Precinct Funding

NEDBANK

# PRECINCT FUNDING 1 (RF) LIMITED

| | | | | | |
|---|---|---|---|---|---|
| **Investor Report Date** | **31-Jan-2017** | **Determination Date:** | **31-Dec-2016** | **Interest Payment Date** | **27-Jan-2017** |

**Asset Class: Commercial Mortgage Backed Securitisation**

## LIABILITIES

| Note Class | Class A1 | Class A2 | Class A3 | Class B | Class C | Class D |
|---|---|---|---|---|---|---|
| ISIN Code | ZAG000104191 | ZAG000104209 | ZAG000104217 | ZAG000104225 | ZAG000104233 | ZAG000104241 |
| Initial Tranching | 24.72% | 24.72% | 26.97% | 13.48% | 4.49% | 5.62% |
| Legal Final Maturity | 2028/01/27 | 2028/01/27 | 2028/01/27 | 2028/01/27 | 2028/01/27 | 2028/01/27 |
| Step Up call Date | 2018/01/27 | 2018/01/27 | 2018/01/27 | 2018/01/27 | 2018/01/27 | 2018/01/27 |
| Rating [Original // Current] | A1/Aaa.za // A1/Aaa.za | A1/Aaa.za // A1/Aaa.za | A1/Aaa.za // A1/Aaa.za | A3/Aa2.za // A3/Aa2.za | Baa3/A2.za // Baa3/A2.za | Ba3/Baa2.za // Ba3/Baa2.za |
| Credit Enhancement % | 32.00% | 32.00% | 32.00% | 20.00% | 16.00% | 11.00% |
| Initial Notes Aggregate Principal Outstanding Balance | 550 000 000 | 550 000 000 | 600 000 000 | 300 000 000 | 100 000 000 | 125 000 000 |
| Redemptions per Note | 550 000 000 | 550 000 000 | 94 381 044 | 30 211 764 | 10 070 588 | 12 588 235 |
| Loss On Tranche | Nil | Nil | Nil | Nil | Nil | Nil |
| Principal Outstanding Balance End of Period | - | - | 505 618 956 | 269 788 236 | 89 929 412 | 112 411 765 |
| Current Tranching | 0.00% | 0.00% | 22.72% | 12.13% | 4.04% | 5.05% |
| Reference Rate | 3m Jibar | 3m Jibar | 3m Jibar | 3m Jibar | 3m Jibar | 3m Jibar |
| Interest Margin (BPS) | 1.05% | 1.25% | 1.34% | 1.54% | 2.40% | 2.60% |
| Current 3m Jibar Rate | 7.36% | 7.36% | 7.36% | 7.36% | 7.36% | 7.36% |
| Total Rate | 8.41% | 8.61% | 8.70% | 8.90% | 9.76% | 9.96% |
| Step up rate (BPS) | 1.420% | 1.690% | 1.810% | 2.080% | 3.240% | 3.510% |
| Interest Days | 92 | 92 | 92 | 92 | 92 | 92 |
| Interest Payment | - | - | 11 085 051 | 6 050 766 | 2 211 859 | 2 821 492 |
| Cumulative Interest Shortfall | Nil | Nil | Nil | Nil | Nil | Nil |
| Unpaid Interest (Accrued in Period) | Nil | Nil | Nil | Nil | Nil | Nil |

| Subordinated loans | Sub loan |
|---|---|
| Initial Notes Aggregate Principal Outstanding Balance | 275 000 000 |
| Redemptions this period | - |
| Loss taken against the Sub Loans | - |
| Principal Outstanding Balance End of Period | 275 000 000 |
| Unpaid Interest | 10 431 120 |

| Liquidity Reserve | Opening Balance | Redemption / Unwind | Closing Balance | Required Level |
|---|---|---|---|---|
| | 76 106 787 | (7 664 401) | 68 442 386 | 68 442 386 |

| Redraw Reserve | Opening Balance | Redemption / Unwind | Closing Balance | Target Level |
|---|---|---|---|---|
| | 141 862 956 | 3 466 689 | 138 396 267 | 625 000 000 |
| | | | - | |
| | | | 138 396 267 | |

