



## PRECINCT FUNDING 2 (RF) LIMITED

Investor Report Date 31-Aug-2018 Determination Date: 31-Jul-2018 Interest Payment Date 20-Aug-2018

**Main objective of the programme:** To source funding in the Debt Capital markets via the issuance of Floating Rate Notes backed by Commercial Assets.

### PROGRAMME INFORMATION

<b>Transaction type:</b>	Commercial Asset Backed Securitisation
<b>Single issue programme:</b>	Yes
<b>Revolving / static securitisation:</b>	Static
<b>Inception date:</b>	2017/03/31
<b>Originator:</b>	Nedbank CIB Property Finance
<b>Service:</b>	Nedbank CIB Property Finance
<b>Administrator:</b>	Nedbank CIB Specialised Funding Support
<b>Maximum programme size:</b>	R 3 000 000 000
<b>Reporting period:</b>	30 April 2018 31 July 2018
<b>Rating agency:</b>	Moody's

### LIABILITIES

Note Class	Class A1	Class A2	Class A3	Class B	Class C	Class D
Bond code	PRE2A1	PRE2A2	PRE2A3	PRE2B1	PRE2C1	PRE2D1
ISIN Code	ZAG000143157	ZAG000143140	ZAG000143165	ZAG000143173	ZAG000143181	ZAG000143199
Currency	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR
Initial Tranching	19.44%	18.06%	48.61%	6.48%	4.63%	2.78%
Legal Final Maturity	1937/01/20	1937/01/20	1937/01/20	1937/01/20	1937/01/20	1937/01/20
Scheduled Maturity / Step Up call Date	2022/02/20	2022/02/20	2022/02/20	2022/02/20	2022/02/20	2022/02/20
Original term	4.90	4.90	4.90	4.90	4.90	4.90
Years to maturity	3.56	3.56	3.56	3.56	3.56	3.56
Step Up call Date	2022/02/20	2022/02/20	2022/02/20	2022/02/20	2022/02/20	2022/02/20
Rating [Original // Current]	A2/Aaa.za // Baa1/Aaa.za	A2/Aaa.za // Baa1/Aaa.za	A2/Aaa.za // Baa1/Aaa.za	Ba1/A1.za // Ba1/Aa2.za	B1/Ba1.za // B1/Baa2.za	B2/Ba3.za // B2/Ba1.za
Credit Enhancement %	20.10%	20.10%	20.10%	14.09%	9.79%	7.22%
Initial Notes Aggregate Principal Outstanding Balance	210 000 000	195 000 000	525 000 000	70 000 000	50 000 000	30 000 000
Redemptions per Note	-	-	-	-	-	-
Loss On Tranche	Nil	Nil	Nil	Nil	Nil	Nil
Principal Outstanding Balance End of Period	210 000 000	195 000 000	525 000 000	70 000 000	50 000 000	30 000 000
Current Tranching	19.44%	18.06%	48.61%	6.48%	4.63%	2.78%
Type of notes	Floating Rate	Floating Rate	Floating Rate	Floating Rate	Floating Rate	Floating Rate
Reference Rate	3m Jibar	3m Jibar	3m Jibar	3m Jibar	3m Jibar	3m Jibar
Interest Margin (BPS)	1.05%	1.45%	1.80%	2.50%	2.60%	2.70%
Current 3m Jibar Rate	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
Total Rate	7.95%	8.35%	8.70%	9.40%	9.50%	9.60%
Step up rate (BPS)	1.420%	1.960%	2.430%	3.380%	3.510%	3.650%
Interest Days	91	91	91	91	91	91
Interest Payment	4 162 315	4 059 473	11 387 466	1 640 493	1 184 247	718 027
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	84 000 000
Redemptions this period	-
Loss taken against the Sub Loans	-
Principal Outstanding Balance End of Period	84 000 000
Unpaid Interest	3 233 875

Liquidity Reserve	Opening Balance	Build-Up	Redemption / Unwind	Closing Balance	Required Level
	75 600 000	-	-	75 600 000	75 600 000

