Credit Rating Report | Public Ratings | October 2022

Richefond Circle (RF) Limited

Class	Rating Class	Rating Scale	Rating	Outlook / Watch	Issuance Amount (ZAR)	Scheduled Maturity (Interest Step-Up Date)	Final Redemption Date
Class A1	Long Term Issue	National	$AAA_{(ZA)(sf)}$	Stable	825,000,000	Dec 2026	Mar 2034
Class B1	Long Term Issue	National	$AA+_{(ZA)(sf)}$	Stable	125,000,000	Dec 2026	Mar 2034
Class C1	Long Term Issue	National	$A+_{(ZA)(sf)}$	Stable	57,000,000	Dec 2026	Mar 2034
Class D1	Long Term Issue	National	Unrated	N.A.	50,000,000	Dec 2026	Mar 2034
Class A2	Long Term Issue	National	$AAA_{(ZA)(sf)}$	Stable	780,000,000	Dec 2026	Mar 2034
Class B2	Long Term Issue	National	$AA+_{(ZA)(sf)}$	Stable	118,000,000	Dec 2026	Mar 2034
Class C2	Long Term Issue	National	$A+_{(ZA)(sf)}$	Stable	63,000,000	Dec 2026	Mar 2034
Class D2	Long Term Issue	National	Unrated	N.A.	40,000,000	Dec 2026	Mar 2034

Rating Action

On 27 September 2022, GCR Ratings ("GCR") accorded the following national scale, long term issue credit ratings to the following Notes (the "New Notes") issued by Richefond Circle (RF) Limited ("Richefond Circle" or the "Issuer"):

- Class A2 Notes; $AAA_{(ZA)(sf)}$ Stable Outlook
- Class B2 Notes; $AA+_{(ZA)(sf)}$ Stable Outlook
- Class C2 Notes; $A+_{(ZA)(sf)}$ Stable Outlook

In addition, the Issuer issued R40m of unrated Class D2 Notes (increasing the aggregate Class D1 and Class D2 Notes outstanding to R90m) and received an unrated Subordinated Loan advance of R58.5m (increasing the Subordinated Loan drawn amount to R115.5m).

The issuance of the New Notes is the Issuer's second issuance ("New Issuance"), its first issuance ("Initial Issuance") took place on 9 March 2022.

Simultaneously with the accordance of ratings to the New Notes, the ratings of the existing Notes were affirmed and upgraded:

- Class A1 Notes; $AAA_{(ZA)(sf)}$ Stable Outlook (affirmation)
- Class B1 Notes; $AA+_{(ZA)(sf)}$ Stable Outlook (upgrade)
- Class C1 Notes; $A+_{(ZA)(sf)}$ Stable Outlook (upgrade)

The upgrade of the Class B1 and Class C1 Notes is chiefly a result of GCR's amended recovery timing assumption, as discussed below.

The credit ratings accorded to the Class A Notes relate to timely payment of interest and ultimate payment of principal by Final Maturity Date. The ratings accorded to the Class B and Class C Notes relate to ultimate payment of both interest and principal by Final Maturity 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, which are anyway not applicable to this Transaction.

Rating Rationale

GCR modelled the Transaction's cash flows according to its capital structure and Pre-Enforcement Priority of Payments as applicable post the Revolving Period End Date, applying its Criteria for Rating Structured Finance Transactions, September 2018, Criteria for Rating Residential Mortgage-Backed Securities ("RMBS"), November 2018 and Criteria for Rating Consumer Asset Backed Securities, September 2018. Richefond Circle's asset portfolio was simulated based on the post-New Issuance indicative (31 July 2022) pool, with defaults, recoveries, prepayments and arrears, *inter alia*, modelled as described later in this report. The rating outcome is a direct result of the modelling of the Transaction's cash flows in successively more stressful rating scenarios.

Transaction Strengths

- Borrowers are entrepreneurs in good financial standing that satisfy Investec Bank Limited's ("Investec's") credit criteria. Clients align with Investec's target market of High-Net-Worth individuals with real estate experience.
- Assets are already income-producing, underpinned by tenant rentals.
- Assets are secured by Mortgage Bonds, cessions of leases, guarantees, sureties and insurance cover.
- Historical defaults are relatively low. Recoveries on defaults, driven by loan-to-value ratios, are high.
- Credit enhancement is available to the Notes through subordination of the Subordinated Loan and junior classes of Notes as per the Priority of Payments, and possible excess spread to be earned.
- A Stop Purchase Event would lead to early redemption of Notes should certain characteristics of the Transaction reach pre-defined levels.
- The Principal Deficiency mechanism allows for interest deferral and deployment of excess spread towards acquisition of Additional Assets (during the Revolving Period) or redemption of Notes (after the end of the Revolving Period).

Transaction Weaknesses

- The replacement of the primary Servicer with a Standby Servicer is provided for only on termination of the appointment of the primary Servicer or a Servicer Event of Default, and not by a prior rating- or performance-based trigger. GCR deems this to entail some risk of cash flow disruption.
- The asset pool is concentrated, with only 97 (existing and earmarked for acquisition) loans.
- Loans are relatively short-term (up to five years) with residual payments due at maturity that are large. Refinancing risk may be associated with these residuals.

Transaction Structure

Richefond Circle has issued a total of R1.001bn of New Notes under its R7bn Commercial Property Loan Mortgage-Backed Securitisation Programme. The New Issuance has resulted in the Transaction increasing in quantum by 95%, from R1.057bn to R2.058bn of Notes.

Using the proceeds of the New Notes issuance, the Issuer will acquire additional Participating Assets (incorporating income-producing Commercial Property Loan Agreements originated by Investec and their Related Security, which includes Mortgage Bonds). The date of acquisition of each asset is to be the date of registration of its related Mortgage Bond in the name of the Issuer. The entire proceeds of the New Notes issuance (R1.001bn) are to be held in the Capital Reserve as the Asset Acquisition Pre-Funding Amount, to be deployed towards the purchase of Participating Assets as and when each asset is acquired. The Asset Acquisition Pre-Funding Period ends on 27 March 2023. Any surplus of the Asset Acquisition Pre-Funding Amount remaining unutilised on this date will be released from the Capital Reserve and will form part of Available Funds to be applied in accordance with the Priority of Payments.

Proceeds of the additional Subordinated Loan advance were used to increase the cash held in the Redraw Reserve, Liquidity Reserve and Mortgage Bonds Registration Costs Reserve. The limits applicable to the Redraw Facility and the Warehouse Facility have also been increased.

For all other Transaction structure details, including the Priority of Payments, Cash Trigger and Stop Purchase Events *inter alia*, refer to the report published by GCR on the Initial Issuance in March 2022.

Capital Structure

On Initial Issuance in March 2022, the Notes were issued in four tranches: Class A1, Class B1, Class C1 and Class D1.

Four additional tranches of New Notes have now been issued: Class A2, Class B2, Class C2 and Class D2. As per the Priority of Payments, interest payments on Class A1 rank *pari passu* and *pro rata* with Class A2 interest and Class A1 and Class A2 principal similarly ranks *pari passu* and *pro rata*. The same applies to Class B1 and Class B2, Class C1 and Class C2, and Class D1 and Class D2.

Payments on the Redraw Facility remain senior to those on the Notes as per the Priority of Payments.

