1) BRCA Due Diligence
2) Independent Credit Ratings
(ARC Ratings S.A)

Escher Marwick 7.25%
3YR senior secured notes
ISIN: GB00BDHDRL27

Escher Marwick 8.50%
5YR senior secured notes
ISIN: GB00BDH37892

Credit Rating: A (Investment Grade)

BEDFORD ROW CAPITAL ADVISERS

Just Cashflow
Your alternative bank overdraft

Bedford Row Capital Advisers
1 Bedford Row, London
WC1R 4BZ

Just Cashflow
Your alternative bank overdraft

Bedford Row Capital Advisers

BRCA Credit Assessment

This bond report is based on information regarding the underlying loan agreements made available by Just Cash Flow to UK-based SMEs as well as the risks and the terms of the bond, as of September 30th, 2016. This report does not constitute a recommendation to buy, hold or sell securities. The assessment represents the likelihood of timely payment of interest and full payment of principal by the transaction's legal final maturity date.

Rated Bonds					
Class	Initial Amount	Interest Rate	Maturity date	Initial Credit Enhancement	Credit Rating*
3 YR BONDS	£25,000,000	7.25% pa	14th Nov 2019	>50%	A
5 YR BONDS	£25,000,000	8.50% pa	14th Nov 2021	>50%	A
Total	£50,000,000				*See ARC credit rating on Page 6

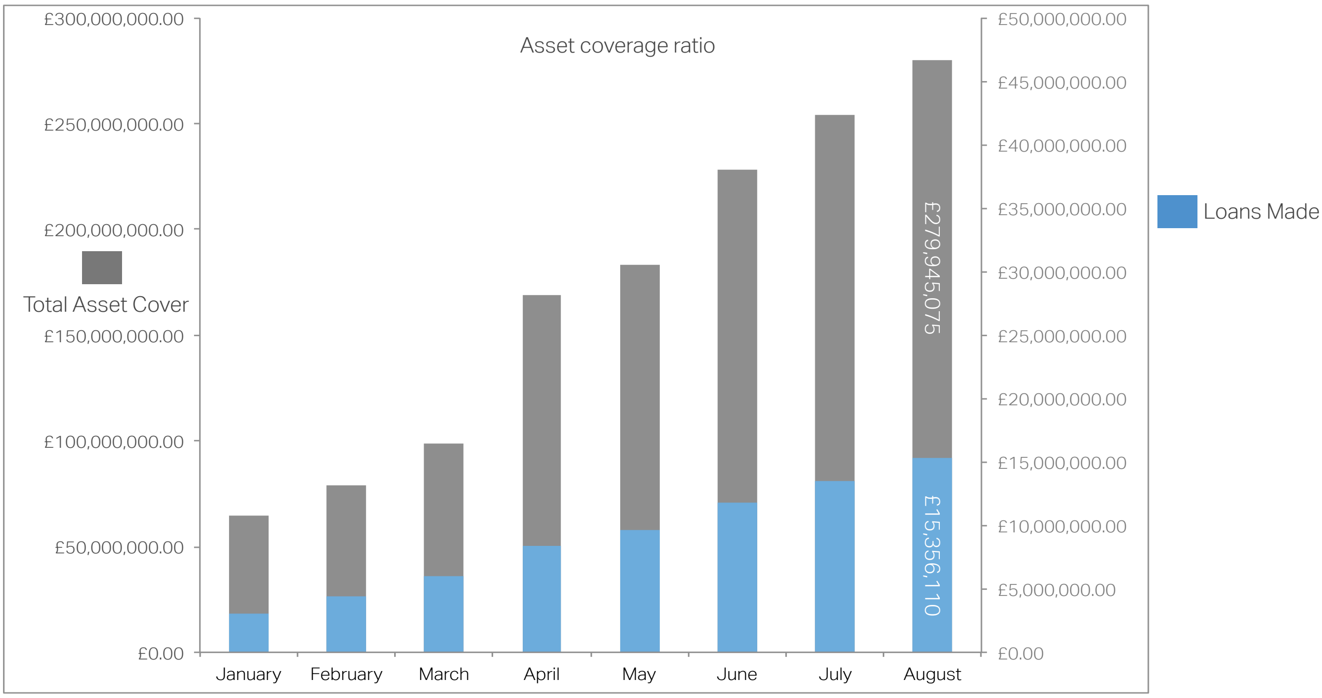
This transaction is the Just Loan Group's 10th bond issue. The 3YR Notes and 5YR Notes are secured by a segregated portfolio of loans (the "Loans") associated with UK based SMEs. The weighted average term of the underlying loans is approximately 9 months. Each loan in the portfolio will be subject to a credit review policy ("Policy") with an average asset cover ratio of more than 10x the loan balance.

