ARC Ratings, S.A. takes varying rating actions on GLQC S.À.R.L., GLQL S.À.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Pte. Ltd. and ELQ Investors VIII Ltd.

London, 11 May 2020 - ARC Ratings, S.A. (ARC) has accorded final, long-term public ratings of 'BBB(sf)' to the Guaranteed Floating Rate Loan to ELQ Investors VIII Ltd., Guaranteed Floating Rate Notes issued by Mercer Investments (Singapore) Pte. Ltd. Series 2020-A and Series 2020-B and Guaranteed Floating Rate Notes issued by GLQC S.À.R.L. Series 2020-AE, all with stable outlooks. Concurrently, ARC Ratings has affirmed the final, long-term public ratings of 'BBB(sf)' accorded to the Guaranteed Floating Rate Notes issued by GLQC S.À.R.L. (series numbers detailed in the table below), GLQL S.À.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd. and Mercer Investments (Singapore) Pte. Ltd. Series 2019-EA and Series 2019-EB, all with stable outlooks. The ratings address the timely payment of interest and the ultimate repayment of principal, and are in reference to a maximum aggregate funding amount of EUR 11.3bn.

As the holders of the Notes/Loans, issued by each Issuer/Guarantor in this transaction, benefit from a mutual exchange of guarantees and security, the assets from the aforementioned Issuers are fully fungible and cross- collateralised. The cross-collateralised framework is further reinforced by the transaction being ring fenced.

ISSUER	ISSUANCE PRINCIPAL AMOUNT	REFERENCE RATE	ISSUE DATE	RATING CLASS	RATING	OUTLOOK	NEXT REVIEW DATE
GLQC S.À.R.L.	EUR 2,500m	12M EURIBOR	20 May 2019	Guaranteed Floating Rate Notes (Series 2019-AA, Series 2019-AB, Series 2019-AC, Series 2019-AD)	BBB(sf)	Stable	11 May 2021
GLQL S.À.R.L.	EUR 493m	12M EURIBOR	20 May 2019	Guaranteed Floating Rate Notes	BBB(sf)	Stable	11 May 2021
ELQ Investors II Ltd.	EUR 268m	12M EURIBOR	20 May 2019	Guaranteed Floating Rate Notes	BBB(sf)	Stable	11 May 2021
ELQ Investors VI Ltd.	EUR 686m	12M EURIBOR	20 May 2019	Guaranteed Floating Rate Notes	BBB(sf)	Stable	11 May 2021
Mercer Investments (Singapore) Pte. Ltd.	USD 800m	12M USD LIBOR	14 June 2019	Guaranteed Floating Rate Notes (Series 2019-EA and Series 2019-EB)	BBB(sf)	Stable	11 May 2021
ELQ Investors VIII Ltd.	USD 1,000m	12M USD LIBOR	5 December 2019	Guaranteed Floating Rate Loan	BBB(sf)	Stable	11 May 2021
Mercer Investments (Singapore) Pte. Ltd.	EUR 1,800m	12M EURIBOR	12 March 2020	Guaranteed Floating Rate Notes (Series 2020-A)	BBB(sf)	Stable	11 May 2021
Mercer Investments (Singapore) Pte. Ltd.	AUD 1,516m	6M BANK BILL RATE	18 March 2020	Guaranteed Floating Rate Notes (Series 2020-B)	BBB(sf)	Stable	11 May 2021
GLQC S.À.R.L.	EUR 1,400m	12M EURIBOR	5 May 2020	Guaranteed Floating Rate Notes (Series 2020-AE)	BBB(sf)	Stable	11 May 2021

TRANSACTION OVERVIEW

The Guaranteed Floating Rate Note and Loan issuances, totalling USD 11.3bn, have a maturity date of 09 November 2023 and are backed by a cross-collateralised pool of assets with a fair market value of USD 17.7bn as at 31 March 2020 ('FMV'); thereby providing CE of 36.2%. In addition, it should be noted that whilst the different Notes or Loans have different reference rates, as shown in the table above, they all have a margin of 2.25% apart from the Series 2020-AE Notes issued by GLQC S.À.R.L. which have a margin of 2.60%.