Table 1: Capital Structure

Pre-Existing		**New Issuance**		**Combined (Post-New Issuance)**	
Redraw Facility (Credit Limit)*	R175m	Redraw Facility (Credit Limit Increase)	R30m	Redraw Facility (Credit Limit)	R205m
Class A1 Notes	R825m	Class A2 Notes	R780m	Class A1 & A2 Notes	R 1,605m
Class B1 Notes	R125m	Class B2 Notes	R118m	Class B1 & B2 Notes	R243m
Class C1 Notes	R57m	Class C2 Notes	R63m	Class C1 &C2 Notes	R120m
Class D1 Notes	R50m	Class D2 Notes	R40m	Class D1 & D2 Notes	R90m
Total Notes	**R1,057m**	**Total Notes**	**R1,001m**	**Total Notes**	**R2,058m**
Subordinated Loan (Drawn Amount)	R57m	Subordinated Loan (Drawn Amount)	R58.5m	Subordinated Loan (Drawn Amount)	R115.5m
Total Notes & Sub. Loan	**R1,114m**	**Total Notes & Sub. Loan**	**R1,059.5m**	**Total Notes & Sub. Loan**	**R2,173.5m**

*The Redraw Facility has not been drawn on. However, GCR conservatively models the Redraw Facility as fully drawn seeing as its interest and principal payments are senior to those on the Notes.
Source: Investec, GCR calculations

Asset Portfolio

The table below exhibits the main characteristics of the combined (existing and New Issuance-related) Participating Asset portfolio.

Table 2: Indicative Participating Assets

	Actual	Covenant
PORTFOLIO		
Cut-off Date	31 July 2022	N.A.
Number of Loans	97	N.A.
Aggregate Principal Balance	R1,958,807,204	N.A.
Aggregate Current Credit Limit	R2,190,748,579	N.A.
Aggregate Residual at Maturity (as per Loan Agreements)	R1,717,247,415 (87.7% of Aggregate Principal Balance)	N.A.
BORROWER GROUP CONCENTRATION (% of Current Credit Limit)*		
Largest 7	26.44%	32.50%
Largest 6	23.32%	28.50%
Largest 5	19.86%	24.50%
Largest 4	16.32%	20.50%
Largest 3	12.74%	16.50%
Largest 2	9.00%	12.00%
SECTOR CONCENTRATION (% of Principal Balance)		
Industrial Sector	36.28%	37.00%**
Office Sector	19.97%	21.00%**
Retail Sector	23.61%	40.00%
Residential Sector	10.47%	15.00%
Student Accommodation Sector	2.42%	10.00%
Other Sectors	7.25%	20.00%
LOANS		
Average Principal Balance	R20,193,889	N.A.
Median Principal Balance	R16,450,350	N.A.
Maximum Principal Balance	R75,953,796	N.A.
Minimum Principal Balance	R49	N.A.
RATIOS		
WA Current Loan-to-Value	54.52%	57%
WA IB Risk Grade Score	11.87	15.00
WA Margin against Benchmark	-0.40%	-0.50%
WA Remaining Maturity (in years)	2.78	3.50

*Borrower concentration covenants apply to groups of Borrowers. Any Borrowers which are considered by Investec to be related (group) entities will be grouped together as one for the purposes of this covenant.
**The Industrial Sector concentration covenant has been revised upwards from 35.0% since the Initial Issuance. The Office Sector concentration covenant has been revised upwards from 20.0% since the Initial Issuance.
Source: Investec

Table 2: Participating Assets Eligibility Criteria

Minimum Principal Balance (ZAR)	N.A.
Maximum Principal Balance (% of current principal balance)	7.30%
Maximum Remaining Term (years)	5.00
Final Loan Maturity Date	28 February 2029
Maximum Current LTV	100%
Maximum Investec Risk Grade Score	18

*The Minimum Principal Balance criterion, which was R1m, has been removed since Initial Issuance.

Source: Investec

Cash Flow Model

GCR modelled the Transaction's cash flows for the New Issuance in a similar way as for the Initial Issuance. The Transaction is modelled post the Revolving Period End Date. While this implies that the Transaction is modelled at the point of breach of one of the Stop Purchase triggers, zero default, delinquency or cash levels were modelled at model start. Rather, defaults, delinquencies and cash are simulated as accumulating going forward.

Pool of Participating Assets

For the purposes of its model inputs, GCR adjusted the existing (31 July 2022) combined (existing and earmarked) pool of assets to reflect covenant levels in order to cater for the possible change in its composition over the Revolving Period. The Weighted Average Current Loan to Value Ratio of the pool was increased to covenant level by increasing outstanding loan balances by a constant factor, impacting modelled recoveries. The Weighted Average Asset Margin was decreased in a similar fashion. The Weighted Average Remaining Term to Maturity was increased by extending the remaining terms of several of the loans in the pool and estimating their adjusted amortisation profiles and residual payment amounts due at maturity. GCR notes in this regard that refinancing by the Issuer will not be allowed post the end of the Revolving Period, hence the covenanted maximum Weighted Average Remaining Term to Maturity is the approximate maximum possible remaining term at the Revolving Period End Date

Defaults

Default inputs to GCR's cash flow model were derived based on the maximum of (1) extrapolations of observed historical default rates times a multiple that increases by rating level, and (2) Borrower concentration Portfolio Covenant levels; with (3) an adjustment to cater for refinancing risk.

(1) Extrapolated Cumulative Defaults ("Base Case x Multiple Approach")

GCR received updated historical performance data relating to Investec's Income Producing Real Estate ("IPRE") portfolio covering twelve years from origination. Although loan terms do not exceed five years, loans are often refinanced by Investec at maturity, hence the extended performance period of twelve years. GCR analysed cumulative defaults, extrapolated incomplete default curves and calculated a weighted average extrapolated cumulative default rate of 5.85% after eleven years. (The twelfth year was ignored as it only applies to one actual vintage.) The standard deviation of extrapolated cumulative defaults of yearly originations is 2.50%. GCR used the extrapolated cumulative default rate plus a volatility adjustment of 0.5x standard deviation to reach a model base case (i.e., $B_{(ZA)(sf)}$) cumulative default rate of 7.10%. It is significant that this eleven-year base case is based on defaults that occur over eleven years in scenarios where term extensions of loans at maturity are taking place, which extensions will not be possible post the Revolving Period End Date.