Redraw Reserve	Opening Balance	Further Advances	Deposit	Closing Balance	Target Level
	78 998 063	(20 611 727)	36 070 085	94 456 421	275 000 000

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

Principal Redemption Calculation	
Principal Collections	36 070 085
Written off loans	-
Balance on PDL Ledger	-
Potential Redemption Amount	36 070 085

Principal Deficiency	
Total Notes Outstanding	1 164 000 000
Class A1	210 000 000
Class A2	195 000 000
Class A3	525 000 000
Class B	70 000 000
Class C	50 000 000
Class D	30 000 000
Subloans	84 000 000
Redemption of Notes	-
Performing Loan Agreements	996 419 322
All loan Agreements	996 419 322
Defaulted Loans Agreements	-
Total Reserves	234 526 803
Liquidity Reserve	75 600 000
Arrears Reserve	-
Redraw Reserve	94 456 421
Permitted Investments	64 470 382
Principal Deficiency	-

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

<b>Source of Funds available for Payments</b>	219 161 407
<b>Revenue</b>	
Yield on Commercial Mortgage Assets	24 450 841
Payments from Interest Rate Hedge Provider	92 962
Reinvestment Income - From GIC Provider	3 949 456
	28 493 259
<b>Principal</b>	
Scheduled Amortisation	11 249 312
Unscheduled Prepayments	24 820 773
Principal Recoveries from Defaulted Assets	-
	36 070 085
<b>Releases from Reserve Funds</b>	
Drawings on Liquidity Reserve Fund	75 600 000
Drawings on Arrears Reserve Fund	-
Drawings on Redraw Reserve Fund	78 998 063
Drawings on Warehouse Reserve Fund	-
Drawing on Permitted Investments	-
	154 598 063

<b>Combined Revenue &amp; Principle Ledger Application of Funds</b>	(219 161 407)
Senior Fees and Expenses	(2 958 897)
Liquidity Facility Interest & Fees	-
Swap Payments	(24 174)
Interest on A Notes	(19 609 253)
Interest on B, C and D Notes	(3 542 767)
Liquidity Provider / Liquidity Reserve Fund	(75 600 000)
Build Up/Replenishment of Arrears Reserve Fund	-
Build Up/Replenishment of Redraw Reserve	(94 456 421)
Further Advances	(20 611 727)
Principal on redeeming notes	-
Derivative termination Amounts	-
Additional Issuer Expenses	(79 015)
Interest and Principal on Sub Loan	(2 279 152)
Dividends on Preference shares	-
Permitted Investments	-

<b>Credit Enhancement</b>							
Credit Enhancement available	Yes						
Available to each noteholder	Yes						
Provider	Nedbank Ltd						
Credit rating of provider	Baa3/P3						
Details of credit enhancement	Subordinated notes						
Credit enhancement limit	None						
Current value of credit enhancement		Class A1	Class A2	Class A3	Class B	Class C	Class D
	Value	954 000 000	759 000 000	234 000 000	164 000 000	114 000 000	84 000 000
	% of notes outstanding	20%	17%	15%	49%	70%	100%
Credit enhancement committed and not drawn	None						

<b>SWAP Information</b>	
SWAP Provider	Nedbank
Moody's Rating of Provider	Baa3/P3
Counterparty Rating Trigger	Ba3/P3
Type of Swap	Basis (Prime for Jibar)
Notional Balance	847 374 270
Margin	3.142%
<u>SWAP Calculation:</u>	
Interest Paid	-15 179 335
Interest Received	15 272 297
Rate Paid	-6.86%
Rate Received	6.90%

Excess Spread Calculation	Amount	% of Outstanding Notes
Interest received on Mortgages	24 450 841	2.10%
Interest received on Cash Reserves	3 949 456	0.34%
Swap	92 962	0.01%
Senior Expenses	(2 958 897)	-0.25%
Note Interest	(23 152 021)	-1.99%
Net excess spread after Senior Expenses	2 382 341	0.20%

Repayment Statistics	
Mortgage repayment level for the period	3.62%
Annualised repayment profile	14.36%

