

ARC Ratings, S.A. downgrades the public, final ratings accorded to the Guaranteed Floating Rate Notes issued by GLQC S.Á.R.L. and GLQL S.Á.R.L. to 'BBB(sf)' from 'A+(sf)', both with stable outlook

ISSUERS	ISSUE RATINGS
GLQC S.Á.R.L. GLQL S.Á.R.L.	BBB(sf) Guaranteed Floating Rate Notes issued by GLQC S.Á.R.L. (BBB(sf), with stable outlook)
	BBB(sf) Guaranteed Floating Rate Notes issued by GLQL S.Á.R.L. (BBB(sf), with stable outlook)
RATING DATE	NEXT REVIEW DATE
17 October 2019	19 October 2020

ARC Ratings, S.A. (ARC) has downgraded the final, long-term public ratings previously accorded to the Guaranteed Floating Rate Notes issued by GLQC S.Á.R.L. and GLQL S.Á.R.L. to 'BBB(sf)' from 'A+(sf)', both with stable outlook. ARC has downgraded the ratings accorded on 8 July 2019 due to the deterioration in credit quality of the portfolio provided since the inclusion of additional Acceding Issuers, and due to the lower levels of credit enhancement (CE) provided to the transaction structure. This press release should be read in conjunction with the press releases for ELQ Investors II Ltd. and ELQ Investors VI Ltd., Mercer Investments (Singapore) Pte. Ltd. and Austreo Commercial Ventures Pty Ltd. published 17 October 2019 and available at www.arcratings.com.

COMPANY PROFILES

GLQC S.Á.R.L. (company number: B226524) and GLQL S.Á.R.L. (company number: B226520) act as the Existing Issuers/Guarantors in this transaction, as well as ELQ Investors II Ltd. and ELQ VI Investors Ltd.. The registered office of both GLQC S.Á.R.L. and GLQL S.Á.R.L. is in Luxembourg. Mercer Investments (Singapore) Pte. Ltd. is a company incorporated in Singapore (company number: 201530732W) and is an Acceding Issuer/Guarantor in this transaction, as well as Austreo Commercial Ventures Pty Ltd., with its registered office in Melbourne, Australia. The proceeds from the issuance of the Notes will be used to fund a portfolio of c.500 assets.

The holders of Notes issued by each Existing Issuer/Guarantor and Acceding Issuer/Guarantor benefit from a mutual exchange of guarantees and security. Consequently, assets from GLQC S.Á.R.L., GLQL S.Á.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Pte. Ltd. and Austreo Commercial Ventures Pty Ltd. are fully fungible and cross-collateralised. ARC downgraded the final, long-term public ratings accorded to the Guaranteed Floating Rate Notes issued by ELQ Investors II Ltd. and ELQ Investors VI Ltd. to 'BBB(sf)' from 'A+(sf)' on 17 October 2019; this is due to the deterioration in credit quality of the portfolio provided

since the inclusion of additional Acceding Issuers and the lower level of CE provided to the transaction structure. Further details of these downgrades can be found in the corresponding press releases available at www.arcratings.com. In addition, ARC accorded a final, long-term public rating to the Guaranteed Floating Rate Notes/Loans issued by Mercer Investments (Singapore) Pte. Ltd. and Austreo Commercial Ventures Pty Ltd. on 17 October 2019.

The ratings address the legal and financial structure of the transaction, the quality of the underlying collateral, and the timely payment of interest and ultimate repayment of principal on maturity of the obligations.

TRANSACTION OVERVIEW & CAPITAL STRUCTURE

ARC has received a portfolio of assets across all Existing Issuers/Acceding Issuers dated 27 August 2019. These assets are funded by the issuance of Notes, summarised in the table below:

Issuer	Currency	Principal Amount	Issue Date	Maturity
GLQC S.Á.R.L.	EUR	2,500,000,000	20 May 2019	9 November 2023
GLQL S.Á.R.L.	EUR	493,008,247	20 May 2019	9 November 2023
ELQ Investors II Ltd.	EUR	267,569,021	20 May 2019	9 November 2023
ELQ Investors VI Ltd.	EUR	685,908,928	20 May 2019	9 November 2023
Mercer Investments (Singapore) Pte. Ltd.	USD	800,000,000	14 June 2019	9 November 2023
Austreo Commercial Ventures Pty Ltd.	AUD	1,500,000,000	30 August 2019	9 November 2023