Rationale
BRCA analysed the transaction using their standard methodology for Asset-Backed Securities. In applying the methodology, BRCA have analysed the underlying loan agreements along with the master form of the non-payment credit policy. The capital structure was tested with stress assumptions in BRCA's cash flow analysis of the transaction. The current credit enhancement levels are 50% for both bonds. Credit enhancement calculations consist of over-collateralisation, cash reserves and excess spread. The credit quality rating applied to the bonds were arrived at due to the fact that BRCA believes the probability of either the underlying loan book defaulting or the assets not being sufficient to repay bondholders' principal is remote.

Transaction Structure
BRCA believes the transaction primarily benefits from both sufficient over-collateralisation / asset cover and stringent underwriting criteria. The primary risks assessed in this transaction consisted of the following:

- Subordination and Over-collateralisation: The bonds are unsubordinated senior secured bonds and benefit from both significant over-
- collateralisation and very strict underwriting criteria such that only 8% of loan applications are successful. In the year to date for 2016, Just Cash Flow's asset cover is more than 10 times the aggregate loan amount (as documented in Fig. 1)
- Management Experience: The Company was founded by a management team with considerable experience in the lending sector. Just Loans Group's senior management team has more than 200 years of combined experience of lending to this sector and has originated more than £35m of loans since 2012
- Currency Risk: There is no currency risk as each loan is issued and is payable in the local currency; GBP Sterling
- Sponsor track record: The overall group (The Just Loans Group) has a strong track record in the lending sector, winning multiple awards for their underwriting criteria and as a result have experienced no capital losses to date

Fig 1



Just Cashflow
Your alternative bank overdraft

BEDFORD ROW CAPITAL ADVISERS

Risk Assessment

Asset recoverability rating:
This is a rating we apply to determine the chances of bondholders' principal being fully recovered in the event of default. This is based on the information outlined above and is primarily due to the fact that the underlying loans are significantly over-collateralised and the sponsor has experienced no capital losses to date. The current credit enhancement levels are in excess of 50% for both bonds. Credit enhancement calculations consist of over-collateralisation, cash reserves and excess spread.

Asset Recoverability Rating										
Rating	1	2	3	4	5	6	7	8	9	10
	Very Low				Medium					Very High

European Securities and Markets Authority (ESMA) Risk Scale:
The ESMA volatility rating for an investment product indicates how much the bond's price might move compared to other products. The higher the volatility rating, the less stable the price of the security is likely to be. The ESMA guidelines use a 7 point scale to classify investments based on their 5-year annualised volatility. Whilst the volatility rating is not the sole factor to be considered when selecting an investment, high volatility can indicate that the price of the investment may suddenly fall or rise in value.

