

ARC Ratings affirms the 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> 15 November 2017		

ARC Ratings, S.A. (ARC Ratings) has affirmed the final, long-term public rating of 'BBB+' to the Series 2016-4 Secured Notes issued by Escher Marwick PLC, with stable outlook. The methodologies used are ARC's Global Structured Finance Rating Criteria (updated September 2017) 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 in 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 fulfill 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 property rental schemes for participating customers.
2. Hospitality: Resorts and hotels day-to-day operations and maintenance 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 The Resort Group. 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 issued further capital EUR 2,109,342 of the Euro Notes, GBP 7,657,377 of the Sterling Notes and USD 249,252 of the Dollar Notes. The Issuer Deed of Charge is the security to 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 there be changes to the assets and will assess the Transaction and such changes on its own merits.

RATING RATIONALE

- ARC Ratings affirmed an Issuer corporate rating of 'BBB-' with a stable outlook to The Resort Group PLC on 9 November 2017.
- Based on the estimated recovery prospects of 88.7%, ARC affirmed the 'BBB+' rating with a Stable outlook to the EUR 2,109,342 Euro Notes, GBP 7,657,377 Sterling Notes and USD 249,252 Dollar 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 of 30%.

THIS DISCLOSURE IS FOR INFORMATION PURPOSES ONLY AND SHOULD BE READ IN CONJUNCTION WITH THE RESPECTIVE RATING REPORT.

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

The rating(s) assigned by ARC Ratings in this report was / were sought by the entity whose financial commitments are being rated.

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 cerp.esma.europa.eu/cerp-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 stated 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 web site www.arcratings.com.

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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.