

MW Asset Rentals (RF) Limited

Security Class	Stock Code	Amount Outstanding	Rating class	Rating scale	Rating	Outlook	Legal Maturity
Class A Notes	MWAR04	R450,000,000	Long-Term Issue	National	AAA _(ZA) (sf)	Stable	Nov. 2029
Class A Notes	MWAR05	R300,000,000	Long-Term Issue	National	AAA _(ZA) (sf)	Stable	Nov. 2030
Class A Notes	MWAR06	R500,000,000	Long-Term Issue	National	AAA _(ZA) (sf)	Stable	Feb. 2031
Class A Notes	MWAR07	R300,000,000	Long-Term Issue	National	AAA _(ZA) (sf)	Stable	Nov. 2031

Summary

MW Asset Rentals (RF) Ltd (the "Issuer") is a R2.5bn Lease Receivables Backed Note Programme (the "Transaction") that has issued R2.5bn of notes with R1.55bn of Class A Notes in issue.

On 22 November 2021, GCR Ratings ("GCR") assigned a long-term national issue credit rating of AAA_(ZA)(sf) with a Stable Outlook to the MWAR07 Notes (the "New Notes") issued by MW Asset Rentals (RF) Ltd. At the same time, GCR affirmed the issue credit ratings and outlooks of the MWAR04, MWAR05 and MWAR06 notes currently in issue.

The Issuer used the proceeds from the New Notes to refinance the R200m MWAR03 Notes that matured on their Scheduled Maturity Date of 22 November 2021 and to purchase additional participating assets. Accordingly, the credit rating assigned to the MWAR03 notes was withdrawn. GCR performed the cash flow modelling of the Transaction using the provided capital structure and additional information provided by the arranger for the purpose of the rating.

The Transaction has four Subordinated Loans outstanding with an aggregate value of R221,399,156. These are unrated and held by Merchant West (Pty) Ltd ("Merchant West") as the Subordinated Loan Provider. Merchant West is also the Originator, Seller and Servicer of the Transaction.

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

Rating Highlights

Strengths

- The performance of the Transaction has remained stable and the Asset Cover Ratio ("ACR") has been maintained above its covenanted level.
- The portfolio as a whole has been declining in concentration, albeit in October 2021 the Single largest lessee increased slightly in concentration.

