Monitoring Note

24 July 2015

Financial restructuring of Deutsche Forfait AG delayed by incomplete capital increase

As the company's financial restructuring and going concern status depend on completion of all identified financial restructuring measures, Scope's rating on DFAG will remain SD until all restructuring is complete.

Scope Ratings has changed Deutsche Forfait AG's ('DFAG') Corporate Issuer Credit Rating ('CICR') to Selective Default ('SD') on 23 February 2015, following the company's needs to restructure its balance sheet to avoid a corporate default. Although some of the restructuring was successful, such as the extension of credit lines and an agreement on the temporary reduction of interest rates, only 45% of the planned cash capital increase was actually raised. As the company's financial restructuring and going concern status depend on completion of all identified financial restructuring measures, Scope's rating on DFAG will remain SD until all restructuring is complete.

Background: Following its removal from the blacklist of the US Office of Foreign Assets Control ("OFAC") on 16 October 2014, DFAG decided to undertake several financial restructuring measures to avoid a corporate default. The success of the financial restructuring is heavily dependent on the execution of all measures, since each individual measure is subject to condition precedent.

The company's financial restructuring package includes:

- Restructuring the EUR 30m senior unsecured corporate bond with a temporary reduction of the nominal interest rate from 7.875% to 2.0% with retroactive effect from 27 May 2014, until 27 May 2018 (announced on 28 May 2015).
- Renewal of credit lines from existing house banks and temporary reduction of interest rates on drawn loans until 31 December 2016 (announced on 15 May 2015).
- Capital increase of up to 3.4m new shares (contribution in kind) through a debt-to-equity swap (offer expired on 8 June 2015).
- Issue of 6.8m new shares for cash, strengthening the company's cash position by EUR 8.8m.

The failure to raise more than 45% (EUR 4.0m) of the planned EUR 8.8m from the capital increase threatens the ability to complete other financial measures. An equity injection of EUR 8.8m is essential, not only for entry of the noncash capital increase into the commercial register, but also for the banks' financing commitments.

SD rating retained. Scope understands the evaluation and execution of alternative measures to strengthen the company's equity base may take a few weeks. As a result, Scope's SD rating on DFAG remains unaffected until a resolution has been reached. Once financial restructuring is completed, Scope will reassess DFAG's credit quality in light of its potentially reduced debt burden and strengthened capital base, which might lead to a possible rating upgrade.

About Scope Ratings

Scope Ratings was founded as an independent rating agency in Berlin, Germany, in 2002. It specializes in ratings and research of financial institutions, corporates, structured finance transactions and alternative investment funds across Europe. The rating agency is committed to full transparency and diversity of opinions in the European capital markets. Scope Ratings is registered by ESMA as an official credit rating agency (CRA) to operate in the European Union. More information about Scope on **www.scoperatings.com**.

Contact

Analyst:	Sebastian Zank	**s.zank@scoperatings.com**
Press:	André Fischer	**a.fischer@scoperatings.com**
Phone:	+49 (0)30 27891-150	

For questions and comments, please contact us via: **redaktion@scoperatings.com**..

Best regards: Scope Ratings AG · Editorial Office · Lennéstraße 5 · 10785 Berlin · Phone: +49 (0)30 27891-0 · Fax: +49 (0)30 27891-100 · **http://www.scoperatings.com**