

ARC Ratings accords a public final 'BBB+' rating to the Series 2016-4 Senior Notes issued by Escher Marwick PLC

<u>ISSUER</u> Escher Marwick PLC.	<u>ISSUE RATING</u> BBB+	Senior Secured Notes - Long Term (BBB+, with stable outlook)
<u>RATING DATE</u> 25 November 2016		

ARC Ratings, S.A. (ARC Ratings) has accorded a final, long-term public rating of 'BBB+' to the Series 2016-4 Secured Notes issued by Escher Marwick PLC, with stable outlook. The methodology used is ARC's Global Structured Finance Rating Criteria (published September 2016) and ARC's Global Structurally Enhanced Corporate Bonds Rating Criteria. These methodologies are available from www.arcratings.com.

COMPANY PROFILE

The Issuer was incorporated in England on 8 April 2016 as a public limited company under the Companies Act of 2006. The issuer is a special purpose company, established to raise money for purposes set out in the Listing Particulars and to fulfil the transaction purposes set out under the asset backed securities.

The Resort Group PLC is a developer and operator of high end resorts and hotels in Cape Verde. Boasting 250 years combined experience among its twelve senior managers in real estate, hospitality, finance, consulting and property management sectors. In summary, the three main business operations are:

1. Development:
 - a. Sourcing, design, planning, development and construction of resorts and hotels.
 - b. Sales, marketing and administrative functions to source new customers.
 - c. Establishing of property rental schemes for participating customers.
2. Hospitality: resorts and hotels day-to-day operations and maintaining of brand standards.
3. Commercial: food and beverage, on-site boutiques and other non-lodging activities.

TRANSACTION OVERVIEW & CAPITAL STRUCTURE

Escher Marwick PLC (the 'Issuer', company number 10112860), have a GBP500m Secured Medium Note Programme listed on the General Exchange Market of the Irish Stock Exchange (and a secondary listing on the Frankfurt Stock Exchange) which acquires assets from TRG. The Issuer has, among others, the following listed Series of Notes: 2016-4 GBP 30m Secured Notes due 2031, 2016-4 EUR 10m Secured Notes due 2031 and USD 20m Secured Notes due 2031. The Borrower has drawn EUR 989,404 of the Euro Notes and GBP 5,023,463 of the Sterling Notes. The Issuer Deed of Charge is the security of the Notes in accordance with a fixed first priority charge and a segregated bank account. The Borrower Loans, Financial Collateral Assets and each Borrower Deed of Charge are the Secured Assets. The below mentioned Series of Notes and coupons constitute secured obligations of the Issuer which rank pari passu and without preference among themselves. ARC expects to be notified sufficiently in advance should the assets, or further debt issued to assess the Transaction on its merits.

RATING RATIONALE

- ARC Ratings accorded an Issuer corporate rating of 'BBB-' with a stable outlook to The Resort Group PLC in November 2016.
- Based on the estimated recovery prospects, ARC accorded a 'BBB+' with a stable outlook to the EUR 989,404 Euro Notes and GBP 5,023,463 Sterling Notes drawn under the Series 2016-4 Notes.
- ARC assumed an event of default for the security to be enforced by the Issuer Security Trustee. ARC assumed stressed cash flows and recoveries on cash flows.

THIS DISCLOSURE IS FOR INFORMATION PURPOSES

ARC Ratings, S.A.

Unit 1324 Baltimore Wharf Building

Canary Wharf E149EY

UNITED KINGDOM

Phone: +44 (0)7481 592 289

E-mail: arcratings@arcratings.com

Site: www.arcratings.com

Key Contacts:

Emma-Jane Fulcher

Chief Rating Officer & Panel Chairperson

E-mail: emma.fulcher@arcratings.com



Corné Els

Lead Analyst

E-mail: corne.els@arcratings.com

ARC Ratings, S.A. is registered as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA), within the scope of the Regulation (EC) N° 1060/2009 of the European Parliament and of the Council, of 16 September, and recognised as External Credit Assessment Institution (ECAI).

Ratings assigned by ARC Ratings represent opinions on the capacity and willingness of an entity to make all required payments on given obligation in a timely manner.

Prior to the assignment or revision of a rating ARC Ratings provides to the entity whose financial commitments are being rated the documents that substantiate the rating to be attributed (the preliminary rating report). This entity is thus given the opportunity to clarify or correct factual details, thus allowing the rating assigned to be as accurate as possible. The comments made by the entity whose financial commitments are being rated are taken into account by ARC Ratings in the assignment of the rating.

ARC Ratings historical default rates are published in the European Securities and Markets Authority Central Repository (CEREP) which can be accessed in the website cerrep.esma.europa.eu/cerrep-web/. ARC Ratings default rate is the probability of lack of full and timely payment of capital or interest or of the occurrence of any event that explicitly indicates that the future full and timely payment of those commitments will not occur (e.g., in case of insolvency).

Ratings do not constitute a recommendation to buy or sell, but only one of the factors to be weighted by investors.

Throughout the entire period during which ratings are valid, ARC Ratings monitors the issuer's performance on a constant basis, and may even bring forward the date of the review unless started as point in time. Hence, prior to an investor using a rating, ARC Ratings recommends that it be confirmed, namely by consulting the list of public ratings available at the website www.arcratings.com.

Ratings are assigned based on information, including confidential information, collected from a wide group of sources, and in particular from the entity whose financial commitments are being rated. ARC Ratings uses and treats this information with due care and attention. Although all due care was taken in the collection, verification and processing of the information for the purposes of the rating analysis, ARC Ratings cannot be held liable for its accuracy. ARC Ratings must make sure that the information has a minimum level of quality prior to assigning a rating based on such information.

In the rating process, ARC Ratings adopts procedures and methodologies aimed at ensuring transparency, credibility and independence, and also that rating classifications are not influenced by situations of conflict of interests. Any exceptions to these principles are disclosed by ARC Ratings together with the rating of the financial commitment in question.