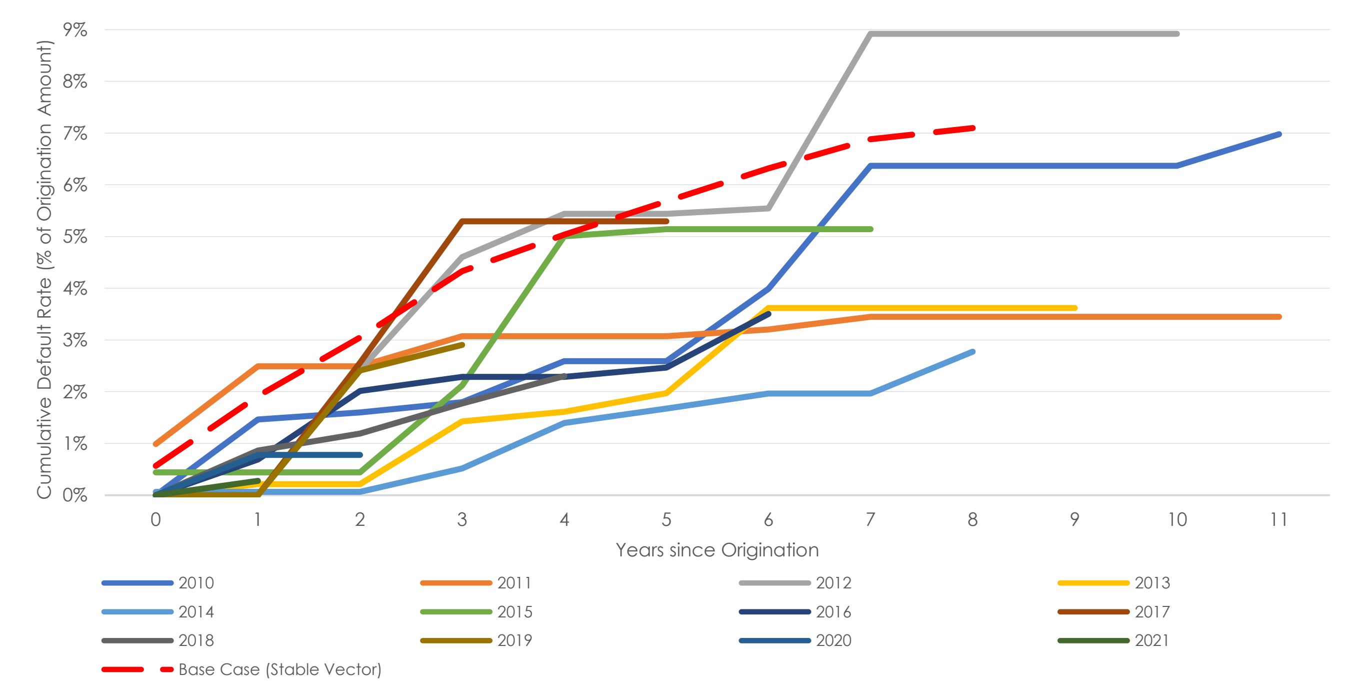
GCR excluded any loans not eligible for the Transaction from its default analysis.

GCR notes that the five-year extrapolated cumulative default rate is 3.06% with a standard deviation of 1.39%, which would result in a base case five-year cumulative default rate of 3.75%. Five years is the maximum term of a loan as per the transaction's Eligibility Criteria. Even though no loans can have terms greater than five years, which terms cannot be extended post the Revolving Period, GCR elected to take the eleven-year cumulative default rate into consideration in view of the refinancing risk at loan maturity characteristic of the assets of the transaction, discussed further below.

Table 3: Default Base Case: (1) Extrapolated Historical 11-year Cumulative PD	Current (data to end FY2022)	*Previous (data to end FY2021)*
Extrapolated 11-year cumulative default rate (% of origination amount) [A]	5.85%	*3.78%*
Std deviation of yearly extrapolated cumulative default end points [B]	2.50%	*2.62%*
Base Case cumulative default rate based on (1) extrapolated historical data [A + 0.5xB]	7.10%	*5.09%*

Source: Investec data, GCR calculations

Graph 1: Investec IPRE Cumulative Default Vintages



Source: Investec data, GCR calculations

(2) Defaults Based on Borrower Concentration ("Borrower Concentration Approach")

To address portfolio concentration, GCR simulates a higher number of largest Borrowers defaulting at each successively higher rating level. GCR used the Borrower Group Concentration Covenant levels to represent concentrations at their highest possible level. Borrower concentration covenant limits lead to higher modelled defaults at every rating level than the result of the base case-times-multiple approach described above. The Borrower concentration covenants are therefore the ultimate basis of modelled default rates (with the adjustment for refinancing risk as described below).

(3) Adjustment for Refinancing Risk

The assets are of high credit quality and are not expected to experience difficulty refinancing at maturity, when substantial residual payments are due, even in scenarios where market liquidity is somewhat strained. Nevertheless, some differentiation between this Transaction, which depends on refinancing of the assets at their maturities, and others which do not have this reliance, is in order. GCR added a stress to modelled default levels to account for this refinancing risk. This stress implies an additional quantum of default that is deemed equivalent to a single extra Borrower defaulting, as a differentiating factor. In $AAA_{(ZA)(sf)}$ scenarios, an additional 4.64% of the portfolio (the eighth-largest Borrower's maximum possible portion, calculated as 32.5% divided by 7) is modelled as defaulting, leading to a final $AAA_{(ZA)(sf)}$ default rate of 37.14% (32.5% + 4.64%). The same concept is applied at all rating levels.

Table 4: Modelled Cumulative Default Rates

Rating Level	(1) Base Case x Multiple Approach		(2) Borrower Concentration Approach		(3) Post Adjustment for Refinancing Risk (Final Modelled Default Rates)	
	Multiple	Base Case x Multiple (implied default rates)	No. of largest Borrowers to default	Borrower Concentration Covenant (implied default rates)	No. of largest Borrowers to default	Post adj. for refinancing risk (final modelled default rates)
AAA(ZA)(sf)	3.40x	24.13%	7	32.5%	8	37.1%
AA+(ZA)(sf)	3.00x	21.29%	6.5*	30.5%*	7.5*	34.8%*
AA(ZA)(sf)	2.85x	20.23%	6	28.5%	7	32.5%
AA-(ZA)(sf)	2.70x	19.16%	5.67*	27.2%*	6.67*	31.2%*
A+(ZA)(sf)	2.40x	17.03%	5.33*	25.8%*	6.33*	29.8%*
A(ZA)(sf)	2.30x	16.32%	5	24.5%	6	28.5%
A-(ZA)(sf)	2.15x	15.26%	4.67*	23.2%*	5.67*	27.2%*
BBB+(ZA)(sf)	2.00x	14.19%	4.33*	21.8%*	5.33*	25.8%*
BBB(ZA)(sf)	1.85x	13.13%	4	20.5%	5	24.5%
BBB-(ZA)(sf)	1.70x	12.06%	3.67*	19.2%*	4.67*	23.2%*
BB+(ZA)(sf)	1.40x	9.94%	3.33*	17.8%*	4.33*	21.8%*
BB(ZA)(sf)	1.30x	9.23%	3	16.5%	4	20.5%
BB-(ZA)(sf)	1.20x	8.52%	2.67*	15.0%*	3.67*	19.2%*
B+(ZA)(sf)	1.10x	7.81%	2.33*	13.5%*	3.33*	17.8%*
B(ZA)(sf)	1.00x	7.10%	2	12.0%	3	16.5%

*Interpolated

Source: GCR model

Defaults were distributed over time in the Cash Flow Model according to a semi-annual distribution vector that is based on the extrapolated historically observed vector but compressed heavily to allow for allocation of defaults while assets are still extant. Front-loaded and back-loaded distributions were also modelled.