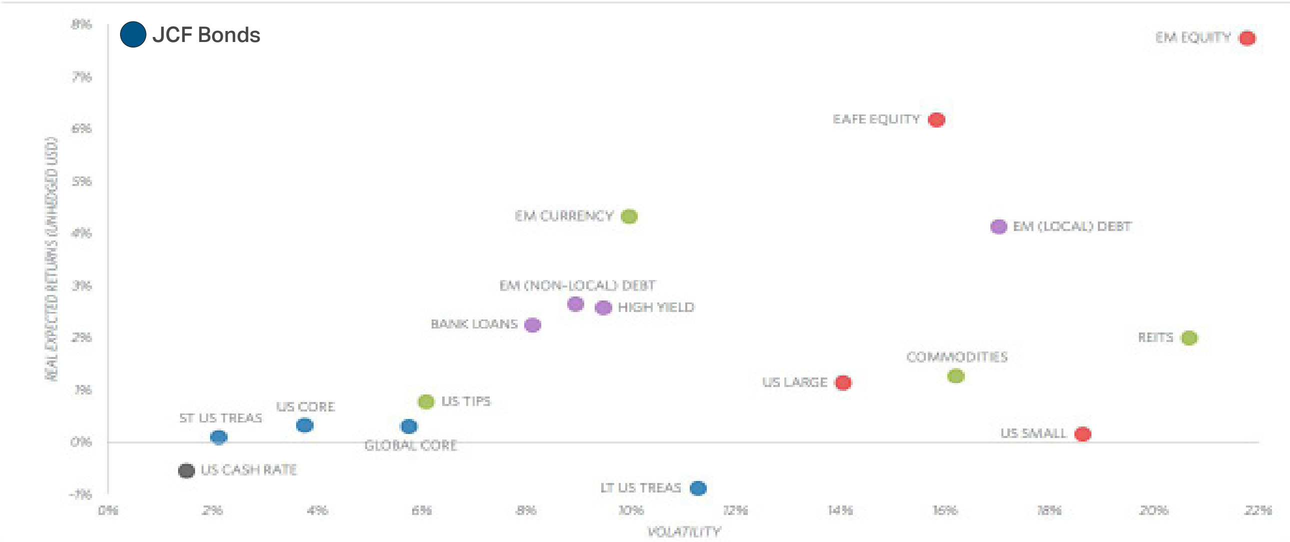
ESMA Risk Scale							
Rating	1	2	3	4	5	6	7
ESMA Volatility Bands	0 - 0.5%	0.5 - 2%	2 - 5%	5 -10%	10 - 15%	15 - 25%	25%
Risk of expected investment loss	Very Low Risk	Low Risk	Low to Medium Risk	Medium	Medium to High Risk	High Risk	Very High Risk

Characteristics:
The Just Cash Flow bonds are listed, freely transferable, senior secured securities with their own ISIN number and have no maximum issuance size. The JCF bonds are listed on an HMRC recognised stock exchange with a market maker engaged to provide liquidity and therefore meet the FCA's "standard" or "eligible" asset criteria, ensuring they are suitable for a wide range of investment vehicles such as SIPPs, ISAs, SSAS and UCITS. By contrast, Mini-bonds, for example, are unlisted and are mostly non-transferable bonds with a maximum issuance size of €5m or equivalent (many are unsecured corporate debt).

Bond Type	Listed	Transferable	Published Price (eg Bloomberg)	Secondary market	SIPP / ISA eligible	UCITS eligible	Coupon Paid without deduction of Withholding Tax	Market maker	Asset-backed
Mini Bond	NO	YES/NO	NO	NO	NO	NO	NO	NO	YES/NO
Loan Note	NO	NO	NO	NO	NO	NO	NO	NO	YES/NO
Unlisted Bond	NO	YES/NO	NO	NO	NO	NO	NO	NO	YES/NO
Corporate Bond	YES	YES	YES	YES	YES	YES	NO	YES	NO
LSE ORB Listing	YES	YES	YES	YES	YES	YES	YES	YES	YES/NO
JCF Bonds	YES	YES	YES	YES	YES	YES	YES	YES	YES

Risk Ratings

Projected Asset Class Returns: Expected risk / return metrics of JCF bonds vs major asset classes, as measured by annual return and volatility



Source: Research Affiliates (main chart). Note: returns are geometric

Projected Asset Class Returns:
The above chart plots the projected asset class returns on major asset classes against their projected annualised volatility. We believe that JCF Bonds are less interest rate sensitive than other fixed income instruments, such as Sovereign treasuries and indeed many forms of corporate debt. As such, we expect the JCF Bonds to exhibit minimal price volatility whilst delivering their respective 7.25% and 8.50% coupons.

BRCA Process
BRCA's credit assessment methodology incorporates an analysis of: (1) the underlying collateral pool, (2) the sponsor's historical loan data, segmented by characteristics including credit quality and product type, (3) the proposed capital structure for the transaction, (4) BRCA's operational assessment of the sponsor (5) the legal structure, transaction documents, and legal opinions. BRCA also conducted an on-site operational review of Just Cash Flow Plc in August 2016. In addition, BRCA undertook full background checks on the key management of JCF.

