

Credit Rating Announcement

GCR affirms the credit ratings of various Classes of Notes and upgrades the Class D Notes issued by Fox Street 6 (RF) Ltd.

Rating Action

Johannesburg, 27 July 2022 – GCR Ratings ("GCR") has taken the rating actions indicated in the table below on the national scale long-term issue credit ratings of the various Classes of Notes issued by Fox Street 6 (RF) Limited ("Fox Street 6," the "Issuer," and the "Transaction"). These actions follow GCR's annual surveillance of the transaction.

Security Class	Stock Code	Amount Outstanding	Rating Class	Rating Scale	Rating	Outlook / Watch	Action
Class A3	FS6A3	R383,124,819	Long Term Issue	National	AAA _{(ZA)(sf)}	Stable Outlook	Affirmation
Class B1	FS6B1	R150,000,000	Long Term Issue	National	AAA _{(ZA)(sf)}	Stable Outlook	Affirmation
Class C1	FS6C1U	R50,000,000	Long Term Issue	National	AAA _{(ZA)(sf)}	Stable Outlook	Affirmation
Class D1	FS6D1U	R35,000,000	Long Term Issue	National	AAA _{(ZA)(sf)}	Stable Outlook	Upgrade

The transaction has outstanding Class E Notes of R100,000,000 and a Subordinated Loan of R20,039,716, both of which are unrated.

The credit ratings accorded to the Class A Notes relate to the timely payment of interest and ultimate payment of principal by their Final Redemption Date, while the ratings of the other Classes of Notes relate to the ultimate payment of interest and ultimate payment of principal by their Final Redemption Date. The ratings exclude an assessment of the ability of the Issuer to pay either any (early repayment) penalties or any default interest rate penalties.

Surveillance

Fox Street 6 is a Residential Mortgage-Backed Securities ("RMBS") securitisation of home loans originated by Investec Bank Limited ("Investec") to its private banking clients that issued R1.335bn of secured Notes on 8 August 2018. Investec has executed several other similar Fox Street RMBS transactions.

The Notes amortise from Issuance and, since the Transaction close, notes to the value of R616.9m have been redeemed. The Transaction performance is in line with expectations, with few delinquencies and defaults occurring and a stable, positive excess spread being earned. No Trigger Events or Stop Purchase Events have taken place.

Loans with an aggregate outstanding principal balance of R12.2m have defaulted since the Initial Issuance, representing a cumulative 0.94% of the portfolio balance at Issuance. Most of these defaults have been rehabilitated, and only R1.9m (0.14%) of the portfolio balance at Issuance remains in default. As reported in the May investor report, loans in arrears but not yet in default amounted to R8.9m, or 1.23%. The Principal Deficiency mechanism has resulted in cash being trapped, which matches at least 50% of the defaults that have occurred. This has resulted in a further paydown of notes, although the defaulted assets have not been written off and remain in the structure to potentially service the remaining Notes.

Excess spread over a twelve-month period ending in May 2022 measured 0.48% of the average quarterly opening total Notes outstanding. The derivative agreement has had a positive albeit marginal impact on the excess spread in the period under review.

Prepayments are high at an annualised 23.33% (previously 24.05%), typical of the Originator's home loan portfolio. However, these are offset by consistently high redraws.

The weighted average margin to 3m JIBAR on the Notes increased since the last surveillance to 158bps (previously 149bps) per the May investor report due to the full redemption of the lowest interest Class A1 and Class A2 tranches, while the weighted average margin to Prime on the assets remained the same at -0.78%.

According to the data of the pool cut dated 30 June 2022, the Weighted Average Current Loan to Value ratio based on credit limits was 66.22%, while the Weighted Average Original Loan to Value ratio was 76.54%, and the Weighted Average Debt to Income ratio of 17.06% which are all marginally more than the reported values per the May Investor Report.

Rating Rationale

The rating outcome, and the subsequent upgrade of the ratings of the Class D Notes, are a direct result of the improved credit enhancement levels due to the sequential paydown of senior-ranking Notes that has taken place. In GCR's cash flow model, the ultimate interest and principal on the upgraded Class D Notes are paid in full in stress scenarios that correspond with higher rating levels.

In addition to the stable performance of the portfolio, the Excess Spread and Principal Deficiency mechanism have increased the level of overcollateralisation through the redemption of Notes, supporting the rating outcome further.