Table 5: Default Distribution Vectors

Half-year	Extrapolated historically observed distribution vector*	Modelled stable vector	Modelled front-loaded vector	Modelled back-loaded vector
1	**3.6%**	**8.0%**	**8.4%**	**7.6%**
2	**3.6%**	**19.0%**	**20.0%**	**19.0%**
3	**8.6%**	**16.0%**	**16.8%**	**16.0%**
4	**8.6%**	**18.0%**	**18.0%**	**18.0%**
5	**7.9%**	**10.0%**	**10.0%**	**10.0%**
6	**7.9%**	**9.0%**	**9.0%**	**9.0%**
7	**5.2%**	**9.0%**	**8.0%**	**9.2%**
8	**5.2%**	**8.0%**	**7.1%**	**8.2%**
9	**1.0%**	**3.0%**	**2.7%**	**3.1%**
10	**1.0%**	0.0%	0.0%	0.0%
11	**6.1%**	0.0%	0.0%	0.0%
12	**6.1%**	0.0%	0.0%	0.0%
13	**10.3%**	0.0%	0.0%	0.0%
14	**10.3%**	0.0%	0.0%	0.0%
15	**1.9%**	0.0%	0.0%	0.0%
16	**1.9 %**	0.0%	0.0%	0.0%
17	0.0%	0.0%	0.0%	0.0%
18	0.0%	0.0%	0.0%	0.0%
19	0.0%	0.0%	0.0%	0.0%
20	0.0%	0.0%	0.0%	0.0%
21	**5.3%**	0.0%	0.0%	0.0%
22	**5.3%**	0.0%	0.0%	0.0%

*Yearly default information was provided and is shown here as split equally between each year's two halves.

Source: Investec, GCR model

Recoveries

Recoveries were modelled based on GCR's approach towards modelling recoveries for Residential Mortgage-Backed transactions, whereby indexed latest property values are "haircut" according to stresses that differ by rating level.

Table 6: Recovery Haircuts

Applied Indexation:	100% of decrease from Latest Property Value; 75% of increase			
Stress 1: Market Value Decline ("MVD") by rating level, adjusted for portfolio provincial concentration* (% of GCR-adjusted indexed Latest Property Value)	**MVD Gauteng**	**MVD Western Cape**	**MVD Kwazulu-Natal**	**MVD Other Provinces**
AAA$_{(ZA)(sf)}$	35.8%	37.3%	37.0%	35.1%
AA+$_{(ZA)(sf)}$	33.1%	34.5%	34.3%	32.5%
AA$_{(ZA)(sf)}$	30.5%	31.7%	31.5%	29.9%
AA-$_{(ZA)(sf)}$	28.7%	29.9%	29.7%	28.2%
A+$_{(ZA)(sf)}$	27.0%	28.1%	27.9%	26.4%
A$_{(ZA)(sf)}$	25.2%	26.2%	26.1%	24.7%
A-$_{(ZA)(sf)}$	24.3%	25.3%	25.1%	23.8%
BBB+$_{(ZA)(sf)}$	23.4%	24.4%	24.2%	23.0%
BBB$_{(ZA)(sf)}$	22.5%	23.5%	23.3%	22.1%
BBB-$_{(ZA)(sf)}$	21.7%	22.5%	22.4%	21.2%
BB+$_{(ZA)(sf)}$	20.8%	21.6%	21.5%	20.4%
BB$_{(ZA)(sf)}$	19.9%	20.7%	20.6%	19.5%
BB-$_{(ZA)(sf)}$	18.6%	19.3%	19.2%	18.2%
B+$_{(ZA)(sf)}$	17.2%	17.9%	17.8%	16.9%
B$_{(ZA)(sf)}$	15.9%	16.6%	16.5%	15.6%
Stress 2: Illiquidity Stress, varying by GCR-adj. indexed Latest Property Value				
< R25,000,000	25.0%			
≥ R25,000,000; < R50,000,000	27.5%			
≥ R50,000,000; < R75,000,000	30.0%			
≥ R75,000,000; < R100,000,000	32.5%			
≥ R100,000,000; < R125,000,000	35.0%			
≥ R125,000,000; < R150,000,000	37.5%			
≥ 150,000,000	40.0%			
Stress 3: Foreclosure Cost	5.5%			

*The MVD provincial concentration adjustment is based on percentage of outstanding loan balance in province that exceeds provincial share of GDP times a stress multiple of 15%.
Source: GCR model

The value remaining after the application of all the above property value haircut stresses for a given loan as a percentage of the outstanding loan balance post an adjustment for the Portfolio Covenant Weighted Average Current Loan to Value Ratio (as a proxy for loan balance at default) is the modelled recovery rate of that loan. Recoveries were capped at 120% of loan balance in modelled stable and decreasing interest rate scenarios as 20% of loan balance at default is the accrued interest possible in the time between default and recovery at GCR's lowest modelled 3-month JIBAR rate overall (2.5%).

However, for rising interest rate scenarios, GCR allowed for recoveries of the interest that would accrue at the lowest possible average interest rate over the recovery horizon (11.7%) in such (rising interest rate) scenarios. Therefore, in these scenarios the resulting higher cap of 143% was applied.

Loan-by-loan recovery rates were then aggregated to a portfolio recovery rate.

Table 7: Modelled Portfolio Recovery Rates, by Rating Level

	Stable and Decreasing Interest Rates	Rising Interest Rates
AAA$_{(ZA)(sf)}$	78.70%	81.86%
AA+$_{(ZA)(sf)}$	81.18%	84.75%
AA$_{(ZA)(sf)}$	83.57%	87.64%
AA-$_{(ZA)(sf)}$	85.15%	89.54%
A+$_{(ZA)(sf)}$	86.74%	91.32%
A$_{(ZA)(sf)}$	88.33%	93.06%
A-$_{(ZA)(sf)}$	89.12%	93.91%
BBB+$_{(ZA)(sf)}$	89.87%	94.75%
BBB$_{(ZA)(sf)}$	90.55%	95.58%
BBB-$_{(ZA)(sf)}$	91.22%	96.42%
BB+$_{(ZA)(sf)}$	91.90%	97.26%
BB$_{(ZA)(sf)}$	92.57%	98.09%
BB-$_{(ZA)(sf)}$	93.55%	99.30%
B+$_{(ZA)(sf)}$	94.49%	100.47%
B$_{(ZA)(sf)}$	95.43%	101.62%

Source: GCR model

For the Initial Issuance, a uniform 45 months to recovery was assumed in the model. Updated and reviewed Investec data shows that actual time to recovery in the IPRE portfolio is considerably shorter. Therefore, GCR revised its modelled time to recovery downwards to 30 months, which is still longer than the average period to recovery according to updated Investec IPRE data. Recoveries that are realised earlier have a significant positive effect in the model.

Prepayments

GCR received updated prepayments data for Investec's IPRE portfolio over the years 2017 to Q2 2021. Gross prepayments are high but offset by Redraws and Further Advances. GCR elected to allow for much of this offsetting effect in its Cash Flow Model by reducing average gross prepayments by 75% of average Redraws and Further Advances. A volatility factor of 0.25 times standard deviation was then added to obtain a base case prepayment rate.

Table 8: Prepayment Rates, Investec IPRE, 2017 to Q2 2022; GCR Base Case

Average annualised quarterly prepayments (% of opening balance) [A]	24.26%
Average Redraws plus Further Advances (% of opening balance) [B]	15.92%
[C = A – 75%xB]	12.32%
Std deviation of C [D]	6.45%
Base case prepayments [C + 0.25xD]	**13.94%**

Source: Investec, GCR calculations

Base case prepayments are stressed up and down in the Cash Flow Model by a factor that increases by rating level.