The key factors considered are the following:

- Servicing and enforcement risk
- Voting and enforcement rights
- Documentation disclosure and legal review
- Alignment of interests
- Fiduciary and contractual responsibilities
- Transparency to investors
- Transparency of pricing
- Recoverability of assets

Collateral Risk

- Nature of the assets
- Performance history
- Payment status and historical default rates
- Consistency of rules for asset selection
- Asset transfer and security

Structural risk

- Cash flows
- Currency and interest rate asset and liability mismatches
- Payment priorities
- Servicer and Originator Expertise

Credit rating scale

Highest grade credit	AAA
Very high grade credit	AA+, AA, AA-
High grade credit	A+, A, A-
Good credit grade	BBB+, BBB, BBB-
Speculative grade credit	BB+, BB, BB-
Very speculative credit	B+, B, B-
Substantial risks	CCC, CC, C

Just Cashflow
Your alternative bank overdraft

BEDFORD ROW CAPITAL ADVISERS

Frequently Asked Questions

WHO ARE JUST CASH FLOW?

The Just Loans Group are a specialist lending business, established in 2012. Just Cash Flow is one of three business segments and is a wholly owned subsidiary of the Just Loans Group. Just Cash Flow PLC provides secured flexible revolving credit facilities (RCF), similar to an overdraft, to small to medium sized enterprises (SMEs). Their website can be found at: www.just-cashflow.com

WHERE WILL THE BONDS BE LISTED:

The bonds are listed on the Channel Islands Stock Exchange (www.thecise.com) which is an HMRC Recognised Exchange with more than 2,000 listings and market capitalisation of more than £300bn. The bonds will also be simultaneously listed on the Frankfurt Stock Exchange to ensure a market maker can be engaged to provide liquidity

WHAT SORT OF SECURITY DO INVESTORS HAVE?

There are two layers of security behind the Just Cash Flow bonds. Firstly, the loans made by Just Cash Flow are pledged to the security trustee as security for the Just Cash Flow bonds. Secondly, the loans made by Just Cash Flow all have a first charge over specific assets with a personal guarantee from the Directors of the underlying borrowers.

IS THE BALANCE SHEET OF THE ISSUER IMPORTANT?

The credit risk in this transaction is solely dependent on the underlying portfolio of assets. The investors' security is based on a pledge of specific assets in favour of an independent trustee and is segregated from all other assets and liabilities of the issuer. Unlike a corporate bond, where the balance sheet of the issuer is of prime importance, these bonds are structured in such a way as to be independent of the issuer's balance sheet. This is by no means unusual and is the same structure used by many fund companies for umbrella fund structures. Each issue is based on a separate pool of assets and investors benefit therefore from the cashflows and security for each fixed income product which are entirely separate from the Issuer (or any other securities for that matter). Any potential credit risk of the issuer therefore only applies for corporate bonds and not for this type of structure.

WHO IS THE SECURITY TRUSTEE?

The trustee is GRM Law Trustees (http://grmtrustees.co.uk) which is part of GRM Law, a London Law firm established in 1784.

WHAT IS THE ROLE OF THE SECURITY TRUSTEE?

If a potential issue arises within the structure, for example if the coupon cannot be paid, unless promptly rectified, the security trustees reserve the right to take control of the structure to protect the interests of the bondholders. This may include the realisation of the security if it is deemed necessary or appropriate. Other steps may involve such actions as the appointment of a receiver or a backup servicer to ensure that all outstanding monies are collected for the benefit of the bondholders.

WHAT TYPE OF LOANS WILL BE MADE BY JUST CASH FLOW AND WHAT ARE THE KEY TERMS?

Loans will be made to UK SMEs. The key terms are;

- Revolving credit facility
- Interest payable weekly
- Secured by debentures and guarantees
- Average loan size of circa £30,000

WHAT IS PROFILE OF THE EXISTING LOAN BOOK?

Loans are made on a short termbasis as revolving facilities. The loan book is significantly over-collateralised; on a recent analysis, the NAV of the guarantees at the time of granting the facility was more than 10x the actual loan balance.

