Property Investments with The Resort Group PLC

Summary Q & A

What am I investing in?

Freehold, unencumbered title to Resort-based real estate.

Who is the developer?

The Resort Group PLC, registered in Gibraltar with representative offices in the UK, Czech Republic, Italy, Portugal and Cape Verde (herein referred to as TRG).

Website: www.theresortgroupplc.com

What are the different routes through which someone can invest?

- Direct ownership of property
- Fixed income bonds
- Investment grade debt securities
- Open-ended funds
- Crowdfunding platforms (UK only)

Who values the properties and the Resorts?

Gerald Eve LLP, who is a member of the Royal Institute of Chartered Surveyors and subject to its professional standards.

What is the investment story for me?

TRG is a leading property developer and holds a guaranteed revenue agreement with one of the world's largest tour operators (TUI Travel PLC), which in turn helps to fund returns to investors.

TRG has a proven track record of completing thousands of hotel rooms in a thriving and stable tourist region across multiple operating resorts using leading hotel brands.

The Group is backed by its strong financial performance over several consecutive years and has been independently assessed as "investment grade" by a top-tier and EU-regulated credit rating agency.

How reliable are the returns?

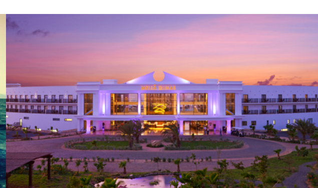
The Resort Group offers a contractual minimum net rental yield. This is underpinned and supported by a guaranteed revenue agreement secured with TUI Travel PLC (a FTSE100 company).

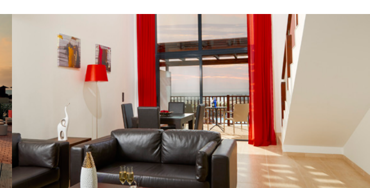
Whilst this agreement covers revenue in the period 2017-2019, a 2-year extension option is built into the agreement. More importantly, the 3-year term is set for reasons of commercial practicality and the spirit of the agreement foresees that future contracts will be agreed, in order to absorb newly opened Resorts. To evidence this point, the existing revenue guarantee is already the 2nd formal contract agreed with TUI. Therefore, the intention (of both parties) is that the agreement will be perpetually renegotiated as both TRG and TUI continue to build market share in Cape Verde.

The existing 3-year revenue agreement represents no less than €203m (ranging up to €258m) in hospitality revenues. This also ensures a minimum level of occupancy at circa 57% across all completed and operational Resorts.

The TUI commercial agreement alone generates 94% of TRG's assumed hospitality revenues between 2017–2019 and only accounts for 57% of existing hotel inventory. This allows other large tour operators to contribute additional occupancy performance and hospitality revenues to TRG.

This clearly demonstrates that TRG has the ability to service its contractual obligations to investors.

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Has TRG been independently risk/credit rated?

Yes, TRG has been independently assessed by ARC Ratings S.A.

ARC Ratings, S.A. is an international credit rating agency (CRA) based in Europe, registered with the European Securities and Markets Authority (ESMA) and recognised as an External Credit Assessment Institution (ECAI). ARC's network has twenty offices globally, assigning ratings in approximately thirty countries spanning Asia, Africa, Europe and South America.

In October 2016, ARC announced the approval and publication by the European Commission of its mapping tables for Securitisation Positions, Corporate/Issuer Ratings and Solvency Capital Requirements. Crucially, ARC has been accorded the same mapping as the "big 3" CRAs and, therefore, ARC's ratings are now recognised alongside Fitch, Moody's and S&P from a mappings perspective.

ARC has assessed the realisation of TRG assets in what it considers to be a "growing and competitive market". Having completed 3 months of detailed analysis (including a 3-day site visit) ARC accorded a BBB- "investment grade" rating to TRG recognising the embedded value of this market.

http://www.arcratings.com/m/uk/noticia/185&c=1

What other companies and partners are involved in this investment?

Grupo San José
TRG Principal Contractor

Registered office at C/Ronda de Poniente, 11, 28760 Tres Cantos, Madrid, Spain.

http://www.grupo-sanjose.com/

Meliá Hotels International
TRG Appointed Hotel Operator

Registered office at Gremi Boters, 24 Polígono Industrial Son Castelló, 07009 Palma de Mallorca, Spain.

http://www.melia.com

Hilton Worldwide
TRG Appointed Hotel Operator

Registered office at 7930 Jones Branch Drive, McLean, Virginia 22102, USA.

https://www.hiltonworldwide.com/

Deutsche Hospitality Group
TRG Appointed Hotel Operator

Registered office at Lyoner Strasse 25, 60528 Frankfurt am Main.

https://www.deutschehospitality.com/

TUI Travel PLC
TRG Leisure and Hospitality Partner

Registered office at Karl-Wiechert-Allee 4 I D-30625 Hannover.