Table 9: Modelled Prepayment Rates

Rating Level	Stress (increase or decrease from Base Case)	Modelled High Prepayments	Modelled Low Prepayments
AAA(ZA)(sf)	35%	18.8%	9.1%
AA+(ZA)(sf)	30%	18.1%	9.8%
AA(ZA)(sf)	27%	17.7%	10.2%
AA-(ZA)(sf)	24%	17.3%	10.6%
A+(ZA)(sf)	20%	16.7%	11.1%
A(ZA)(sf)	18%	16.4%	11.4%
A-(ZA)(sf)	16%	16.2%	11.7%
BBB+(ZA)(sf)	14%	15.9%	12.0%
BBB(ZA)(sf)	12%	15.6%	12.3%
BBB-(ZA)(sf)	10%	15.3%	12.5%
BB+(ZA)(sf)	7%	14.9%	13.0%
BB(ZA)(sf)	6%	14.8%	13.1%
BB-(ZA)(sf)	5%	14.6%	13.2%
B+(ZA)(sf)	3%	14.4%	13.5%
B(ZA)(sf)	0%	13.9%	13.9%

Source: GCR model

Arrears

Arrears are modelled as a multiple of modelled defaults and as rehabilitating in full after three months.

Table 10: Arrears Multiple of Defaults

AAA(ZA)(sf)	1.10x
AA+(ZA)(sf)	0.99x
AA(ZA)(sf)	0.89x
AA-(ZA)(sf)	0.80x
A+(ZA)(sf)	0.72x
A(ZA)(sf)	0.65x
A-(ZA)(sf)	0.58x
BBB+(ZA)(sf)	0.53x
BBB(ZA)(sf)	0.47x
BBB-(ZA)(sf)	0.43x
BB+(ZA)(sf)	0.38x
BB(ZA)(sf)	0.35x
BB-(ZA)(sf)	0.31x
B+(ZA)(sf)	0.28x
B(ZA)(sf)	0.25x

Source: GCR model

Modelled Capital Structure

GCR modelled the final capital structure with the Asset Acquisition Pre-Funding Amount as having been utilised in full. GCR also modelled the Redraw Facility as fully drawn to its limit of R205m to account for the fact that the credit enhancement though subordination available to each Class of Notes may be compromised through the seniority of both interest and principal payments on the Redraw Facility. GCR understands that the interest rate on the Redraw Facility is not higher than that on the Class A Notes and thus modelled these to be identical. GCR added a commensurate amount of Participating Assets to represent the Redraws and Further Advances extended using such drawing. See Appendix A: Modelled Capital Structure.

The Reserves were modelled at their Required Amounts.

Table 11: Modelled Assets vs Liabilities

ASSETS			LIABILITIES	
	Amount (ZAR)	**Calculation**		**Amount (ZAR)**
Participating Assets	2,263,000,000	R2,058,000,000 current balance + R205,000,000 Redraws	**Redraw Facility**	205,000,000
			Total Notes	2,058,000,000
Redraw Reserve	24,600,552	1.09% x Participating Assets	**Subordinated Loan**	115,500,000
Mortgage Bonds Registration Costs Reserve	100,000	Fixed		
Liquidity Reserve	90,899,448	Balancing figure, deemed equivalent to Required Amount		
Total	**R2,378,500,000**		**Total**	**R2,378,500,000**

Source: *GCR model*

Asset Margin

As mentioned, the Participating Assets' margin over 3-month JIBAR was adjusted by a constant factor for each loan in the combined pool to reduce aggregate asset margin to covenant level. The resulting adjusted portfolio was then divided into margin buckets to allow for margin compression in the Cash Flow Model. Margin compression simulates the allocation of 100% of defaults and 50% of prepayments to buckets of assets by descending order of margin.

Table 12: Asset Margin Buckets for Margin Compression

Weighted Average Margin to 3-month JIBAR	% of pool balance
-0.3%	32.3%
-0.4%	9.9%
-0.6%	36.0%
-0.7%	3.8%
-0.9%	12.4%
-0.5%	**100.0%**

Source: *GCR model*

Priority of Payments

All the relevant items of the Priority of Payments, including interest deferral as directed by the Principal Deficiency Ledger ("PDL"), were modelled in the sequence provided for in Transaction documentation according to the Pre-Enforcement Priority of Payments applicable post the Revolving Period End Date.

Senior Expenses

Updated senior expenses, which are to be paid prior to Notes interest, were modelled in their fixed and variable components separately. A buffer of 10% for unexpected costs was added to the aggregate amount of expected fixed expenses. Annual inflation of 6% was imposed on both fixed and variable expenses.

Swap

The swap agreement contains minimum required ratings, replacement provisions and/or posting of collateral to satisfy its Criteria. Therefore, GCR incorporated the swap agreement in it model. In its model, GCR accounted for the change in the Notional Amount of the swap which now refers to the Notes balance rather than the Participating Assets balance. The effect of this adjustment in the model is minor (but not negligible).

Return on Cash

A Guaranteed Investment Contract ("GIC") is in place, with Investec, as GIC Provider, agreeing to pay a guaranteed return of Prime less 0.5% on cash in the Transaction Account and the Reserve Account. For rating scenarios that correspond with A+$_{(ZA)}$ and below, GCR modelled the GIC return on cash seeing as documentation ensures that the GIC will be replaced promptly if its Required (short-term issuer) Credit Rating of A1$_{(ZA)}$ is not maintained. In all other rating scenarios, GCR conservatively modelled an overnight rate of 3-month JIBAR less 0.50% as the return on cash. Should Investec's short-term credit rating (currently A1+$_{(ZA)}$) be downgraded below A1$_{(ZA)}$ or the GIC Provider be replaced for any other reason, GCR would revisit the return on cash assumption.

Servicing Interruption

Transaction documentation provides for replacement of the Servicer with a Standby Servicer that has the Required Credit Rating (at least BBB-$_{(ZA)}$) upon the occurrence of a Servicer Event of Default. The search for a Standby Servicer to be in place to take over on a Servicer Event of Default is to begin upon the Servicer ceasing to hold the Standby Servicer Facilitator Rating, also BBB-$_{(ZA)}$. (Investec is currently rated AA$_{(ZA)}$.) According to GCR's Criteria for Rating Structured Finance Transactions, in order to avoid servicing interruption, replacement should take place immediately upon the Servicer's downgrade to a rating below BBB-$_{(ZA)}$, and not only upon an actual Servicer Event of Default. Therefore, GCR modelled a servicing disruption event by removing the first month of cash receipts from its Cash Flow Model. GCR allowed for the recoupment of 90% of this cash six months later. Thus, this stress embodies a delay in collections, with some cash lost.

Cash Flow Model Results

While modelled default rates are relatively high, these are counteracted to some degree by relatively high modelled recoveries and ample time to realise recoveries before Notes reach maturity. Additionally, the injection of available cash into the model through the immediate release of the Reserves that coincides with the end of the Revolving Period is beneficial. Also, the aggressive PDL Percentage provides for interest deferral that ensures that available cash is not expended on junior Notes' interest at the expense of Notes amortisation. Finally, the fact that, after the Revolving Period has ended, all cash - from sources that are both principal and interest in nature - is allocated towards Notes redemption at the relevant point in the Priority of Payments ensures relatively fast redemption of outstanding Notes.