WHAT KIND OF TRACK RECORD DOES THE JUST LOANS GROUP HAVE IN RESPECT OF HISTORIC LOANS?

Just loans are a responsible lender and have rejected 92% of all applications to date. As a result of their stringent underwriting standards, they have experienced zero capital losses since inception in 2012.

WHAT SORT OF PERFORMANCE REPORTS WILL JUST CASH FLOW MAKE AVAILABLE TO THE TRUSTEES?

Regular reports showing the balance on all accounts in the pool prepared by JCF and a quarterly report from an independent auditor will be made available to confirm that the lending criteria have been adhered to and that the accounts are performing in accordance with the loan agreements.

DOES THE JUST LOANS GROUP HAVE PUBLISHED AUDITED PUBLISHED ACCOUNTS?

Yes, key financial information is available on the following link - www.thejust-group.com/information

Just Cashflow
Your alternative bank overdraft

BEDFORD ROW CAPITAL ADVISERS

FURTHER FAQs

WHO ARE THE SECURITIES SUITABLE FOR?

The securities are suitable for investors who:

- Have a well-diversified portfolio of assets
- Seek the potential for a high yield
- Are prepared to hold the securities to maturity
- Are willing to accept the secondary market risk if they choose to sell their positions early
- Have sufficient short-term capital which meets their personal needs
- Understand the risks associated with investing in non-bank and non-corporate bonds

WHAT ARE YOU INVESTING IN?

You are investing in Securities issued under English Law. The securities are issued by a bankruptcy-remote Issuer under an approved £500,000,000 Programme.

The proceeds of the Securities will be invested according to the terms and conditions set out in the Final Terms associated with each issuance. The Final Terms describes the amount of income paid, how it is calculated, and how often this is paid. In addition, the Final Terms will provide full details of the counterparties involved, important dates, and other material matters relating to each issue of securities.

Each final terms must be read in accordance with the Information Memorandum and terms and conditions; together these documents provide the full details for each prospective investor.

WHAT WOULD YOU GAIN OR LOSE IN DIFFERENT SITUATIONS?

Generally, securities are designed to redeem at 100% of the nominal value of the investment. The price each investor pays for the securities depends on the market unless the securities are bought at the issue price. Investors should be aware that the market price may be higher or lower than the maturity value. The difference between the purchase price and the maturity value is determined by normal market forces. If the securities are purchased at a price above 100%, then may will reduce the yield to maturity. Investors may offer their securities for sale in the secondary market at any time before maturity; the price they receive may be higher or lower than the price paid.

Past performance is not a guarantee of future returns. The value of investments may fall as well as rise.

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

You do not pay any fees to the Issuer. Additional fees may be charged by your Adviser, stockbroker, or trading platform. Figures for yields quoted are net of all fees. Except where specifically required by law, all income payments are made gross and no tax is deducted by the Issuer.

RATINGS world partners

Escher Marwick PLC, Just Cash Flow PLC – Secured Fixed Rate Notes

ARC Ratings has accorded a public, indicative 'A(sf)(ind)' long-term rating with a stable outlook, to the Notes issued and drawn by Escher Marwick PLC under its Series 2016-7 and 2016-8 Transactions, with the Just Cash Flow PLC pool of assets. The rating will be reviewed if further capital is drawn under the Series 2016-7 and 2016-8. ARC expects to be notified sufficiently in advance to assess the transaction on its merits.