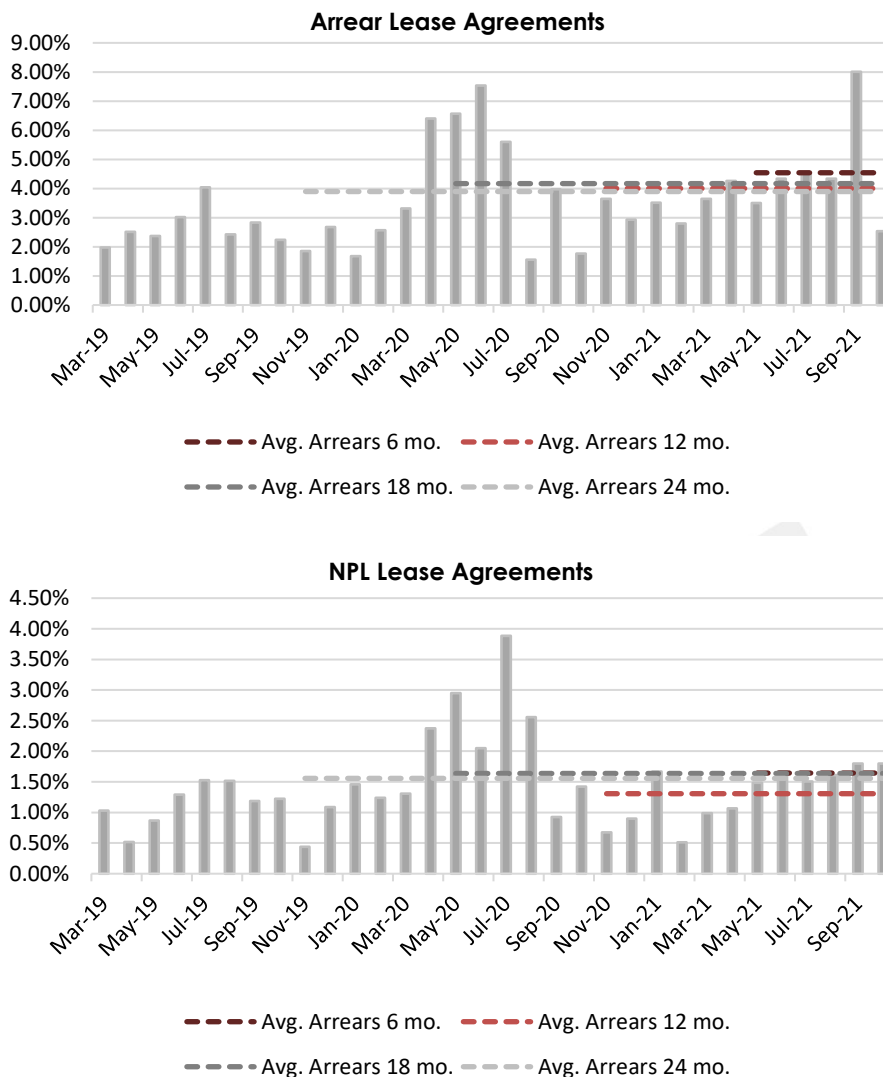
Weakness

- Portfolio arrears (31 to 90 days) increased during 2021 and reached a high of R85.6m in July 2021, up from R58.5m at Jan 2021, although this represents a small increase as a percentage of the portfolio (+1%). There however, was a recent sharp decline in 31 to 90 days arrears as of October 2021.

Rating Rationale

The Transaction is in its revolving phase and continues to acquire assets on a monthly basis. None of the Transaction's Stop Purchase Triggers and Portfolio Covenants were breached from January 2021 up to August 2021. The Transaction's Liquidity Reserve, Capital Reserve and Arrears Reserve were maintained at their required levels over the same period.

As mentioned, portfolio arrears (31 to 90 days) increased during 2021 and reached a high of 4.52% (R85.6m) in July 2021, up from 3.51% (R58.5m) at January 2021. 31 to 90 days arrears then jumped to 8.01% (R153.11m) in September before dropping to 2.54% (R47.95m) in October 2021. Lease agreements in arrears averaged 4.15% of the total portfolio outstanding balance for the ten months from January to October 2021 (3.24% for July to December 2020). Average NPLs (arrears of greater than 90 days) from January to October 2021 were 1.41% (1.73% for July to December 2020). In October 2021 NPLs were 1.77%.



Source: MW Asset Rentals (RF) Limited - Monthly Servicer Reports, GCR calculations.

GCR considered the cumulative default rates, recovery rates and their timing vectors for the Transaction by analysing the historical vintage data. Default and recovery rates were derived by the extrapolation of data from April 2009 to August 2021. It should be noted that GCR has adjusted its method of extrapolation. GCR recalculated and applied the latest base case default rate assumption of 3.59% which was rebased for the aging of the portfolio (6th November 2021 pool cut) that had 2.46% of arrears, resulting in a 3.61% adjusted base case default rate. The 6th November 2021 pool cut had 1.68% of NPL status accounts. This NPL portion (R33.5m) was separately injected into GCR's cash flow model during the first projected month.

The recovery base case assumption was changed to 69.86%. This was adjusted downward for the covenanted 3% of the portfolio that may be held outside of the Common Monetary Area ("CMA"), with zero recoveries assumed on this 3%. The adjusted recovery base case rate modelled by GCR was 67.76%.