As mentioned, the upgrade of the Class B1 and Class C1 Notes is mainly a result of GCR's amended recovery timing assumption.

The output of the cash flow model leads directly to the ratings assigned to each Class of Notes. The rating of each respective Class of Notes indicates the highest rating level at which the various Classes of Notes' interest and principal is paid in full in all modelled scenarios that relate to such rating.

Surveillance

GCR has reviewed the first quarter of the Transaction's performance (prior to the New Issuance).

As at 31 May 2022, the portfolio had an outstanding balance of c.R870.3m. As at the quarterly Payment Date of 20 June 2022, c.R948.2m of the Pre-Funding Amount of R1,057m had been utilised in acquiring Participating Assets (44 loans) and in Redraws. GCR understands that the remainder of the Pre-Funding Amount was allocated towards the acquisition of more Participating Assets, with the Pre-Funding Period having ended on 9 September 2022.

Zero arrears or defaults had occurred in the portfolio as at the end of the Transaction's first quarter (31 May 2022).

GCR will continue to monitor the Transaction as it develops a meaningful track record of performance over time.

Disclaimer

Note that GCR is not a legal, tax or financial adviser, and only provides a credit opinion of the rated securities. For example, a rating does not cover a potential change in laws nor can it be regarded as an audit. Moreover, GCR is not a party to the transaction documents. Users of GCR's credit ratings should familiarise themselves with all aspects of the transaction (including the legal opinion(s)),and should form their own views in this respect. Users should not rely on GCR for legal, tax or financial advice and are encouraged to contact relevant advisers.

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Related Criteria and Research

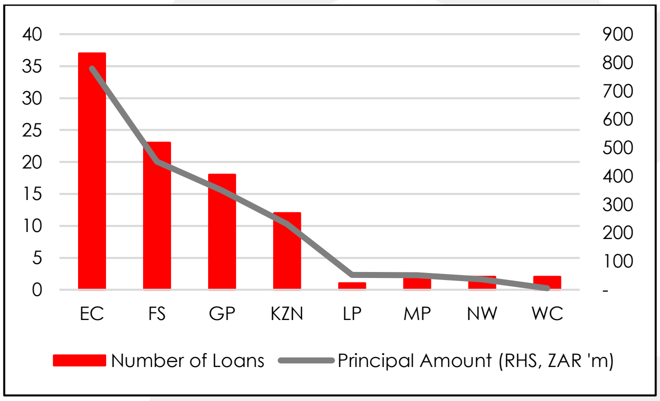
Criteria for the GCR Ratings Framework Rating Scales, Symbols & Definitions, May 2022
Criteria for Rating Structured Finance Transactions, Sep 2018
Criteria for Rating Residential Mortgage-Backed Transactions, Sep 2018
Criteria for Rating Consumer Asset Backed Securities, Sep 2018
Criteria for Rating Financial Institutions, May 2019
Rating Announcement – Investec Bank Limited, July 2021
Asset-Backed Securities Cash Flow Model, Sep 2018

APPENDIX A: Modelled Capital Structure

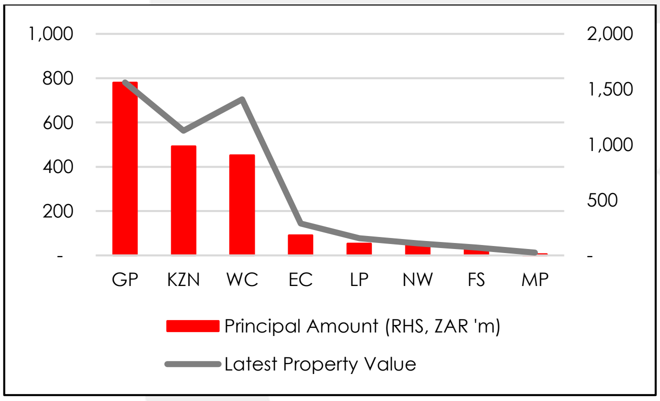
Security Class	ZAR 'm	% of Total	Credit Enhancement*	Rating
Redraw Facility (Credit Limit, Previous)	175			N.A.
Redraw Facility (Credit Limit, Increase)	30			
Redraw Facility (Credit Limit, Combined)	**205**	**8.7%**	**91.3%**	
Class A1 Notes (Previous)	825			AAA(ZA)(sf)
Class A2 Notes (Issuance)	780			AAA(ZA)(sf)
Class A (Combined)	**1,605**	**67.8%**	**23.6%**	
Class B1 Notes (Previous)	125			AA+(ZA)(sf)
Class B2 Notes (Issuance)	118			AA+(ZA)(sf)
Class B (Combined)	**243**	**10.3%**	**13.3%**	
Class C1 Notes (Previous)	57			A+(ZA)(sf)
Class C2 Notes (Issuance)	63			A+(ZA)(sf)
Class C (Combined)	**120**	**5.1%**	**8.2%**	
Class D1 Notes (Previous)	50			Unrated
Class D2 Notes (Issuance)	40			Unrated
Class D (Combined)	**90**	**3.8%**	**4.4%**	
Total Notes (Previous)	1,057	94.9%		
Total Notes (Issuance)	1,001	95.4%		
Total Notes (Combined)	**2,058**	**95.1%**		
Subordinated Loan (Previous)	57			Unrated
Subordinated Loan (Issuance)	58.5			Unrated
Subordinated Loan (Combined)	**115.5**	**4.4%**	**0%**	
Total (Previous)	1,114			
Total (Issuance)	1,059.5			
Total (Combined)	**2,173.5**			

APPENDIX B: Portfolio Stratification*

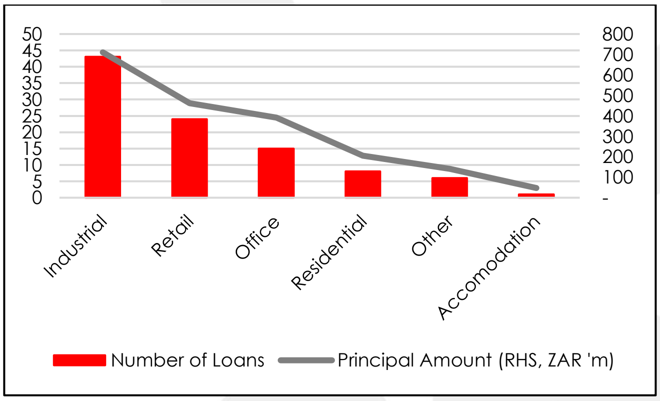
Province	Number	Principal Amount (ZAR) [a]	[a]%
EC	37	778,908,944	39.76%
FS	23	451,779,597	23.06%
GP	18	350,168,775	17.88%
KZN	12	232,031,888	11.85%
LP	1	52,143,016	2.66%
MP	2	51,514,846	2.63%
NW	2	36,997,612	1.89%
WC	2	5,262,526	0.27%
Total	**97**	**1,958,807,204**	**100.00%**