SUMMARY RATING RATIONALE

<u>**The rating is based on the following key factors:**</u>

- Escher Marwick PLC (the 'Issuer', company number 10112860) have a GBP500m Secured Medium Note Programme listed with the Channel Islands Securities Exchange Authority which acquires assets from Just Cash Flow PLC ('JCF') - an SME lender.
- JCF is a public limited company incorporated and registered in England and Wales with registration number 08508165. JCF is a wholly-owned subsidiary of The Just Loans Group PLC ('JLG').
- JLG is breaking new ground in terms of its originating policies and offers business loans or overdraft facilities ('business facilities') to business as an alternative to bank funding. The lender is a FinTech company that operates, through its subsidiaries, across a number of European jurisdictions.
- The Issuer will draw from the Series 2016-7 and 2016-8 Secured Fixed Rate Notes. The Series 2016-7 Secured Fixed Rate Notes are due 2019 with a 7.25% fixed rate coupon (ISIN: GB00BDHDRL27), whilst the Series 2016-8 Secured Fixed Rate Notes are due 2021 with an 8.50% fixed rate coupon (ISIN: GB00BDH37892), both paid bi-annually (together the "Secured Notes"). ARC referenced an unencumbered pool of assets as the security for the above mentioned Notes.
- The rating of the Series 2016-7 and 2016-8 Secured Fixed Rate Notes are derived by applying the Global Structured Finance Rating Criteria. ARC used a future flow combined with a credit card approach to rate the transaction given the estimated APR, Monthly Payment Rate and Utilisation Rates of the Secured Notes.

RATINGS

Security Class	Rating	Outlook
Series 2016-7 Notes	A(sf)(ind)	Stable
Series 2016-8 Notes	A(sf)(ind)	Stable

RATING CRITERIA

Global Structured Finance Rating Criteria

RATING REVIEW DATE

22 December 2017

RATING HISTORY

Initial Rating: 22 December 2016 – A(sf)(ind)

ARC CONTACT DETAILS

Corné Els
Structured Finance Analyst
corne.els@arcratings.com

Emma-Jane Fulcher
Chief Ratings Officer & Panel Chairperson
+44 (0) 203 282 7594
emma.fulcher@arcratings.com

SECURED MEDIUM TERM NOTE PROGRAMME

Escher Marwick PLC (the 'Issuer', company number 10112860) has a GBP500m Secured Medium Note Programme listed with the Channel Islands Securities Exchange Authority which acquires assets from JCF. 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 be changed and will assess the Transaction and such changes on its own merits.

The rating of the Series 2016-7 and 2016-8 Secured Fixed Rate Notes are derived by applying the Global Structured Finance Rating Criteria. ARC used a future flow approach to rate the transaction given the estimated APR, Monthly Payment Rate and Utilisation Rates of the Secured Notes.

COVENANTS

According to the Deed of Charge, the Issuer has a covenant to pay which entails the Issuer undertaking to the Trustee, to pay punctually and discharge its obligations as they fall due, and furthermore observe and perform and satisfy all other obligations and liabilities under the Deed of Charge and/or other Transaction Documentations.

BUSINESS LOANS / BUSINESS FACILITIES

JCF reported two years of reliable data that was used by ARC to draw its assumptions and used this as the basis for its analysis. A key analytical starting point for this transaction is the APR with the Monthly Payment Rate and Utilisation Rates of the Secured Notes.

1. APR: JCF has a *targeted* APR of 27.4%, however being unregulated, JCF does not state an APR with each business facility application. ARC calculated an APR of 33.4% for the last 12 months, given the aggregate Monthly Interest Accrual for the last 12 months. The business is obliged to pay interest on a weekly basis.
2. Utilisation Rates: JCF reported high utilisation rates. At November 2016, the unencumbered assets used for the analysis of this transaction, had GBP 17.3m in Secured Revolving Credit Facility ('RCF') with GBP 13.7m utilised. RCF amounts range from GBP10,000 to GBP 500,000 with the average facility being approximately GBP31,500.

The business facilities are granted typically for 12 months and c. 80% of the facilities are utilised. Although the business facilities are not necessarily cheaper than traditional banking facilities, it would seem to be more accessible with a quicker turnaround time. JCF's niche is SMEs that do not have the credit lines available from some of its more established counterparts. The primary purpose of the banking facilities is to finance working capital. JCF developed an in-house credit vetting and scoring system called PropensityPlus. The system utilises rules based lending which continues to monitor the borrowers and the directors of the companies to assess any changes to their credit profile from the onset of each application. Each application has to meet the underwriting criteria. JCF has experieced very high loan growth, ARC calculated an average of 6% month on month growth for the 12 months ending November 2016.