Each Existing Issuer/Guarantor guarantee the Existing Notes issued by each other Existing Issuer/Guarantor and provide security in respect of their obligations under the relevant Existing Notes. The Acceding Issuers also benefit from the cross-guarantees, resulting in the assets across all Issuers being cross-collateralised and fungible. Failing payment when due of any amount so guaranteed, the Note Guarantors of any Series of Notes shall be jointly and severally obliged to pay amounts due. Furthermore, the Note Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Note Issuance Agreements.

Furthermore, each Parent Company has granted security over the shares of the Existing Issuer of which they are the shareholder. ELQ Investors IX Ltd. is the sole shareholder of ELQ Investors II Ltd. and granted security over the Charged Portfolio in favour of the Security Trustee to secure the Secured Liabilities. ELQ Investors IX Ltd. has confirmed the existing security created as at 8 August 2019. ELQ Holdings (UK) Ltd. sold all the shares it held in ELQ Investors VI Ltd. to GLQ Holdings (UK) Ltd. and GLQ Holdings (UK) Ltd. acceded to the ELQ Investors VI Ltd. share security as Chargor. Therefore, GLQ Holdings (UK) Ltd. is now the sole shareholder of ELQ Investors VI Ltd. and granted security over the Charged Portfolio in favour of the Security Trustee to secure the Secured Liabilities. GLQ Holdings (UK) Ltd. has confirmed the existing security created as at 8 August 2019. GLQ International Holdings Ltd. agreed to grant a pledge over the Pledged Assets of GLQC S.Á.R.L and GLQL S.Á.R.L.; ARC received confirmation documentation that this is still the case as at 8 August 2019.

ARC has received a Parent Pledgor Accession dated 30 August 2019, acceding GS Asian Venture (Delaware) LLC as an Additional Parent Pledgor to Austreo Commercial Ventures Pty Ltd., pursuant to the Master Note Issuance,

Security, Subordination and Guarantee Agreement dated 8 August 2019.

Asia Investing Holdings Pte. Ltd.'s grant of Parent Pledgor Collateral is conditional and only created upon the earlier of (i) the date that Mercer Investments (Singapore) Ltd. disposes of all its interests in Australian land provided that on such date the value of remaining gross Australian assets held by Mercer Investments (Singapore) Ltd. is less than A\$266m, (ii) the Treasurer of the Commonwealth of Australia providing written advice that there are no objections under Australia's foreign investment policy or under the Foreign acquisitions and Takeovers Act 1975 to the proposed Grant of Parent Pledgor Collateral under this Agreement and that notice is not subject to any condition or is subject only to conditions that are reasonably acceptable to the Administrative Agent, or (iii) notice of the proposed Grant of Parent Pledgor Collateral under this Agreement having been given by the Administrative Agent to the Treasurer under the Foreign Acquisitions and Takeovers Act 1975, the Treasurer ceases to be empowered to make any order under Part 3 of the Foreign Acquisitions and Takeovers Act 1975 because of lapse of time. Nonetheless, no Issuer may incur or guarantee any indebtedness or any contingent obligations other than those determined in the relevant Note Agreements, except indebtedness subordinated to the Noteholders. As at 27 August 2019, the Australian assets are valued at less than A\$266m.

As the holders of Notes/Loans issued by each Acceding Issuer/Guarantor and each Existing Issuer/Guarantor benefit from a mutual exchange of guarantees and security, assets from GLQC S.Á.R.L., GLQL S.Á.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Ltd. and Austreo Commercial Ventures Pty Ltd. are fully fungible and cross-collateralised. ARC has therefore rated the Notes issued by GLQC S.Á.R.L., GLQL S.Á.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Ltd. and Austreo Commercial Ventures Pty Ltd. together, assuming a total liability amount of USD equivalent 6,034,099,677.

