

### Credit Rating Announcement

#### Fox Street 6 (RF) Limited – Credit Ratings of Various Classes of Notes Affirmed and Upgraded

#### Rating Action

3 August 2021 – GCR Ratings ("GCR") has taken the rating actions indicated in the table below on the long-term issue credit ratings of the various Classes of Notes issued by Fox Street 6 (RF) Limited ("Fox Street 6"). These actions follow GCR's annual review of the transaction.

Security Class	Stock Code	Amount Outstanding	Rating Class	Rating Scale	Rating	Outlook / Watch	Action
Class A2	FS6A2	R125,138,239	Long Term Issue	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Affirmation
Class A3	FS6A3	R400,000,000	Long Term Issue	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Affirmation
Class B1	FS6B1	R150,000,000	Long Term Issue	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Affirmation
Class C1	FS6C1U	R50,000,000	Long Term Issue	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Upgrade
Class D1	FS6D1U	R35,000,000	Long Term Issue	National	AA <sub>-(ZA)(sf)</sub>	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 timely payment of interest and ultimate payment of principal by their Final Redemption Date, whilst the ratings of the other Classes of Notes relate to 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 (RF) Limited 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 transaction close, notes to the value of R474.9m have been redeemed. Transaction performance is in line with expectations, with few delinquencies and defaults occurring and stable, positive excess spread being earned. No Trigger Events or Stop Purchase Events have taken place.

Since transaction close to 30 April 2021, seven loans defaulted, with an aggregate R11.8m of outstanding principal balance, representing a cumulative 0.90% of the portfolio balance at issuance. Four of these defaults have since rehabilitated. Loans in arrears but not yet in default amounted to R5.2m, or 0.60% of the closing balance as at 30 April 2021. The Principal Deficiency mechanism has resulted in cash being trapped that 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 the year ending 30 April 2021 measured 0.58% of the average quarterly opening total Notes outstanding. The derivative agreement has resulted in negative outflows impacting the excess spread in the period under review.

Prepayments are high at an annualised 24.05%, which is typical of the Originator's home loan portfolio. However, these are somewhat offset by consistently high redraws.

The weighted average margin to 3m JIBAR on the Notes increased since the last surveillance to 149bps at 30 April 2021 due to the paydown of the lowest interest Class A1 and Class A2 tranches, while the weighted average margin to Prime on the assets remained the same at -0.77%. As of 30 April 2021, Fox Street 6 reported a Weighted Average Current Loan to Value ratio of 64.15% for the home loan portfolio, a Weighted Average Original Loan to Value ratio of 76.22% and a Weighted Average Debt to Income ratio of 17.87%.

GCR considered the effect of the COVID-19 crisis on the transaction. There are no payment relief measures existing in the pool currently and none have been factored into the modelling.

### Rating Rationale

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The rating outcome, and the ensuing upgrade of the ratings of the Class C and Class D Notes, is a direct result of the improved modelling outcome. In GCR's cash flow model, ultimate interest and principal on the Class C and Class D Notes are paid in full in stress scenarios that correspond with higher rating levels than previously.

Also supporting the outcome is the fact that the transaction has demonstrated stable performance and has exhibited resilience through the COVID stress period, as described above.

The modelled result is a factor of the higher credit enhancement available through subordination to each outstanding Class of Notes due to the sequential paydown of senior-ranking Notes that has taken place. The removal of the payment holidays modelled in the prior surveillance has also impacted the model results favourably. To a lesser extent, modelled recoveries have been positively affected by the updating of modelled property values with their most recent indexed valuations with the extra (COVID-induced) haircut applied in the prior surveillance removed. Lastly, the Principal Deficiency mechanism has led to an increasing level of overcollateralisation through the redemption of Notes to a higher degree than the amortisation of assets, supporting the rating outcome further.

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## Analytical Contacts

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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

## Ratings History

Notes Class	Review	Rating Scale	Rating	Outlook/Watch	Date
Class A1 (FS6A1): Paid in Full	Initial	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Aug. 2018
	Last	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	May 2019
Class A2 (FS6A2)	Initial	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Aug. 2018
	Last	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	July 2020
Class A3 (FS6A3)	Initial	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	Aug. 2018
	Last	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	July 2020
Class B1 (FS6B1)	Initial	National	AA <sub>(ZA)(sf)</sub>	Stable Outlook	Aug. 2018
	Last	National	AAA <sub>(ZA)(sf)</sub>	Stable Outlook	July 2020
Class C1 (FS6C1U)	Initial	National	A+ <sub>(ZA)(sf)</sub>	Stable Outlook	Aug. 2018
	Last	National	AA <sub>(ZA)(sf)</sub>	Stable Outlook	July 2020
Class D1 (FS6CD1U)	Initial	National	BBB <sub>(ZA)(sf)</sub>	Stable Outlook	Aug. 2018
	Last	National	A+ <sub>(ZA)(sf)</sub>	Stable Outlook	July 2020

**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.

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 Arranger. The ratings above were solicited by, or on behalf of, the Issuer and therefore, GCR is compensated for the provision of the ratings.

Information received from Investec to accord the credit ratings included:

- Investor Reports to 20 May 2021
- Pool Cut April 2021
- Operational Review conducted with Investec in July 2021
- Other miscellaneous data

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