Each business facility has several forms of collateral attached to it. Firstly, the SME's assets serve as the first line of security followed by a personal guarantee or second registered legal charge of the directors of the SME. Asset Cover of 3:1 was reported at November 2016. Although the Lender is still to suffer any capital losses the recovery and enforcement of collateral is still to be proved and, therefore no recovery statistics were reported. The lender did however report 7.1% (at November 2016) delinquency balances, the delinquencies tend to increase during the first quarter.

Collateral of the Notes

The rating of the Series 2016-7 and 2016-8 Secured Fixed Rate Notes are derived by applying the Global Structured Finance Rating Criteria. ARC used a future flow combined with a credit card approach to rate the transaction given the estimated APR, Monthly Payment Rate and Utilisation Rates of the Secured Notes. The unencumbered pool of assets provided by JCF has been used for the analysis.

Key Transaction Parties

Escher Marwick PLC (the 'Issuer')

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 Issuer has two directors. The Issuer will adopt corporate governance policies, which comply with the combined code and the Model Code of Director's dealings. The Programme was authorised by a resolution of the Issuer's board of directors on 10 November 2016.

Just Cash Flow PLC (the 'Seller') and Just Loans Group PLC

The Seller, Just Cash Flow PLC is a public limited company incorporated and registered in England and Wales with registration number 08508165. JCF is a wholly-owned subsidiary of The Just Loans Group PLC ('JLG'). The Just Loans Group is a FinTech company that operates, through its subsidiaries, across a number of European jurisdictions.

JLG is breaking new ground in terms of its originating policies and offers business loans or overdraft facilities ('business facilities') to businesses as an alternative to bank funding. JCF's senior management consist of the Group Chief Executive, Group FD and the JCF CEO. The Senior Management has a diverse skill set that operated in various business roles before joining JCF and the group.

JLG has six directors that have an extensive skill set that complements the board requirements. JLG reported FY16 EBTDA of GBP1.6m and is yet to report a capital loss. Only c. 8% of applications are granted, clearly indicative of a conservative lending approach.

Events of Default

The following events of default are applicable to the Series 2016-7 and Series 2016-8 Secured Notes:

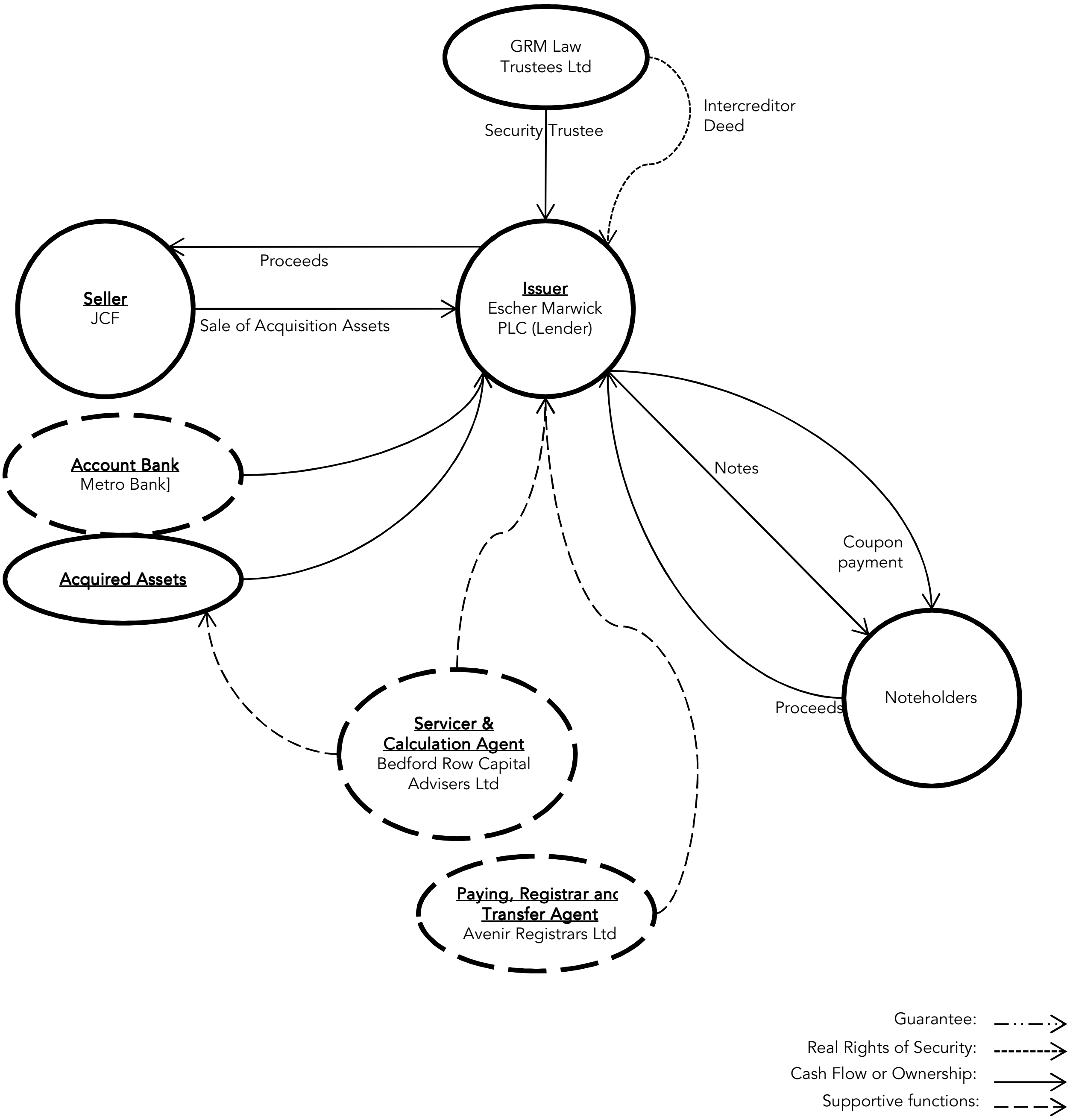
1. Non-payment of interest and principal (continues for 7 days for principal and continues for 14 days for interest);