| Arrears Reserve | Arrears Reserve Required Amount | Current amount | Unprovided due to Shortage of Funds | Annualised Default Rate | Breach |
|---|---|---|---|---|---|
| | - | - | - | | N |

| Principal Redemption Calculation | |
|---|---|
| Principal Collections | 65 700 728 |
| Written off loans | - |
| Balance on PDL Ledger | - |
| Potential Redemption Amount | 65 700 728 |

| Principal Deficiency | |
|---|---|
| **Total Notes Outstanding** | 1 252 748 369 |
| Class A1 | - |
| Class A2 | - |
| Class A3 | 505 618 956 |
| Class B | 269 788 236 |
| Class C | 89 929 412 |
| Class D | 112 411 765 |
| Subloans | 275 000 000 |
| | |
| **Redemption of Notes** | 73 365 129 |
| | |
| **Performing Loan Agreements** | 981 935 425 |
| All loan Agreements | 981 935 425 |
| Defaulted Loans Agreements | - |
| | |
| **Total Reserves** | 312 777 108 |
| Liquidity Reserve | 68 442 386 |
| Arrears Reserve | - |
| Redraw Reserve | 138 396 267 |
| Permitted Investments | 105 938 456 |
| **Principal Deficiency** | - |

| Principal Deficiency Ledger Reconciliation | |
|---|---|
| Defaulted Loans | - |
| Arrears Reserve Provision | - |
| Revenue Reserves applied in Note Redemption | - |
| | - |

| Source of Funds available for Payments | 316 996 910 |
|---|---|
| **Revenue** | |
| Yield on Commercial Mortgage Assets | 25 433 215 |
| Payments from Interest Rate Hedge Provider | 753 113 |
| Reinvestment Income - From GIC Provider | 7 140 111 |
| | 33 326 439 |
| **Principal** | |
| Scheduled Amortisation | 29 596 730 |
| Unscheduled Prepayments | 36 103 998 |
| Principal Recoveries from Defaulted Assets | - |
| | 65 700 728 |
| **Releases from Reserve Funds** | |
| Drawings on Liquidity Reserve Fund | 76 106 787 |
| Drawings on Arrears Reserve Fund | - |
| Drawings on Redraw Reserve Fund | 141 862 956 |
| Drawings on Warehouse Reserve Fund | - |
| Drawing on Permitted Investments | - |
| | 217 969 743 |

| Combined Revenue & Principle Ledger Application of Funds | (316 996 909) |
|---|---|
| Senior Fees and Expenses | (312 793) |
| Liquidity Facility Interest & Fees | - |
| Swap Payments | - |
| Interest on A Notes | (11 085 051) |
| Interest on B, C and D Notes | (11 084 118) |
| Liquidity Provider / Liquidity Reserve Fund | (68 442 386) |
| Build Up/Replenishment of Arrears Reserve Fund | - |
| Build Up/Replenishment of Redraw Reserve | (138 396 267) |
| Further Advances | (3 466 689) |
| Principal on redeeming notes | (73 365 129) |
| Derivative termination Amounts | - |
| Additional Issuer Expenses | (130 998) |
| Interest and Principal on Sub Loan | (10 713 478) |
| Dividends on Preference shares | - |
| Permitted Investments | - |

| SWAP Information | |
|---|---|
| SWAP Provider | Nedbank |
| Moody's Rating of Provider | A3/P2 |
| Counterparty Rating Trigger | A3/P2 |
| Type of Swap | Basis (Prime for Jibar) |
| Notional Balance | 1 282 357 204 |
| Margin | 3.375% |
| SWAP Calculation: | |
| Interest Paid | -24 554 964 |
| Interest Received | 25 330 384 |
| Rate Paid | 7.13% |
| Rate Received | 7.35% |

| Excess Spread Calculation | Amount | % of Outstanding Notes |
|---|---|---|
| Interest received on Mortgages | 25 433 215 | 2.03% |
| Interest received on Cash Reserves | 7 140 111 | 0.57% |
| Swap | 753 113 | 0.06% |
| Senior Expenses | (312 793) | -0.02% |
| Note Interest | (22 169 169) | -1.77% |
| Net excess spread after Senior Expenses | 10 844 477 | 0.87% |

| Repayment Statistics | |
|---|---|
| Mortgage repayment level for the period | 6.69% |
| Annualised repayment profile | 26.55% |