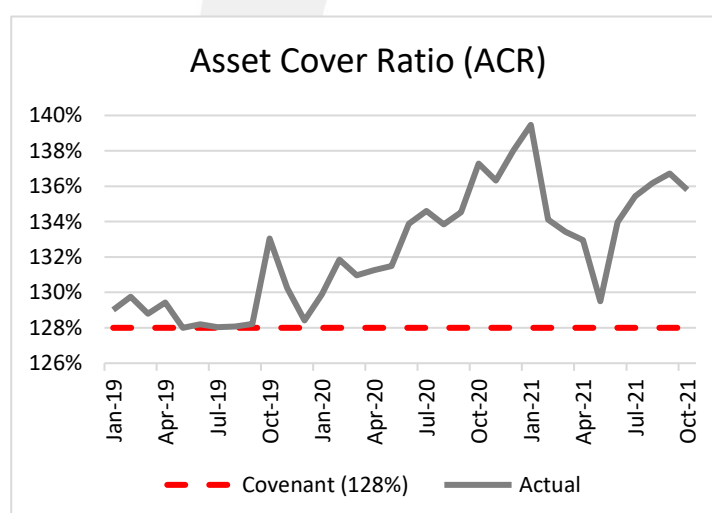
Utilising the prepayment data from April 2015 to August 2021 reported a simple average of 7.40% and a standard deviation of 5.70%. In its cash flow model, GCR changed the prepayment base case to the newly calculated 10.25%.

GCR modelled the asset portfolio at its Stop Purchase Trigger level of a 128% ACR.

The Transaction continues to report a positive and stable excess spread.

Asset Cover Ratio

The ACR was reported above the Stop Purchase trigger of 128% over the review period and measured 135.79% at October 2021. GCR modelled the Transaction's overcollateralisation at 128%, as warranted by the ACR covenant. This overcollateralisation of assets (which are defined as the aggregate of performing leases plus reserves) over Principal Amount Outstanding of the Notes and Deferred Tax Liability is the main source of credit enhancement in the Transaction. Please see Appendix A below.



Source: MW Servicer Reports

Stop Purchase Events, Portfolio Covenants, Reserves

GCR notes that no trigger breach occurred during the review period. The asset portfolio satisfied all Portfolio Covenants, and all reserves were fully funded as at August 2021.

Table 1: Reserves	
Reserves	Amount (Oct. 2021)
Arrears Reserve	R 16,678,224
Liquidity Reserve	R 21,840,990
Capital Reserve	R 96,475,068
Total	R134,994,282

Source: October 2021 Servicer Report.

However, GCR disregarded the outstanding balances of the Arrears and Capital Reserves from a cash flow modelling perspective given that these could be at a levels different to the current ones when the amortisation period starts. Only the Liquidity Reserve was modelled to the Liquidity Reserve Required Amount, (starting from a zero balance).

Default Rates

GCR was provided with Merchant West's latest static default rates from April 2009 to August 2021 which were used to recalculate the modelled default rates which were derived by the extrapolation of this data. As mentioned, GCR employed a new extrapolation method since the last review.

Monthly vintage curves were extrapolated up to 90 months from origination. This resulted in a weighted average cumulative default rate of 1.79% with a weighted standard deviation of 3.26%. GCR applied half of the weighted standard deviation to the weighted average to arrive at a 3.42% default base case which was then adjusted by 5% due to the Servicer hit adjustment, resulting in a recalculated base case of 3.59%.

Extrapolated Defaults	Apr. 2009 to Aug. 2021	
	Calculation	Result
Weighted Average [a]	n.a	1.79%
Weighted Standard Deviation [b]	n.a	3.26%
Base Case = [a] plus [b] x 50%	1.79% + 3.26%	3.42%
Base Case x 1.05 (Servicer hit)	3.42% x 1.05	3.59%

Source: Merchant West, Nedbank & GCR calculations.

The 3.59% was then rebased for the aging of the latest pool cut inclusive of the new assets to be purchased that had 2.46% of arrears assets, resulting in a 3.61% adjusted base case default rate. The latest pool cut inclusive of the new assets to be purchased had 1.77% of NPL status. This NPL portion (R33.4m) was directly injected into the cash flow model.

