

January 26th, 2017

**Announcement: Al Rehab Securitization Company - Second Issue 2015-2018
Backed by a Real Estate Receivables Pool Originated by Marseilia Group**

MERIS (Middle East Rating & Investors Service) affirms the National Scale Rating of "AA-(sf)" of Tranche (B) in the Second Securitization Bond Issue by Al Rehab Securitization Company and originated by Marseilia El Masryia El Khaligya Real Estate Company and effectively remove the rating from the Review List

MERIS (Middle East Rating & Investors Service) has reviewed and affirmed the National Scale Rating of "AA-(sf)" of Tranche (B) in the Second Securitization Bond Issue by Al Rehab Securitization Company, amounting to EGP 37.8 million and originated by Marseilia El Masryia El Khaligya Real Estate Company. In addition, MERIS has effectively removed the National Scale Rating of "AA-(sf)" for Tranche (B) from the Review List for Possible Downgrade.

On August 11th, 2016, **MERIS** placed the National Scale Rating of "AA-(sf)" for Tranche (B) on Review for Possible Downgrade. The rating action was triggered by the surge in the delinquency rate, which jumped significantly during the period from April to July 2016. Arrears reached EGP 9.8 million, as of July 31st, 2016. During the month of August 2016, Marseilia followed up on delinquent clients and managed to fully collect all of these delinquencies. Over the past three months, **MERIS** monitored the portfolio performance to make sure that the collection process was consistent and systematic, and delinquent clients were properly handled by Marseilia. It should be noted that the collection rate is currently within the assumed rate projected in the initial cash flow model, and is consistent with the assigned rating at the time of bond issuance.

The securitization bond issue is backed by a pool of receivables originated by Marseilia. The bond, in the amount of EGP 83.3 million, was issued in August 2015 and was backed by 614 installment-sale contracts related to 583 residential and 31 commercial units located in four projects owned by Marseilia Group in Alexandria and along the North Coast. The contracts were written over the period between April 2010 and March 2015 and as of the issuance date all the properties were fully constructed and delivered to the buyers.

The bond issue is amortizing on a monthly basis and currently stands at EGP 37.8 million, equivalent to 54.6% redemption of the original balance. Tranche (A) notes were fully amortized in July 2016. As of November 30th, 2016, Tranche (B) equals EGP 37.8 million. It follows a pass-through amortization schedule and is due in July 2018. As of the same date, the asset pool backing the issue has been amortized at 61.3%, and equals EGP 41.4 million. It is worthy to note that the transaction benefits from credit enhancements in the form of a Cash Reserve Account, amounting to EGP 16 million, which was fully funded at the date of bond issuance. In addition, there is a Liquidity Reserve Account, at 2% of the notes' initial balance, in the amount of EGP 1.7 million, which was financed from the pool receivables.

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