https://www.tuigroup.com

Gerald Eve LLP
Asset Valuation Provider

Registered office at 72 Welbeck Street, London, W1G 0AY.

https://www.geraldeve.com

Deloitte (Gibraltar) Limited
TRG Financial Auditors

Registered office at Merchant House, 22–24 John Mackintosh Square, PO Box 758, Gibraltar.

https://www2.deloitte.com

GPA Advogados Law Firm
TRG Legal Counsel

Registered office at Palácio Sottomayor, Rua Sousa Martins, n.1–6º Andar 1050-217, Lisbon, Portugal.

www.gpasa.pt/en

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What are the key risks and how are they mitigated?

Political Risk – Cape Verde is politically stable with sound democratic institutions and a strong legal framework based on Portuguese law. The government has consistently encouraged foreign investment and fostered a dynamic business environment.

Land Availability Risk – A significant risk for any developer is the availability of land. TRG is no longer exposed to site acquisition risks because it has already acquired (on a freehold or option basis) the land required for all of its planned projects.

Planning Risk – There is negligible planning risk because TRG has secured outline planning consents for future projects. It provides significantly more detail than required to reduce the work involved in moving from outline to detailed consent.

Operations Risk – TRG manages the risks associated with construction, occupancy and operating costs by negotiating contracts with strategic partners that are subject to performance standards. The group also employs experienced industry professionals to oversee the output of chosen partners.

Pre-Sales Risk – This risk is mitigated by TRG's significant focus on diversified routes to market and in its strong relationships with third party agents and introducers, both in the UK and internationally. These involve corporate bonds, a specialist professional investor fund, exchange-traded products listed on the Dublin, Frankfurt and Channel Islands stock exchanges as well as a crowdfunding platform.

Currency Risk – TRG considers currency risk to be very low. Its activities are based predominantly in euros with some costs in Cape Verdean escudos, which are pegged to the euro.

Competition Risk – Leading tour operators are confident of the country's future. Cape Verde has a number of unique attractions including its climate and political stability, and is growing in popularity with tourists.

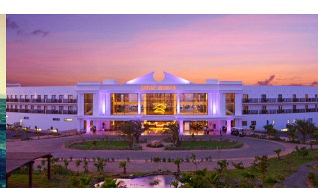
Concentration Risk – Although TRG's existing property portfolio is located in Cape Verde, it will soon achieve further diversification through a presence on multiple islands, with further aspirations to spread into European holiday destinations.

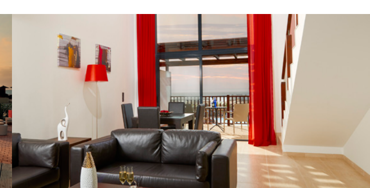
Regulation Risk – TRG's legal team closely monitors, as much as possible, proposed changes in regulation, to ensure that the Group is involved in key decisions regarding the mitigation of those proposed changes. In Cape Verde, TRG is one of the largest tax generators in the country. The Group benefits from a strong relationship with government authorities, which ensures it is involved in key decisions regarding potential regulatory changes.

Capital Decline Risk – Cape Verde is a growing economy, hugely driven by tourism. Tourism growth is directly correlated to the capital growth of real-asset values, particularly in hotel or Resort-based real estate. The World Travel and Tourism Council claims that the total contribution of the Travel & Tourism sector to GDP in Cape Verde was 44.5% in 2016. This is forecast to rise by 8.6% in 2017, and by 6.5% pa to 57.3% of GDP by 2027.

Visitor exports are a key component of the direct contribution of the Travel & Tourism sector, which in turn drives hotel real-estate asset values. In 2017, Cape Verde visitor numbers are expected to grow by 11.1% to 578,000 international tourist arrivals. By 2027, international tourist arrivals are forecast to total 728,000, an increase of 5.8% pa.

The Resort Group also offers a resale option where it agrees to market the property for sale at no less than the nominal value. This offers a further layer of protection if the anticipated market drivers do not positively impact on real-estate growth.

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How secure is TRG?

TRG has been in business for more than 10 years, with a history of strong financial performance and corporate governance. The Group has generated over €450m in development revenues and over €200m in development profits.

The Group has now delivered 2,228 hotel rooms, suites, apartments and villas across 5 operational Resorts, with retained assets valued at €140m.

Combined development and hospitality revenues in 2014 reached €112.4m, generating a result of €28.4m.

In 2015, total revenues increased to €139.4m, generating a result of €32.8m.

In 2016, total revenues increased again to €150.7m, generating a result of €33m.

Given the positive tourism trends in Cape Verde, the underlying tour operator guarantees a growing hotel and resort portfolio, the future outlook for TRG PLC is set to be positive and stable.