Portfolio Ageing (30 Sep 2021)	Existing Portfolio	Resized Portfolio	Resized %	Assumed Defaults	Explanation/Notes
Performing	R 1,913,101,143	R 1,913,101,143	97.54%	3.59%	Fully Performing
>30 to 90 days	R 48,181,511	R 48,181,511	2.46%	4.486%	25% increase of defaults
>90 days	R 33,442,027				Injected to cash flow model
	R 1,994,724,681	R 1,961,282,654	100.00%	3.61%	Portfolio Aged Adjusted Base Case

Source: Merchant West, Nedbank & GCR calculations.

GCR stressed the Portfolio Aged Adjusted base case default rate of 3.61% commensurate with the parameters described in the Criteria for Rating Consumer Asset Backed Securities - Sep '18.

Recovery Rates

GCR was provided with Merchant West's latest static recovery rates from April 2009 to August 2021 which were used to update the modelled recovery rates. GCR grouped the recoveries into a bi-annual calculation to arrive at a meaningful conclusion given that certain vintages had not incurred any defaults and, as such, any recoveries. Note that the table below makes use of simple averages and standard deviations until November 2020 and a weighted average and weighted standard deviation for April 2009 to August 2021.

Table 5: Calculated Recovery Rates

Extrapolated Recoveries	Apr. 2009 to Jun. 2019		Apr. 2009 to Dec. 2019		Apr. 2009 to Nov. 2020		Apr. 2009 to Oct. 2021	
	Calculation	Result	Calculation	Result	Calculation	Result	Calculation	Result
Average [a]	n.a	80.26%	n.a	99.46%	n.a	96.46%	n.a	80.10%
Standard Deviation [b]	n.a	23.62%	n.a	20.31%	n.a	9.20%	n.a	20.49%
Base Case = [a] less [b] x 50%	80.26% - 11.81%	68.45%	99.46% - 10.15%	89.31%	96.46% - 4.60%	91.86%	80.10% - 10.25%	69.86%

Source: Merchant West, Nedbank & GCR calculations.

Table 6: Stressed Recovery Rates

Rating Scenario in South Africa	Haircut	Portfolio adjusted base case recovery rate x Stress [a]
AAA(ZA)(sf)	35 %	44.05%
B(ZA)(sf)	0%	67.76%

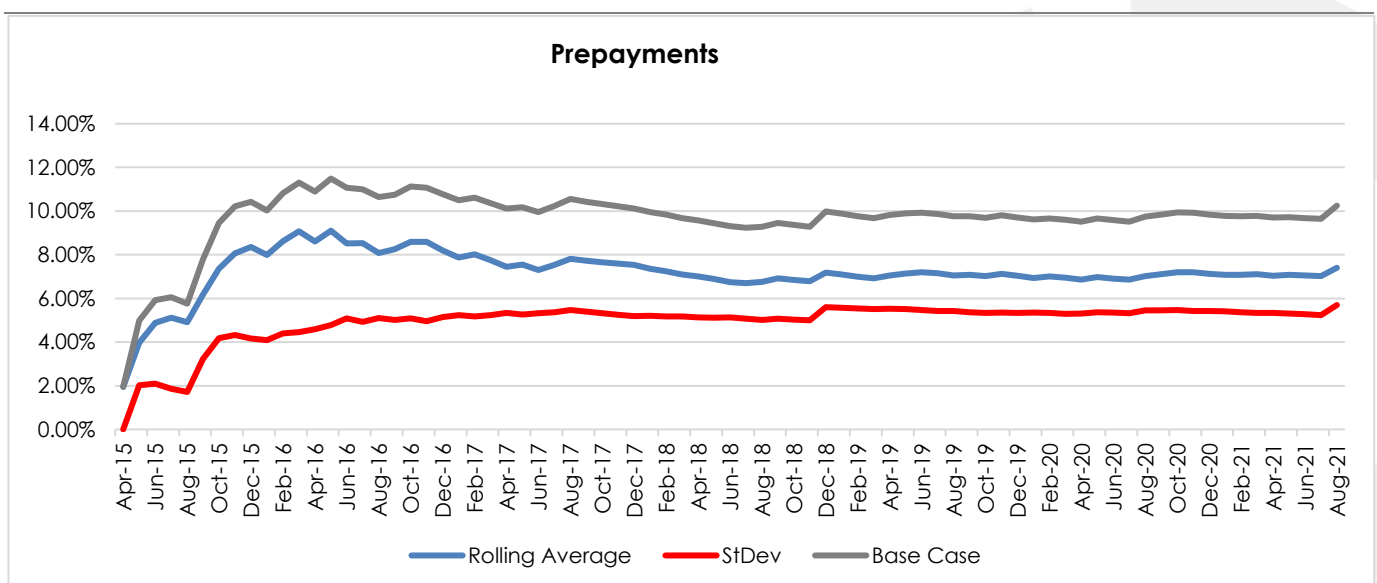
Source: GCR & GCR calculations.