The portfolio serving as security has a Weighted Average Rating of 'B-/CCC+' and a Weighted Average Maturity of 120.81 months. Furthermore, the portfolio is diversified across different industries and geographies, with the largest corporate sector of Real Estate comprising 38.74% of the total FMV of the portfolio; this represents a 9.79 percentage point decrease since the last review in October 2019. Thus, owing to the injection of additional assets to the pool, with a total FMV of USD 8.9bn, the portfolio has become significantly less exposed to concentration risk in terms of industry distribution. Furthermore, the largest regional exposure, United Kingdom, constitutes 18.61% of the total FMV of the portfolio; this represents a 4.09 percentage point increase since the last review in October 2019. Although this is a notable increase, ARC draws comfort from the change in portfolio metrics from the last review in October 2019 whereby the largest country exposure was Australia (15.34%). Australia is the most China-dependent economy with one-third of exports going there and Chinese nationals making up 38% of its foreign students and 15% of its tourists, whereas the UK has less reliance upon China and greater export diversification. Thus, the economic shocks experienced by China due to COVID-19 will likely cause greater uncertainty in the Australian economy, which can already be seen in the fall in key commodity prices such as coal and natural gas, raising concerns regarding the country's ability to hedge against adverse terms of trade shocks and stabilise export revenues - key to Australia's financial muscle.

ARC notes that the most significant effect from the economic slowdown caused by the outbreak of COVID-19 is likely to fall on sectors that are most dependent on discretionary consumer spending outside of basic necessities such as airlines, restaurants, hotels, oil and gas companies and leisure. However, key products and services such as healthcare, communication and fresh food/beverage distribution are likely to be more resilient. ARC takes account of both industry and country exposures in the portfolio and has therefore factored the relevant risks of them into the credit ratings of the underlying portfolio which, have been reviewed on 15 April 2020 in light of COVID-19.

ISSUER PROFILES

GLQC S.À.R.L. (company number: B226524), GLQL S.À.R.L. (company number: B226520), ELQ Investors II Ltd. (company number: 06375035), ELQ Investors VI Ltd. (company number: 08491527) and Mercer Investments (Singapore) Pte. Ltd. (company number: 201530732W) all act as existing Issuers/ Guarantors in this transaction.

Asia Investing Holdings Pte. Ltd. is a company incorporated in Singapore (company number: 201543531E) and is the Acceding Parent to Mercer Investments (Singapore) Pte. Ltd. in this transaction. Furthermore, Mercer Investments (Singapore) Pte. Ltd. has Accession Agreements, dated 06 November 2019, in place with Broad Street Credit Holdings Europe S.À.R.L. and Broad Street Credit Investments Europe S.À.R.L., both for a Cross- Currency Unsecured Intercompany Loan for a maximum amount of USD 2bn.

ELQ Investors VIII Ltd. (company number: 09182214) is a private limited company incorporated in England and

Wales, owned by UK Reg Group, and is an Acceding Issuer/Guarantor in this transaction. It should be noted that ELQ Investors VIII Ltd. is a Note Guarantor solely for the benefit of the original Lender and no other Lender or Noteholder will have any recourse to the Company in the event the Loan is sold to a third party, however, the transaction is ring fenced. Therefore, ARC is satisfied that the legal structure is sufficient for ELQ Investors VIII Ltd. to form part of the cross-collateralised framework. Separately, shares held by Titanium Luxco 2 S.A.R.L. shall not be used to satisfy the obligations of ELQ Investors VIII Ltd. in its capacity as a Borrower, Issuer or Guarantor and no other Lender or Noteholder shall have any recourse to the shares held in Titanium Luxco 2 S.A.R.L..

The holders of Notes issued by each Existing Issuer/Guarantor and Acceding Issuer/Guarantor benefit from a mutual exchange of guarantees and security; namely being cross-guarantees and parent pledges. Consequently, assets from GLQC S.À.R.L., GLQL S.À.R.L., ELQ Investors II Ltd., ELQ Investors VI Ltd., Mercer Investments (Singapore) Pte. Ltd. and ELQ Investors VIII Ltd. are fully fungible and cross-collateralised with the exception of shares held by Titanium Luxco 2 S.A.R.L., as aforementioned.

RATING RATIONALE

The ratings reflect the quality of the underlying collateral, the historical performance, and the legal and financial structure of the transaction.

Key Rating Drivers include:

- 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 ELQ Investors VIII Ltd. are fully fungible and cross-collateralise each pool providing additional support to each other (due to the cross-guarantees and parent pledges provided). 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 and the accompanying increased diversification, as well as the transaction being ring fenced, as detailed previously.
- The weighted average credit rating of the portfolio is 'B-/CCC+', these reflective of ARC's COVID-19 review, imply relatively weak credit quality and thus high risk. Given the current macro-economic environment resulting from COVID-19, ARC will continue to review the ratings of the assets within the portfolio as a significant deterioration in the weighted average rating of the assets is likely to cause rating action.
- The portfolio is diversified geographically across 45 countries, with the United Kingdom accounting for the largest portion of the total FMV (18.61%). However, the benefits of this diversification are not likely to be fully realised given that COVID-19 is predicted to cause a global recession, with the IMF projecting that the global economy will contract by -3% in 2020, significantly worse than the 2008-09 financial crisis. To cushion the impact of this risk, governments around the world are introducing fiscal and monetary stimulus measures, setting out temporary packages to ease financial pressure and support financial markets and activity. This has been reflected in ARC's analysis of the underlying portfolio, whereby assets located in geographies presenting higher exposure to COVID-19, and weaker capacity to implement measures to support the national economy, have experienced higher stresses in terms of quality and recovery prospects.
- Industry Diversification: The portfolio is concentrated in terms of industry distribution, with the largest corporate sector of real estate representing 38.74% of the total FMV of the portfolio. ARC notes that the real estate sector