## ASSETS

### PORTFOLIO INFORMATION

| Balances - At Closing | | Concentration | OLTV | CLTV | DSCR | Margin to Prime | Current Rate |
|---|---|---|---|---|---|---|---|
| Total | **2 503 647 330** | | | | | | |
| Weighted Average | | | 62.3% | 53.1% | 2.0 | -0.65% | 7.85% |
| Average | 14 902 663 | 0.7% | 58.2% | 49.1% | 1.8 | -0.56% | 7.94% |
| Max | 85 093 731 | 3.4% | 103.8% | 83.8% | 7.3 | 0.50% | 9.00% |
| Min | 3 833 890 | 0.2% | 12.2% | 11.3% | 1.0 | -1.85% | 6.65% |
| # loans | 168 | | | | | | |
| # Properties | 218 | | | | | | |
| # Borrowers | 152 | | | | | | |

| Balances - At Reporting Date | | Concentration | OLTV | CLTV | DSCR | Margin to Prime | Current Rate |
|---|---|---|---|---|---|---|---|
| Total | **981 935 425** | | | | | | |
| Weighted Average | | | 53.1% | 39.8% | 1.7 | -0.51% | 9.99% |
| Average | 9 263 543 | 0.9% | 49.1% | 29.0% | 1.8 | -0.55% | 9.95% |
| Max | 37 252 290 | 3.79% | 83.8% | 73.1% | 9.8 | 0.50% | 11.00% |
| Min | - | 0.0% | 11.3% | 0.0% | 0.0 | -1.75% | 8.75% |
| # loans | 129 | | | | | | |
| # Properties | 140 | | | | | | |
| # Borrowers | 106 | | | | | | |

| Reconciliation of the movement during the period | | Current | Amount | Limit | Available |
|---|---|---|---|---|---|
| **Total Pool at Beginning of Period** | Sep 2016 | 1 043 777 535 | | | |
| **Payments** | | | | | |
| Scheduled repayments | | (55 029 945) | | | |
| Unscheduled repayments | | (36 103 998) | | | |
| Settlements | | - | | | |
| Foreclosure Proceeds | | - | | | |
| Total Collections | | (91 133 943) | | | |
| **Disbursements** | | | | | |
| Acquisitions | | - | | | |
| Redraws or Prepayments | | - | | | |
| Re-advances of Repayments | | - | 625 000 000 | 25% | 138 396 267 |
| Further Advances | | 3 466 689 | | | |
| Total Disbursements | | 3 466 689 | | | |
| **Interest and Fees** | | | | | |
| Interest Charged | | 25 433 215 | | | |
| Fees Charged | | 391 929 | | | |
| Insurance Charged | | - | | | |
| Total Charges | | 25 825 144 | | | |
| **Other Non Cash Movements** | | | | | |
| Non eligible loans removed | | - | | | |
| Substitutions: Loans transferred in | | - | 500 000 000 | 20% | 51 349 754 |
| Substitutions: Loans transferred out | | - | | | |
| Repurchased loans/Originator buy backs | | - | 250 000 000 | 10% | 250 000 000 |
| Other movement | | - | | | |
| Total Other Cash Movements | | - | | | |
| **Total Pool at End of Period** | Dec 2016 | 981 935 425 | | | |

**Accounts in Arrears:**

| Arrears Status | Number of Loans | % of Loans | Outstanding Balance | % of Balance |
|---|---|---|---|---|
| Current | - | 100.00% | 981 935 425 | 100.00% |
| 1-30 days delinquent | - | 0.00% | - | 0.00% |
| 31-60 days delinquent | - | 0.00% | - | 0.00% |
| 61-90 days delinquent | - | 0.00% | - | 0.00% |
| 91-120 days delinquent | - | 0.00% | - | 0.00% |
| 121 plus | - | 0.00% | - | 0.00% |
| **Total** | **-** | **100.00%** | **981 935 425** | **100.00%** |