## ASSETS

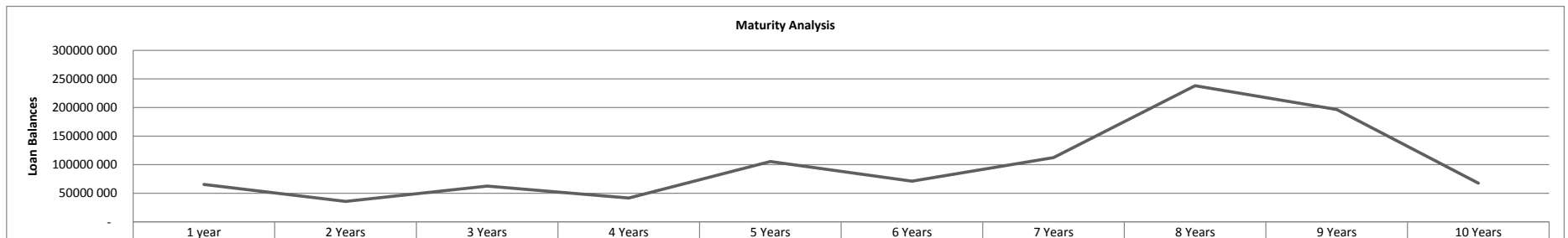
### PORTFOLIO INFORMATION

Type of underlying assets:	Commercial Mortgage Loans
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Balances - At Closing		Concentration	OLTV	CLTV	DSCR	Margin to Prime	Current Rate	Time to maturity
Total	2 547 324 500							
Weighted Average			0%	55%	2.2	-0.34%	10.16%	85
Average	16 982 163	0.7%	0%	49%	2.0	-0.34%	10.16%	83
Max	108 015 445	4.2%	0%	80%	17.6	2.54%	13.04%	130
Min	670 757	0.0%	0%	5%	0.4	-1.75%	8.75%	14
# loans	150							
# Properties	223							
# Borrowers	127							

Balances - At Previous Reporting Date		Concentration	OLTV	CLTV	DSCR	Margin to Prime	Current Rate	Time to maturity
Total	1 029 988 107							
Weighted Average			45%	44%	1.6	-0.40%	9.85%	65
Average	9 809 411	1.0%	43%	42%	1.5	-0.36%	9.89%	69
Max	22 924 036	2.23%	77%	77%	5.3	1.38%	11.63%	114
Min	(66 896)	0.0%	5%	4%	0.7	-1.75%	8.50%	2
# loans	105							
# Properties	153							
# Borrowers	86							

Balances - At Reporting Date		Concentration	OLTV	CLTV	DSCR	Margin to Prime	Current Rate	Time to maturity
Total	996 419 322							
Weighted Average			44%	46%	2.5	-0.34%	9.66%	62
Average	9 865 538	1.0%	42%	42%	1.6	-0.32%	9.68%	68
Max	37 217 438	3.74%	77%	88%	5.7	1.63%	11.63%	115
Min	377 603	0.0%	4%	0%	0.0	-1.65%	8.35%	0
# loans	101							
# Properties	144							
# Borrowers	84							



Loan Values	65391 954	35690 603	62399 971	41560 724	105605 143	71155 728	112227 297	238130 265	196571 390	67686 246
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Reconciliation of the movement during the period		Current	Amount	Limit	Available
<b>Total Pool at Beginning of Period</b>		Apr 2018	1 011 523 019		
<b>Payments</b>					
Scheduled repayments			(35 700 153)		
Unscheduled repayments			(24 820 773)		
Settlements			-		
Foreclosure Proceeds			-		
<b>Total Collections</b>			(60 520 926)		
<b>Disbursements</b>					
Acquisitions			-		
Redraws or Prepayments			-		
Re-advances of Repayments			-		
Further Advances			20 611 727		
<b>Total Disbursements</b>			20 611 727		
<b>Interest and Fees</b>					
Interest Charged			24 450 841		
Fees Charged			354 660		
Insurance Charged			-		
<b>Total Charges</b>			24 805 501		
<b>Other Non Cash Movements</b>					
Non eligible loans removed			-		
Substitutions: Loans transferred in			-		
Substitutions: Loans transferred out			-		
Repurchased loans/Originator buy backs			-		
Other movement			-		
<b>Total Other Cash Movements</b>			-		
<b>Total Pool at End of Period</b>		Jul 2018	996 419 322		