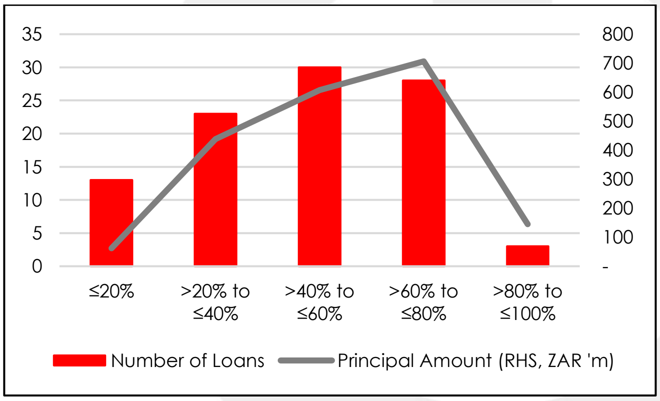
Province	Principal Amount (ZAR) [a]	Latest Property Value (ZAR) [b]	[b]/[a]%
GP	778,908,944	1,561,071,667	200.42%
KZN	491,790,930	1,125,960,973	228.95%
WC	451,779,597	1,408,568,420	311.78%
EC	90,409,734	288,870,000	319.51%
LP	52,143,016	155,600,000	298.41%
NW	51,514,846	108,500,000	210.62%
FS	36,997,612	70,200,000	189.74%
MP	5,262,526	25,300,000	480.76%
Total	**1,958,807,204**	**4,744,071,060**	**280.02%**



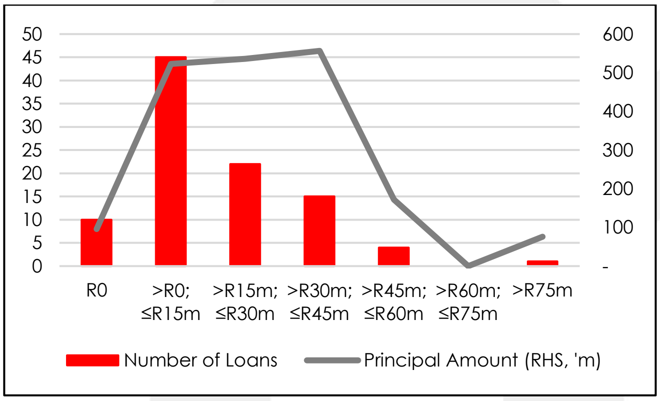
Sector	Number	Principal Amount (ZAR) [a]	[a]%
Industrial	43	710,572,629	36.28%
Retail	24	462,498,600	23.61%
Office	15	391,191,482	19.97%
Residential	8	205,175,548	10.47%
Other	6	141,959,008	7.25%
Accommodation	1	47,409,936	2.42%
Total	**97**	**1,958,807,204**	**100.00%**



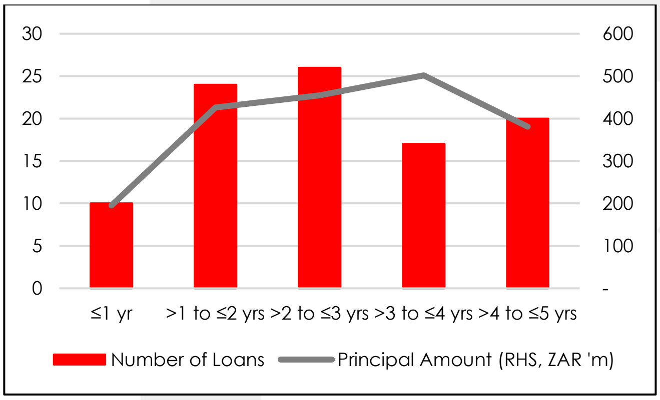
CLTV	Number	Principal Amount (ZAR) [a]	[a]%
≤20%	13	61,890,446	3.16%
>20% to ≤40%	23	437,929,454	22.36%
>40% to ≤60%	30	607,387,113	31.01%
>60% to ≤80%	28	706,463,547	36.07%
>80% to ≤100%	3	145,136,644	7.41%
Total	**97**	**1,958,807,204**	**100.00%**



Residual Amount	Number	Principal Amount (ZAR) [a]	[a]%
R0	10	95,662,894	4.88%
>R0; ≤R15m	45	522,689,334	26.68%
>R15m; ≤R30m	22	535,764,302	27.35%
>R30m; ≤R45m	15	556,659,256	28.42%
>R45m; ≤R60m	4	172,077,621	8.78%
>R60m; ≤R75m	0	-	0.00%
>R75m	1	75,953,796	3.88%
Total	**97**	**1,958,807,204**	**100.00%**



Remaining Term	Number	Principal Amount (ZAR) [a]	[a]%
≤1 yr	10	195,340,598	10%
>1 to ≤2 yrs	24	425,913,702	22%
>2 to ≤3 yrs	26	454,947,274	23%
>3 to ≤4 yrs	17	501,843,355	26%
>4 to ≤5 yrs	20	380,762,275	19%
Total	**97**	**1,958,807,204**	**100%**



*(as at 31 July 2022, existing and earmarked New Issuance pools)

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

Account Bank	A bank where the transaction account is held.
Administrator	A transaction appointed agent responsible for the managing of a Conduit or a Special Purpose Vehicle. The responsibilities may include maintaining the bank accounts, making payments and monitoring the transaction performance.
Advance	A lending term, to transfer funds from the creditor to the debtor.
Agent	An agreement where one party (agent) concludes a juristic act on behalf of the other (principal). The agent undertakes to perform a task or mandate on behalf of the principal.
Agreement	A negotiated and usually legally enforceable understanding between two or more legally competent parties.
Amortisation	From a liability perspective, the paying off of debt in a series of instalments over a period of time. From an asset perspective, the spreading of capital expenses for intangible assets over a specific period of time (usually over the asset's useful life).
Applicable Pricing Supplement	A transaction document that describes the particulars of notes issued.
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.
Asset Backed Securities	Securitisation: debt securities issued that are backed or covered by a pool of assets or receivables (Auto loans and leases, consumer loans, commercial assets, credit cards, mortgage loans).
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Audit Report	A written opinion of an auditor (attesting to the financial statements' fairness and compliance with generally accepted accounting principles).
Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Borrower	The party indebted or the person making repayments for its borrowings.
Calculation Agent	An agent appointed by the Issuer to calculate the: 1.) Coupon in accordance with the Applicable Pricing Supplement; 2.) Other related fees and expenses and Priority of Payments; and 3.) Transaction covenants.
Capital	The sum of money that is invested to generate proceeds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Collateral	Asset provided to a creditor as security for a loan or performance.
Covenant	A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities.
Credit Enhancement	Limited protection to a transaction 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.
Creditor	A credit provider that is owed debt obligations by a debtor.
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 occurs; 3.) The Borrower is past due more than 90 days on any debt obligations as defined in the transaction documents; or 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.
Derivative	A financial instrument that offers a return based on the return of another underlying asset.
Downgrade	The rating has been lowered on its specific scale.
Eligibility Criteria	Limitations imposed on the type and quality of assets that can be sold by the Originator / Servicer into the Securitisation vehicle which ensure the transaction will track the performance of historical data analysed as closely as possible.
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
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.
Facility	The grant of availability of money at some future date in return for a fee.
Foreclosure	Legal proceedings initiated by a creditor to repossess the collateral for obligations that have defaulted.
Guarantee	An undertaking in writing by one person (the guarantor) given to another, usually a bank (the creditor) to be answerable for the debt of a third person (the debtor) to the creditor, upon default of the debtor.
Guaranteed Investment Contract	A contract that guarantees the principal and interest repayment over a period of time. Typically GIC are used in relation to a bank account.
Haircut	The percentage by which the market value of an asset is reduced. The size of the haircut reflects the expected ease of selling the asset and the likely reduction necessary to realised value relative to the fair value.
Hedge	A form of risk management aimed at mitigating financial loss or other adverse circumstances. May include taking an offsetting position in addition to an existing position. The correlation between the existing and offsetting position is negative.
Illiquid	Markets or financial instruments are described as being illiquid if there are few buyers and sellers. Assets may also be considered illiquid. It may be difficult, or even impossible, to find a reliable price for an illiquid security.
Income	Money received, especially on a regular basis, for work or through investments.
Indemnity	A security or protection against a loss or other financial burden.
Index	An assessment of the property value, with the value being compared to similar properties in the area.
Insolvency Remote	A feature, through real security and guarantees that reduces the enforceability of a creditor against a Special Purpose Vehicle. Typically, a Security Special Purpose Vehicle should be bankruptcy remote.
Insolvency	When an entity's liabilities exceed its assets.