**Analysis of Defaulted Loans**

| Arrears Status | Number of Loans | % of Loans | Outstanding Balance | % of Balance |
|---|---|---|---|---|
| **Opening** | **-** | **0.00%** | **-** | **0.00%** |
| New | - | 0.00% | - | 0.00% |
| Recovered | - | 0.00% | - | 0.00% |
| Moved to Legal | - | 0.00% | - | 0.00% |
| **Closing** | **-** | **0.00%** | **-** | **0.00%** |

**Legal**

| Arrears Status | Number of Loans | % of Loans | Outstanding Balance | % of Balance |
|---|---|---|---|---|
| **Opening** | **-** | **0.00%** | **-** | **0.00%** |
| New entries | - | 0.00% | - | 0.00% |
| Recovered | - | 0.00% | - | 0.00% |
| Foreclosed | - | 0.00% | - | 0.00% |
| **Closing** | **-** | **0.00%** | **-** | **0.00%** |
| **Net Movement** | **-** | **0.00%** | **-** | **0.00%** |
| **Recovered % of legal defaults** | **-** | **0.00%** | **-** | **0.00%** |

| **Defaults / Foreclosures / Losses / Recoveries:** | **Number** | **Rand Value** |
|---|---|---|
| Defaults at the end the period | - | - |
| Cumulative Defaults since closing | - | - |
| Foreclosures at the end of the period | - | - |
| Cumulative foreclosures since closing | - | - |
| Losses at the end of the period | - | - |
| Cumulative Losses since closing | - | - |
| Recoveries at the end of the period | - | - |
| Cumulative Recoveries since closing | - | - |

| Largest Exposures | | Concentration | DSCR | CLTV |
|---|---|---|---|---|
| 1 | 37 252 290 | 3.79% | 1.5 | 52.77% |
| 2 | 34 646 362 | 3.53% | 1.0 | 52.10% |
| 3 | 29 239 399 | 2.98% | 1.6 | 73.10% |
| 4 | 24 274 151 | 2.47% | 1.3 | 40.39% |
| 5 | 23 832 578 | 2.43% | 2.5 | 56.88% |
| 6 | 23 789 550 | 2.42% | 1.5 | 26.29% |
| 7 | 23 778 978 | 2.42% | 0.9 | 67.75% |
| 8 | 23 161 488 | 2.36% | 0.9 | 53.74% |
| 9 | 22 695 736 | 2.31% | 1.6 | 29.06% |
| 10 | 22 018 082 | 2.24% | 1.3 | 61.04% |
| 11 | 21 367 857 | 2.18% | 0.9 | 63.98% |
| 12 | 20 486 813 | 2.09% | 1.2 | 45.53% |
| 13 | 19 478 028 | 1.98% | 7.8 | 21.40% |
| 14 | 18 304 034 | 1.86% | 1.2 | 58.11% |
| 15 | 18 154 669 | 1.85% | 1.2 | 33.85% |
| 16 | 17 758 244 | 1.81% | 1.5 | 44.40% |
| 17 | 17 276 756 | 1.76% | 1.4 | 39.00% |
| 18 | 16 079 145 | 1.64% | 1.2 | 30.45% |
| 19 | 15 095 310 | 1.54% | 5.0 | 21.65% |
| 20 | 14 915 595 | 1.52% | 0.8 | 30.82% |

| Region | OMV | % |
|---|---|---|
| KwaZulu Natal | 512 895 281 | 15% |
| Western Cape | 902 846 000 | 27% |
| Gauteng | 1 681 280 000 | 50% |
| Other | 251 000 000 | 7% |
| | 3 348 021 281 | 100% |