Accounts in Arrears:				
Arrears Status	Number of Loans	% of Loans	Outstanding Balance	% of Balance
Current	-	100.00%	996 419 322	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%
<b>Total</b>	-	<b>100.00%</b>	<b>996 419 322</b>	<b>100.00%</b>

Analysis of Defaulted Loans				
Arrears Status	Number of Loans	% of Loans	Outstanding Balance	% of Balance
<b>Opening</b>	-	<b>0.00%</b>	-	<b>0.00%</b>
New	-	0.00%	-	0.00%
Recovered	-	0.00%	-	0.00%
Moved to Legal	-	0.00%	-	0.00%
<b>Closing</b>	-	<b>0.00%</b>	-	<b>0.00%</b>

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	Loan Amount	Concentration	DSCR	CLTV
1	37 217 438	3.74%	1.2	61%
2	36 382 313	3.65%	1.7	31%
3	33 145 307	3.33%	3.5	28%
4	30 350 937	3.05%	1.2	55%
5	23 336 775	2.34%	1.6	33%
6	22 241 690	2.23%	1.5	66%
7	22 224 768	2.23%	2.1	47%
8	21 457 187	2.15%	1.0	77%
9	20 566 263	2.06%	2.1	43%
10	20 095 079	2.02%	1.0	56%
11	19 817 559	1.99%	2.5	57%
12	19 804 765	1.99%	1.4	46%
13	19 470 565	1.95%	1.4	58%
14	19 338 718	1.94%	1.3	88%
15	19 047 876	1.91%	1.1	54%
16	18 443 904	1.85%	1.1	21%
17	17 658 172	1.77%	1.1	51%
18	16 007 918	1.61%	1.6	60%
19	15 881 981	1.59%	3.0	13%
20	15 878 452	1.59%	1.7	41%

Region	OMV	%
KwaZulu Natal	605 800 000	22%
Western Cape	866 050 000	32%
Gauteng	845 061 265	31%
Other	403 900 000	15%
	2 720 811 265	100%

Property Type	Name	Type	OMV	%
1	Office	A1	603 210 000	22%
2	Industrial	I1	262 956 000	10%
3	Warehouse	I2	532 590 000	20%
4	Retail	M1	772 735 265	28%
5	Other	M2	549 320 000	20%
			2 720 811 265	100%

TRIGGERS AND PORTFOLIO COVENANTS				
<b>Interest Deferral Triggers</b>				<b>Breached</b>
Class B Interest Deferral Event				No
Class D Interest Deferral Event				No
Class C Interest Deferral Event				No
<b>Counterparty Required Rating</b>				
Swap Provider				No
Account Bank				No
Servicer				No
Liquidity Provider				No
Permitted Investments				No
GIC Provider				
<b>Portfolio Covenants</b>	<b>Required level</b>	<b>Current Level</b>		
WDSCR	1.00	2.51		No
WACLTV	60%	46%		No
WA Interest Rate	1.00%	0.34%		No
Single Loan	5.00%	3.74%		No
Bullet Loans > 50%	50%	23%		No
Herfindahl Index	75%	75%		No
Property Regional Covenant				
- Gauteng	60%	31%		No
- Western Cape	40%	32%		No
- KZN	30%	22%		No
- Other Regions	15%	15%		No
Property Usage Covenant				
- Office	40%	22%		No
- Shopping Malls and Retail	40%	28%		No
- Warehouse	30%	10%		No
- Industrial	30%	20%		No
- Other Property	20%	20%		No

Portfolio Changes			
	Utilisation	Limit	Available Amount
Redraws / Re-advances	91 214 152	275 000 000	183 785 848
Repurchases	-	110 000 000	110 000 000

Contact Details:		
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