2. Issuer fails to observe the other obligations under the conditions of the Trust Deed (continues for 30 days), following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
3. If a third party creditors request for payment greater than or equal to GBP 20m:
   a. Any indebtedness of the Issuer becomes due and payable prematurely by reason of and event of default; or
   b. The Issuer fails to make payment in respect of any indebtedness on the due date for payment as extended by any applicable grace period; or
   c. The Issuer makes a payment due under any guarantee and/or indemnity given the relation to any indebtedness of any other person on the due date for payment as extended by any grace period.
4. A court order or resolution passed for the winding up or dissolution of the Issuer, save for purposes of amalgamation, reorganisation or restructuring whilst solvent;
5. If the Issuer ceases to carry on all or substantial part of its business, save for purposes of amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved, or the Issuer is unable to pay its debts as they fall due, or is deemed unpayable, or is adjudicated or found bankrupt or insolvent; or
6. If proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, or other similar laws, or an application is made for the appointments of an administrative or other receiver or party of a similar nature, in relation to the Issuer to whole or part of its assets, or encumbrancer takes possession of its assets in relation to the aforementioned is not contested or settled in 45 days; or
7. The Issuer initiates or consents to judicial proceedings to place itself under liquidation, insolvency proceedings or a compromise with creditors, or any similar proceedings.

Application of Funds

Funds received by the Trustee, or recovered following the enforcement of Security (Series Notes) pursuant to the Trust Deed	Costs, expenses, fees, remuneration et al.	Costs, expenses, fees, remuneration et al.	Arrears Interest & Coupon	Principal	Residual funds
Priority of Payments:	1	2	3	3	4
Payee:					
Trustee/Issuer Security Trustee/Receiver	X				
Agents		X			
Noteholders			X	X	
Issuer					X

Transaction Diagram



DISCLAIMER

Note that ARC 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 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 for legal, tax or financial advice, and are encouraged to contact the relevant advisers.

ARC Ratings, S.A.

Unit 1324 Baltimore Wharf Building

Canary Wharf E149EY

UNITED KINGDOM

Phone: +44 (0)7481 592289

E-mail: arcratings@arcratings.com

Site: www.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 a given obligation in a timely manner.

The ratings assigned by ARC Ratings in this report 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 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 at the web site 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.