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Related Criteria and Research

Criteria for Rating Structured Finance Transactions - September '18
Criteria for Rating Residential Mortgage-Backed Securities ("RMBS") - November '18
Criteria for the GCR Ratings Framework – January 2022
Criteria for Rating Financial Institutions – May 2019
GCR Rating Scales Symbols and Definitions – May 2022
Investec Bank Limited Rating Review – July 2022

Ratings History

Notes Class	Review	Rating Scale	Rating	Outlook/Watch	Date
Class A1 (FS6A1): Paid in Full	Initial	National	AAA _(ZA) (sf)	Stable Outlook	August 2018
	Last	National	AAA _(ZA) (sf)	Stable Outlook	May 2019
Class A2 (FS6A2): Paid in Full	Initial	National	AAA _(ZA) (sf)	Stable Outlook	August 2018
	Last	National	AAA _(ZA) (sf)	Stable Outlook	August 2021
Class A3 (FS6A3)	Initial	National	AAA _(ZA) (sf)	Stable Outlook	August 2018
	Last	National	AAA _(ZA) (sf)	Stable Outlook	August 2021
Class B1 (FS6B1)	Initial	National	AA _(ZA) (sf)	Stable Outlook	August 2018
	Last	National	AAA _(ZA) (sf)	Stable Outlook	August 2021
Class C1 (FS6C1U)	Initial	National	A+ _(ZA) (sf)	Stable Outlook	August 2018
	Last	National	AAA _(ZA) (sf)	Stable Outlook	August 2021
Class D1 (FS6CD1U)	Initial	National	BBB _(ZA) (sf)	Stable Outlook	August 2018
	Last	National	AA- _(ZA) (sf)	Stable Outlook	August 2021

GLOSSARY OF TERMS/ACRONYMS USED IN THIS DOCUMENT AS PER GCR'S GLOSSARY

Affirmation	See GCR Rating Scales, Symbols and Definitions.
Arrears	An overdue debt, liability or obligation. An account is said to be 'in arrears' if one or more payments have been missed in transactions where regular payments are contractually required.
Borrower	The party indebted or the person making repayments for its borrowings.
Cash	Funds that can be readily spent or used to meet current obligations.
Credit Enhancement	Limited protection against losses arising from the assets. The credit enhancement can be either internal or external. Internal credit enhancement may include: Subordination; over-collateralisation; excess spread; security package; arrears reserve; reserve fund and hedging. External credit enhancement may include: Guarantees; letters of Credit and hedging.
Default	A default occurs when: 1.) The borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than 90 days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Delinquency	When a receivable is overdue and not paid on its payment due date.
Eligibility Criteria	Limitations imposed on the type and quality of assets that can be sold by the seller into the securitisation vehicle which ensure the transaction will track the performance of historical data analysed as closely as possible.
Excess Spread	The net weighted average interest rate receivable on a pool of assets being greater than the weighted average interest rate payable for the debt securities.
Indexed Property Valuation	An assessment of the property value, with the value being compared to similar properties in the area.
Instalment	Payment made to honour obligations in regards to a credit agreement in the following credited order: 1.) Satisfy the due or unpaid interest charges; 2.) Satisfy the due or unpaid fees or charges; and To reduce the amount of the principal debt.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Loan to Value	Principal balance of a loan divided by the value of the property that it funds. LTVs can be computed as the loan balance to most recent property market value, or relative to the original property market value.
Loan	A sum of money borrowed by a debtor that is expected to be paid back with interest to the creditor. A debt instrument where immovable property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to repay the loan. Registration is a prerequisite for the existence of any mortgage loan. A mortgage can be registered over either a corporeal or incorporeal property, even if it does not belong to the mortgagee. Also called a Mortgage bond.
Offset	A right (Right of Offset) to set liabilities against assets in any dispute over claims.
Originator	An entity that created assets and hold on balance sheet for securitisation purposes.
Performing	An obligation that performs according to its contractual obligations.

Portfolio	A collection of investments held by an individual investor or financial institution. They may include stocks, bonds, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
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For a detailed glossary of terms utilised in this announcement please click [here](#).

SALIENT POINTS OF ACCORDED RATINGS

GCR affirms that a.) no part of the ratings was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, securities or financial instruments being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, securities or financial instruments.

The credit ratings have been disclosed to the Issuer. The ratings were solicited by, or on behalf of, the Issuer, and, therefore, GCR has been compensated for the provision of the ratings. The Issuer participated in the rating process verbal and written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The information received from the Issuer and other reliable third parties to accord the credit rating included:

- Investor Reports to 20 May 2022
- Pool Cut June 2022
- Other miscellaneous data

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