitude and timing of future capital calls and distributions of private equity funds is designed for U.S. and European buyout or venture capital funds. However, 17.6% of funds in Astrea 7 are based in Asia (a slightly higher exposure than Astrea VI). We believe these funds could face higher volatility in returns compared to their non-Asian counterparts. Therefore, we applied a conservative 35.00% haircut to future distributions from Asian private equity funds in our rating stress to account for any potential risk factors that our methodology does not capture. This haircut reflects the additional analysis we did when comparing the data in our U.S.-based J-curve database with external performance data on Asian

private equity funds. Even with this conservative haircut, class A-1 failed 0.226% of the simulated paths, which is below the 0.268% hurdle rate for a five-year 'AA+ (sf)' rating.

Liquidity stress

Because private equity CFOs typically have no scheduled cash flows from underlying funds, liquidity coverage is necessary and particularly important since cash distributions are even less predictable during market volatility. In the liquidity stress sensitivity run, we delayed the underlying funds' cash flows from our simulation by one year to test the resilience of the liquidity facility. Class A-1 failed 0.144% of the simulated paths, which is below the 0.268% hurdle rate for a five-year 'AA+ (sf)' rating. Note that we considered the liquidity stress independent from the 35% Asia-based haircut discussed above.

Payment Priority

Prior to an enforcement event, the issuer will be required to disburse all amounts in the operating account in excess of a retained amount (capped at US\$15.00 million), according to the following payment priority outlined in table 3.

Table 3

Payment Priority

Priority	Payment
1	Taxes and administrative expenses of the issuer and asset-owning companies, up to a cap of US\$900,000.00 per distribution period.
2	Payments of amounts due to hedge counterparties, except those payable in item 12 below.
3	Management fees.
4	Credit facility commitment fees, then credit facility interest expense (and any other payables), and then credit facility principal repayment.
5	Class A-1 and A-2 interest expense, pro rata and pari passu.
6	Class B interest expense.
7	If net cash proceeds are received from the sale or disposal of fund investments, pay 100% of the remaining cash flow to the class A reserve accounts (or, if the class A reserve accounts cap has been met, to the class B reserve accounts) until the amount paid is equal to but does not exceed the total net cash proceeds received. Upon and after the full redemption of all class A-1 bonds, to repay the class A-2 outstanding principal amount and then the class B reserve accounts until the class B reserve accounts cap has been met.
8	To the class A reserve accounts for losses realized on investments held in the reserve custody account until those losses have been recouped, then for the unpaid reserve amount applicable on that distribution date, and then for the reserve amount applicable for that distribution date. Upon and after the full redemption of all class A-1 bonds, to repay the class A-2 outstanding principal amount.
9	Upon the full repayment of the class A-1 and A-2 bonds, 90.00% of remaining cash flow to the class B reserve accounts until the class B reserve accounts cap has been met.
10	If the LTV exceeds the maximum LTV ratio, then 100% of cash flow remaining to the class A reserve accounts (or if the class A reserve accounts cap has been met, to the class B reserve accounts until the class B reserve accounts cap has been met), until the maximum LTV ratio is no longer exceeded. Upon and after full redemption of all class A-1 bonds, to repay the class A-2 outstanding principal amount and then to the class B reserve accounts until the class B reserve accounts cap has been met.
11	Administrative expenses in excess of the cap in item 1 above.
12	Any hedge unwind costs incurred due to an event of default under any hedge agreement where the counterparty is the defaulting party or under a termination event where the counterparty is the affected party.

Table 3

Payment Priority (cont.)

Priority	Payment
13	100% of cash flow remaining to the equity investor(s).

The retained amount in the operating account is capped at US\$15.00 million and not subject to the payment priority, and it will be available to cover capital calls and expenses on or between distribution dates at the manager's discretion. Any unused amount will remain in the operating accounts for the following distribution period.

Following an enforcement event, the issuer will be required to disburse all amounts in the operating account according to the following post-enforcement payment priority outlined in table 4.