RATING RATIONALE

Key rating drivers include:

- ARC has downgraded the ratings accorded on 8 July 2019 due to the deterioration in credit quality of the portfolio provided since the inclusion of additional Acceding Issuers, and due to the lower levels of CE provided to the transaction structure.
- Credit Enhancement: For the Guaranteed Floating Rate Notes/Loans CE comprises of over-collateralisation, which amounts to 46.95% (compared to 53.5% in July 2019), as the Total Market Value of the assets is greater than the Issuance Amount of the Notes. ARC believes this is sufficient to protect the Guaranteed Floating Rate Notes/Loans against losses at an 'BBB(sf)' rating level.
- 'B-' Weighted Average Asset Quality: The weighted average credit rating of the portfolio is 'B-' (compared to 'B/B-' in July 2019). Whilst issuers rated in the 'B-' rating category imply relatively weak credit quality, ARC considers the Guaranteed Floating Rate Notes/Loans are unlikely to be affected by the projected level of defaults (weighted average 1-year probability of default rate is 13.77%) – primarily given the high level of available CE provided to the transaction.
- Recovery Expectations: ARC stressed the recoveries of the portfolio by assuming a higher concentration of assets with weak recovery prospects and by applying a further haircut to recovery assumptions for higher ratings, ultimately resulting in a 11.4% recovery rate assumption in ARC's 'BBB(sf)' rating scenario. Whilst this is a low

recovery rate assumption, there is a high level of available CE provided to the transaction.

- Industry and Regional Diversification: The portfolio is concentrated in terms of industry distribution, with the largest corporate sector of real estate representing 48.53% of the Total Market Value of the portfolio and Banking and Finance representing 13.78%. Regional distribution is concentrated primarily in Australia (15.34%), the United Kingdom (14.52%) and China (12.53%).
- Cross-collateralisation: Assets from GLQC S.Á.R.L., GLQL S.Á.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Ltd. and Austreo Commercial Ventures Pty Ltd. are fully fungible and cross-collateralise each pool providing additional support to each other. This has resulted in further support being provided than if analysed on a stand-alone basis, as each pool benefits from the total pool of underlying security.

ARC will perform regular surveillance of the transaction, and should another issuer be added to the cross-collateralised pool, ARC will review the ratings accorded to GLQC S.Á.R.L., GLQL S.Á.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Pte. Ltd. and Austreo Commercial Ventures Pty Ltd..

SUMMARY OF RATING METHODOLOGIES

ARC has applied the ARC Ratings' Global Structured Finance Rating Criteria (updated September 2019) in conjunction with the ARC Ratings' Collateralised Loan Obligation ('CLO') Rating Criteria (updated February 2019). These methodologies are freely available from www.arcratings.com.

THIS DISCLOSURE IS FOR INFORMATION PURPOSES ONLY

ARC Ratings, S.A.

11 Hollingworth Court
Turkey Mill, Ashford Road
Maidstone, Kent ME14 5PP
UNITED KINGDOM

Phone: +44 (0)1622 397350
E-mail: arcratings@arcratings.com
Website: www.arcratings.com

Key Contacts:

Melanie Ridout
Lead Analyst
melanie.ridout@arcratings.com

Mark Vrdoljak
Back-up Analyst
mark.vrdoljak@arcratings.com

Emma-Jane Fulcher
CRO & Panel Chairperson
emma.fulcher@arcratings.com



Note that ARC Ratings is not a legal, tax or financial adviser, and only provides a credit opinion of the rated securities. For example, a rating does not cover a potential change in laws nor can it be regarded as an audit. Moreover, ARC Ratings is not a party to the transaction documents. Users of our credit ratings should familiarise themselves with the transaction

documents / mechanics and should form their own views in this respect. They should not rely on ARC Ratings for legal, tax or financial advice, and are encouraged to contact the relevant advisers.

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).

This Review Report should be read together with initial Rating Report and with the subsequent Review reports.

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. 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, S.A. historical default rates are published in the European Securities and Markets Authority Central Repository (CEREP) which can be accessed on the website cerep.esma.europa.eu/cerep-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 on the website www.arcratings.com.

ARC Ratings' ratings are assigned based on information, which may include confidential information, collected from a wide group of sources, which may include the entity whose financial commitments are subject to rating. ARC Ratings uses and treats this information with due care and attention. Although all due care was taken in the collection, cross-checking 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.