GCR changed the recovery base case assumption to the April 2009 to August 2021 result of 69.86%. GCR then adjusted the recovery rates to the covenanted maximum 3% of the portfolio that may be outside of the Common Monetary Area (assuming zero recoveries thereon). This results in a portfolio-adjusted base case recovery rate of 67.76% which was stressed commensurately with the Criteria for Rating Consumer Asset Backed Securities - Sep '18.

It is important to highlight that the change in the default and recovery base cases compared to the last final review (February 2021) is not due to a significant change in the historical performance of the asset portfolio but rather to a change in GCR's extrapolation method. GCR moved to an incremental extrapolation method as opposed to a growth factor method, leading to moderately lower assumptions for both cumulative default and recovery rates. The incremental extrapolation method is deemed to better deal with large increases that may appear in vintage data.

Prepayment Rates

GCR updated the modelled annualised prepayment rates using the data from April 2015 to August 2021. A stable level of monthly prepayments was observed for 2021 with an uptick in August 2021.



Source: Merchant West, Nedbank & GCR calculations.

Table 7: Prepayment Rates

Prepayments from Apr. 2015 to	Aug. 2019	Jul. 2020	Dec. 2020	Aug. 2021
Rolling Average [a]	7.05%	6.86%	7.13%	7.40%
Standard Deviation [b]	5.42%	5.33%	5.43%	5.70%
Base Case = [a] + [b] x 50%	9.76%	9.52%	9.84%	10.25%

Source: Merchant West, Nedbank & GCR calculations

GCR applied the base rate of 10.25% for prepayments which was stressed commensurately with the Criteria for Rating Consumer Asset Backed Securities - Sep '18.

Table 8: Stressed Prepayment Rates

Rating Scenario in South Africa	Stress	Mid	High	Low
AAA _(sf)	35.00%	10.25%	13.84%	6.66%
B _(sf)	10.25%	10.25%	10.25%	10.25%

Source: GCR

Cash Flow Model

GCR modelled the Transaction according to its Pre-Enforcement Priority of Payments (during an Amortising Period). The Refinance Capital Structures (Appendix B) were modelled to the covenanted 1.28x ACR.

