



GCR accords a final, public long term 'A-(ZA)' rating to the Senior Secured Notes issued by Curr

Johannesburg, 03 December 2013: Global Credit Rating Co. (Pty) Ltd ('GCR') has accorded an final, public long term 'A_(ZA)' rating and a 'Stable' outlook to the following Senior Secured Notes (the 'Senior Secured Notes') issued by Curro Holdings Limited (the 'Transaction') on the 26th of November:

- ZAR 150m, 5 Year - Senior Secured Floating Rate Notes, stock code COH001: 'A_(ZA)'.

RATING RATIONALE

The R150m Senior Secured Notes will be secured by a portfolio of Curro Holdings Limited (the 'Issuer's') land and buildings (the underlying collateral). The Transaction entails the public listing of the Senior Secured Notes on the Interest Rate Market of the Johannesburg Stock Exchange and forms part of the Issuer's R2bn Domestic Medium Term Note Programme. The Transaction sponsor is PSG Capital Proprietary Limited ('PSG Capital'). PSG Capital also serves as the lead arranger for the Transaction with Rand Merchant Bank ('RMB') (a division of First Rand Bank Ltd) serving as a co-arranger.

The Transaction was analysed by estimating the recovery prospects arising from an enforcement by Curro Security SPV (Pty) Ltd (RF) (the 'Security SPV') of the underlying collateral that serves as security for the benefit of the Senior Noteholders. The rating of the Senior Secured Notes was then derived by applying a notching up approach, given the recovery prospects, starting from the long term corporate credit rating of the Issuer. Based on fundamentals and prospects of the Issuer, GCR has accorded a 'BBB_(ZA)' long term national scale corporate credit rating to the Issuer. A rating uplift of 3 national scale notches was deemed appropriate in this particular transaction, given the "Excellent Recovery Prospects" equating to a 'A_(ZA)' rating on the Transaction.

The final, public rating accorded to the Senior Secured Notes relates to ultimate payment of interest and principal (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity). The rating excludes an assessment of the ability of the Issuer to pay any (early repayment) penalties. If the ratings accorded to the Issuer change, the rating of the Senior Secured Notes may also change, but potentially not in the same scale. GCR analysed the Transaction by applying its Global Structurally Enhanced Corporate Bonds Rating Criteria and its Global Master Criteria for Rating Corporate Entities. For more information on the Transaction, please read GCR's New Issuance Report on this Transaction to be issued in December 2013.

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APPLICABLE METHODOLOGIES AND RELATED RESEARCH

GCR analysed the Transaction by applying its Global Structurally Enhanced Corporate Bonds Rating Criteria and its Global Master Criteria for Rating Corporate Entities.

The ratings above were solicited by, or on behalf of, the rated client, and therefore, GCR has been compensated for the provision of the ratings.

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SALIENT FEATURES OF ACCORDED RATINGS

GCR affirms that a.) no part of the rating was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument being rated; c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the rating is for a maximum of 12 months, or earlier as indicated by the applicable credit rating document.

The Issuer and the Arranger participated in the rating process via face-to-face meetings, teleconferences and other written correspondence. Furthermore, the quality of info received was considered adequate and has been independently verified where possible.



The credit rating/s has been disclosed to the Issuer and the Arranger with no contestation of the rating.

The information received from the Arranger and other reliable third parties to accord the credit ratings included the latest Issuer's audited annual financial statements for the year ending December 2012; the interim financials for the period ended 30 June 2013; an overview of the Issuer's Schools portfolio as per 30 December 2012; a performance forecast for the period beginning December 2012 and ending December 2025; the insurance policies covering the ceded schools; the applicable Valuation Reports; and the relevant signed executed transaction documents together with the relevant signed legal and tax opinions.

The rating/s above were solicited by the Issuer of the Transaction; GCR has been compensated for the provision of the ratings.

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