is considerably exposed to the underlying risks resulting from the global economic effects of COVID-19. The value of the portfolio might be affected negatively by decrease in house prices and fall in income of families, businesses, and national economies. The global economy is facing a high degree of uncertainty, with social distancing measurements and their duration, and fiscal and monetary policy most likely to determine the severity of the economic downturn. However, the specific effect on the real estate market, such as demand for short-term offices, is likely to be more severe as it will impact the co-working market, for example, whereas the logistics market is expected to be more resilient to effects of COVID-19 due to the surge in online grocery shopping, provided that there are limited disruptions to global supply chains. Additionally, although demand, investment, and income; might slow down in the short-term, real estate is expected to remain an attractive asset class in the long run. It should be noted that the assets are spread across different regions in Europe and Asia thereby reducing the portfolio's exposure to any particular region that suffers a prolonged economic downturn following the COVID-19 outbreak.

- COVID-19: in the face of current developments in the global market, ARC has examined each industry and country composing the portfolio and applied relevant stresses to account for the likely negative impact of COVID-19. ARC's stresses have been determined by the severity of the virus in all locations and industries which are being broadly impacted by social distancing and consequent fall in income. Higher stresses have been applied to industries and countries with higher risk exposure to COVID-19, whereas lower stresses have been allocated where considerably lower exposure has been detected. Although this has resulted in a decrease in the quality of the underlying pool, ARC draws comfort from the structural enhancement in place, which is sufficient to protect the transaction against expected losses at a 'BBB(sf)' rating level.
- Recovery Expectations: ARC has modelled a 11.3% recovery rate assumption in ARC's 'BBB(sf)' rating scenario. Whilst this is a low recovery rate assumption, it reflects the high-risk nature of the assets serving as security and, for a proportion of the portfolio, the poor legal framework available in certain jurisdictions to recover on the assets.
- Credit Enhancement (CE): The structural enhancement mechanisms in place for the Guaranteed Floating Rate Notes/Loans CE, include an Advance Rate of 63.8% which, combined with excess spread, is sufficient to protect the Guaranteed Floating Rate Notes/Loans against losses at an 'BBB(sf)' rating level.
- ARC's cashflow model assessed the timely payment of interest and ultimate repayment of principal of the Notes/Loans by the maturity date of 09 November 2023. ARC's cashflow analysis assumed that the assets with the highest yield defaulted first, up to the level determined in ARC`s default model, in order to put the greatest pressure on excess spread and thus available credit enhancement. In addition, ARC applied a market value stress for any assets that had a maturity date past that of the Notes. In doing so ARC calculated that the transaction would be able to withstand an increase in yields commensurate to a BBB(sf) rating scenario. ARC also ran front and back loaded default vectors to ensure the timely payment of interest and ultimate repayment of principal.

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

RATING SENSITIVITY

ARC has run sensitivity tests to determine to what extent the performance of the portfolio would need to deteriorate in order for the rating to be downgraded. The table below shows the increase in the weighted average default probability for the underlying assets that would trigger a rating downgrade.

	Increase in the Weighted Average Default Probability of:
1 Notch Downgrade	5.00%
2 Notch Downgrade	11.20%

KEY TIPPING POINTS

Positive Turning Points

- Significant reduction of the Advance Rate, such as from an increase in credit quality of the portfolio, as proportion of the Asset Pool Fair Market Value
- Further geographical and industry diversification of the portfolio

Negative Turning Points

- Significant increase of the Advance Rate as proportion of the Asset Pool Fair Market Value
- Higher concentration of the portfolio, in respect of industry and geography

RELATED CRITERIA AND RESEARCH

Methodology

ARC Ratings' Global Structured Finance Criteria (September 2019)

ARC Ratings' Collateralised Loan Obligation (CLO) Rating Criteria (February 2020)

THIS DISCLOSURE IS FOR INFORMATION PURPOSES ONLY

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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 meaning of each rating category is explained in www.arcratings.com.

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

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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.

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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.