Insurance	Provides protection against a possible eventuality.
Interest Rate Risk	The potential for losses or reduced income arising from adverse movements in interest rates.
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.
Issue Date	The date of issue of a new security. Often used as the date from which interest begins to accrue.
Issuer	The party indebted or the person making repayments for its borrowings.
Junior	A security that has a lower repayment priority than senior securities.
Lease	Conveyance of land, buildings, equipment or other assets from one person (lessor) to another (lessee) for a specific period of time for monetary or other consideration, usually in the form of rent.
Legal Opinion	An opinion regarding the validity and enforceable of a transaction's legal documents.
Legal Risk	Legal risk arises from the necessity that the bank or group conducts its activities in conformity with the business and contractual legal principles applicable in each of the jurisdictions where it conducts its business. It is the possibility that a failure to meet these legal requirements may result in unenforceable contracts, litigation, fines, penalties or claims for damages or other adverse consequences.
Liability	All financial claims, debts or potential losses incurred by an individual or an organisation.
Liquidation	Liquidation is the process by which a company is wound up and its assets distributed. It can be either compulsory or voluntary. It can also refer to the selling of securities or the closing out of a long or short market position.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
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.
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Market Value Decline	A decline in the market value of properties.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Noteholder	Investor of capital market securities.
Obligation	The title given to the legal relationship that exists between parties to an agreement when they acquire personal rights against each other for entitlement to perform.
Origination	A process of creating assets.
Originator	An entity that created assets and hold on balance sheet for securitisation purposes.
Overnight Rate	The overnight rate is the interest rate at which money due to be returned the next day is lent by one bank to another.
Owner Trust	Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Payment Date	The date on which the payment of a coupon or dividend is made.
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.
Preference Share	Preference or preferred shares entitle a holder to a first claim on any dividend paid by the company before payment is made on ordinary shares. Such dividends are normally linked to an interest rate and not determined by company profits. Preference shares are normally repayable at par value in the event of liquidation. They do not usually carry voting or pre-emptive rights. Preference shares can be redeemable or perpetual.
Prepayment Rate	The rate of prepayment in relation to the pool of obligations. Also called prepayment speed.
Prepayment	Any unscheduled or early repayment of the principal of a loan.
Pricing	A process of determining the price of a debt security.
Principal	The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.
Proceeds	Funds from issuance of debt securities or sale of assets.
Property	Movable or immovable asset.
Public Ratings	See GCR Rating Scales, Symbols and Definitions.
Ranking	A priority applied to obligations in order of seniority.
Rated Securities	Debt securities that have been accorded a credit rating.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Real Estate	Property that consists of land and / or buildings.
Recovery	The action or process of regaining possession or control of something lost. To recoup losses.
Reference Rate	A rate that is the basis of the calculation such as JIBAR.
Refinancing	The issue of new debt to replace maturing debt. New debt may be provided by existing or new lenders, with a new set of terms in place.
Release	An agreement between the creditor and debtor, in terms of which the creditor release the debtor from its obligations.
Replacement Servicer	A Servicer that would replace the existing Servicer in event of default or non-performance. An entity that is retained to stand ready to assume servicing responsibilities upon the termination of the initial servicer. A backup servicer is generally required to maintain a complete set of servicing records and systems for the related financial assets permitting it to assume servicing within a short period after termination of the servicer.

Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Secured Creditor	A creditor that has specific assets pledged as collateral that will receive the proceeds in the event of default.
Securities	Various instruments used in the capital market to raise funds.
Securitisation	A process of repackaging portfolios of cash-flow producing financial instruments into securities for sale to third parties.
Security Agreement	A negotiated and usually legally enforceable understanding between two or more legally competent parties that specifies the collateral held as security.
Security Special Purpose Vehicle	A Special Purpose Vehicle that has been created to realise and hold the security of the performance of the obligations of the Issuer that sold its assets to the Security SPV.
Security	One of various instruments used in the capital market to raise funds.
Senior	A security that has a higher repayment priority than junior securities.
Servicer	A transaction appointed agent that performs the servicing of mortgage loans, loan or obligations.
Short Term	Current; ordinarily less than one year.
Special Purpose Vehicle	An entity that is created to fulfil specific objectives. An SPV is normally bankruptcy/insolvency remote and created to isolate financial risk.
Spread	The interest rate that is paid in addition to the reference rate for debt securities.
Standard Deviation	An indication of risk amongst the dispersion of values. Higher value indicates greater risk.
Stop Purchase Event	An event caused by deteriorating performance of a transaction or environmental changes that would stop the purchasing of new assets into the transaction.
Structured Finance	A method of raising funds in the capital markets. A Structured Finance transaction is established to accomplish certain funding objectives whist reducing risk.
Subordinated Loan	A loan typically given by the Issuer to the securitisation vehicle that is more junior than a junior tranche.
Subordination	The prioritising of the payment of interest and principal payments to tranches (senior, junior etc. Senior tranches are paid before junior tranches.
Swap	An exchange of payment streams between two parties for their mutual benefit. Swaps can involve an exchange of debt obligations, interest payments or currencies, with a commitment to re-exchange them at a specified time.
Tenor	The time from the value date until the expiry date of an instrument, typically a loan or option.
Timely Payment	The principal debt, interest, fees and expenses being repaid promptly in accordance with the contractual obligation.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.
Trust	A third party that acts in the best interest of another party, according to the trust deed, usually the investors. Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Valuation	An assessment of the property value, with the value being compared to similar properties in the area.
Weighted Average	An average resulting from the multiplication of each component by a factor reflecting its importance or, relative size to a pool of assets or liabilities.
Yield	Percentage return on an investment or security, usually calculated at an annual rate.

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; 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.

Investec participated in the rating process via face-to-face management meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from Investec and other reliable third parties to accord the credit rating included:

- Final (existing and earmarked) pool cut dated 31 July 2022
- Final capital structure
- Historical performance data – Investec IPRE
- Payment data – Investec IPRE
- Final Transaction documentation