Table 4

Post Enforcement Payment Priority

Priority	Payment
1	Taxes and administrative expenses of the issuer and asset-owning companies. Regarding administrative expenses, only those amounts required for enforcement of the rights of the bonds will be paid under this item.
2	Amounts due to hedge counterparties, except those payable in item 10.
3	Unpaid commitment fees on the credit facility, then unpaid accrued interest (and any other payables), and then the credit facility's outstanding principal.
4	Class A-1 and A-2 interest, pro rata and pari passu.
5	Repay the class A-1 and A-2 outstanding principal amounts, pro rata and pari passu.
6	Accrued and unpaid class B interest.
7	Repay the class B outstanding principal amount.
8	Unpaid administrative expenses not paid in item 1.
9	Fund capital calls on the fund investments.
10	Any hedge unwind costs incurred due to an event of default under any hedge agreement where the counterparty is the defaulting party or under a termination event where the counterparty is the affected party.
11	All remaining cash flow to the equity investor(s).

Table 5 shows the scheduled reserve amounts.

Table 5

Reserve Amount Schedule

Distribution Date	Reserve Amount (mil. US\$)
1	55.5
2	55.5
3	55.5
4	55.5
5	55.5
6	55.5

Table 5

**Reserve Amount
Schedule (cont.)**

Distribution Date	Reserve Amount (mil. US\$)
7	55.5
8	55.5
9	55.5
10	55.5

The credit facility available amount, which will not exceed \$300.00 million at any time, will be calculated as the sum of a scheduled component that will step down in accordance with the schedule in table 6 below and a component equivalent to 50.00% of the aggregate undrawn capital commitments of the asset-owning companies.

Table 6

Credit Facility Step-Down Component Schedule

Period	Amount (mil. US\$)
Issue date through its third anniversary (the day immediately after which is the first credit facility step-down date)	130.00
First credit facility step-down date through the sixth anniversary of the issue date (the day immediately after which is the second credit facility step-down date)	100.00
Second credit facility step-down date through the termination date (the earlier of the 10-year legal maturity and the date on which all classes of bonds are redeemed in full)	40.00

The credit facility contains stated interest at the relevant period compounded secured overnight financing rate (SOFR) plus a fixed margin and applicable credit adjustment spread.

Events of Default

Under the transaction documents, an event of default includes the following:

- Failure to make any interest or principal payments when due.
- Any corporate action, legal proceeding, or other procedure leading to the following: a suspension of payments, a moratorium of indebtedness, winding-up, dissolution, judicial management, administration, or reorganization of the issuer or the sponsor; a composition, compromise, assignment, or arrangement with any creditor of the issuer or the sponsor generally; or an appointment of a liquidator, receiver, judicial manager, administrative receiver, administrator, compulsory manager, or similar other officer of the issuer or the assets of the issuer or the sponsor.
- An expropriation, attachment, sequestration, distress, or execution that affects all or any material part of the issuer's or sponsor's assets and is not discharged within 30 business days.
- An enforcement action regarding the security documents occurs and is continuing.
- An event of default defined under the credit facility agreement occurs and is continuing.
- It becomes unlawful for the issuer to perform any of its obligations under the transaction documents.

Manager Termination Events

Under the transaction documents, the issuer will have the right to terminate the securitization manager if any of the following occurs:

- A manager bankruptcy or insolvency.
- Failure to approve capital calls on behalf of the asset-owning companies.
- An event of default under the trust deed primarily due to the manager breaching any of its obligations under the management agreement.
- A material breach of certain representations and warranties by the manager.
- The manager is unable to provide certain services.
- A material or persistent breach of other obligations under the management agreement.
- Fraud or criminal activity.

Legal Matters

In rating this transaction, we will review the legal matters we believe are relevant to our analysis, as outlined in our criteria.

Surveillance

We will maintain active surveillance on the rated bonds until the bonds mature or are retired. The purpose of surveillance is to assess whether the bonds are performing within the initial parameters and assumptions applied to each rating category. The transaction terms require the issuer to supply periodic reports and notices to S&P Global Ratings for maintaining continuous surveillance on the rated bonds.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | General: Foreign Exchange Risk In Structured Finance--Methodology And Assumptions, April 21, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In

Presale: Astrea 7 Pte. Ltd.

Structured Finance Transactions, Oct. 9, 2014

- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009
- Criteria | Structured Finance | CDOs: CDO Spotlight: Global Criteria For Private Equity Securitization, Jan. 18, 2006

Related Research

- Take Notes: Private Equity Collateral Fund Obligations In 2022, May 12, 2022
- Global Economic Outlook Q2 2022: No Cause For Complacency As The Russia-Ukraine Conflict Modestly Dents Growth, March 31, 2022
- Take Notes: Private Equity Collateralized Fund Obligations Make An Appearance Amid COVID-19, Feb. 25, 2021

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