| Property Town | OMV | % |
|---|---|---|
| Durban | 358 688 713 | 10.7% |
| Cape Town | 659 856 000 | 19.7% |
| Johannesburg | 1 478 390 000 | 44.2% |
| Worcester | 48 300 000 | 1.4% |
| Port Elizabeth | 134 400 000 | 4.0% |
| George | 11 350 000 | 0.3% |
| Pretoria | 192 400 000 | 5.7% |
| Dolphin Coast | 42 300 000 | 1.3% |
| Pietermaritzburg | 9 706 568 | 0.3% |
| Richards Bay | 38 200 000 | 1.1% |
| Bloemfontein | 38 500 000 | 1.1% |
| Ethekwini | 64 000 000 | 1.9% |
| Paarl | 45 840 000 | 1.4% |
| Middelburg | 78 100 000 | 2.3% |
| Vredenburg | 52 800 000 | 1.6% |
| Stellenbosch | 84 700 000 | 2.5% |
| Vaal Triangle | 10 490 000 | 0.3% |
| | 3 348 021 281 | 100.0% |

| Property Type | Name | Type | OMV | % |
|---|---|---|---|---|
| 1 | Office | A1 | 1 009 908 713 | 30% |
| 2 | Industrial | I1 | 608 556 568 | 18% |
| 3 | Warehouse | I2 | 662 990 000 | 20% |
| 4 | Retail | M1 | 651 426 000 | 19% |
| 5 | Other | M2 | 415 140 000 | 12% |
| | | | 3 348 021 281 | 100% |

## TRIGGERS AND PORTFOLIO COVENANTS

| Interest Deferral Triggers | Breached |
|---|---|
| Class B Interest Deferral Event | No |
| Class D Interest Deferral Event | No |
| Class C Interest Deferral Event | No |

| Counterparty Required Rating | |
|---|---|
| Swap Provider | No |
| Account Bank | No |
| Servicer | No |
| Liquidity Provider | No |
| Permitted Investments | No |
| GIC Provider | |

| Portfolio Covenants | Required level | Current Level |
|---|---|---|
| WDSCR | 1.50 | 1.69 |
| WACLTV | 55.00% | 39.8% |
| WA Interest Rate | 1.00% | 0.51% |
| Single Loan | 3.75% | 3.79% |
| Principal Balances > 75% | 15.00% | 0.00% |
| Gauteng | 55% | 50% |
| Western Cape | 35% | 27% |
| KZN | 20% | 15% |
| Other Regions | 15% | 7% |
| Office CBD | 35% | 30% |
| Industrial | 20% | 18% |
| Shopping Malls and Retail | 25% | 19% |
| Warehouse | 25% | 20% |
| Other Property | 15% | 12% |

| Portfolio Changes | Utilisation | Limit | Available Amount |
|---|---|---|---|
| Redraws / Re-advances | 486 603 733 | 625 000 000 | 138 396 267 |
| Substitutions | 448 650 246 | 500 000 000 | 51 349 754 |
| Repurchases | 0 | 250 000 000 | 250 000 000 |

## Contact Details:

**Servicer**
Richard Sang
Manager Operations (Finance)
Head: Capital and Liquidity
Tel: (031) 364 2598
E-mail: RichardSa@Nedbank.co.za

**Arranger**
Denzil Bagley
Principal
Nedbank CIB: DCM Origination
Tel: (011) 294 3431
E-mail: DenzilB@Nedbankcapital.co.za

**Rating Agency**
Caroline Pichon
Commercial Mortgage-Backed Securities
Moody's Investors Service
Tel: +44 (0)207 772 5523
E-mail: caroline.pichon@moodys.com

**Administrator**
Lizette van Dyk
Deal Manager
Nedbank CIB: Specialised Funding Support
Tel: (011) 294 6090
E-mail: LizetteVD@nedbank.co.za

**Securitisation Issuer Owner Trust**
John Doidge
Chairman
TMF Corporate Services
Tel: (021) 673 3240
E-mail: John.Doidge@tmf-group.com

**Securitisation Security SPV Owner Trust**
Louis Venter
Director
Maitland Group
Tel: (011) 530 8418
E-mail: louis.venter@maitlandgroup.com