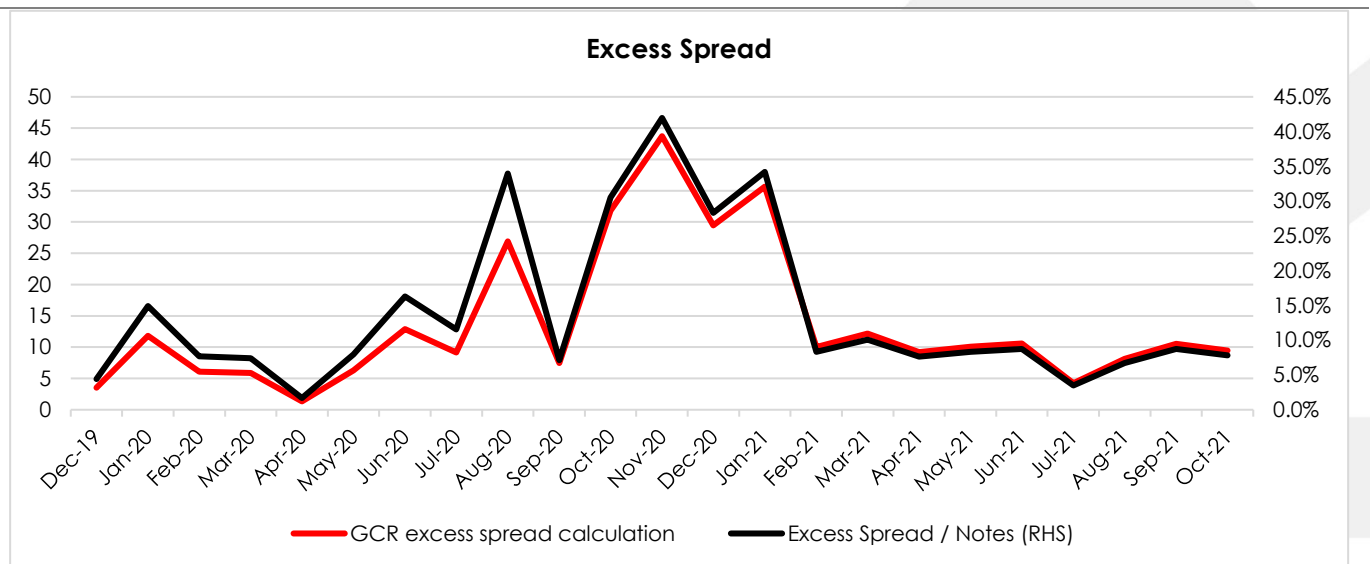
Various combinations of scenarios were modelled, including three different default and recovery distribution vectors (front-loaded, back-loaded and stable distributed), three prepayment scenarios (high, low and mid) and three interest rate scenarios (rising, falling and stable). GCR maintained the previously modelled default distribution vector which accounts for all of the assumed defaults. The recovery distribution vector was also maintained. As mentioned above, GCR did not model the Arrears Reserve as it could be at a level different to the current one when the amortisation period starts. The Liquidity Reserve balance was set at zero and is then accrued to the required amount. The Liquidity Reserve is required to be funded at a point in the Priority of Payments that is between interest and principal payments to be made on the Class A Notes .

Cash Flow Model Results

The assumed stresses and stressed cash flow model output lead directly to the ratings assigned to the Class A Notes. Please refer to Appendix B for the ratings outcome and Ratings Sensitivities.

Excess Spread

The Weighted Average Yield (less prime) was 5.43% as at Jan 2021 and has slowly decreased over the year to reach a low for the year of 3.92% as at October 2021.



Source: Merchant West, GCR calculation.

Table 9: GCR's Excess Spread Calculation

		May. 2021	June. 2021	July. 2021	Aug. 2021	Sep. 2021	Oct. 2021
Income (R 'm)	Instalment Interest	17.06	17.28	11.32	14.89	17.65	16.38
	Permitted Investment Interest	0.42	0.37	0.47	0.41	0.40	0.39
Expenses (R 'm)	Interest Accrued on Notes	(6.68)	(6.91)	(7.37)	(6.91)	(6.91)	(7.12)
	Senior Expenses	(0.72)	(0.16)	(0.18)	(0.28)	(0.60)	(0.17)
Excess Spread (R 'm)		10.08	10.59	4.24	8.11	10.54	9.46
Excess Spread (% of Notes)		8.34%	8.76%	3.51%	6.72%	8.72%	7.83%

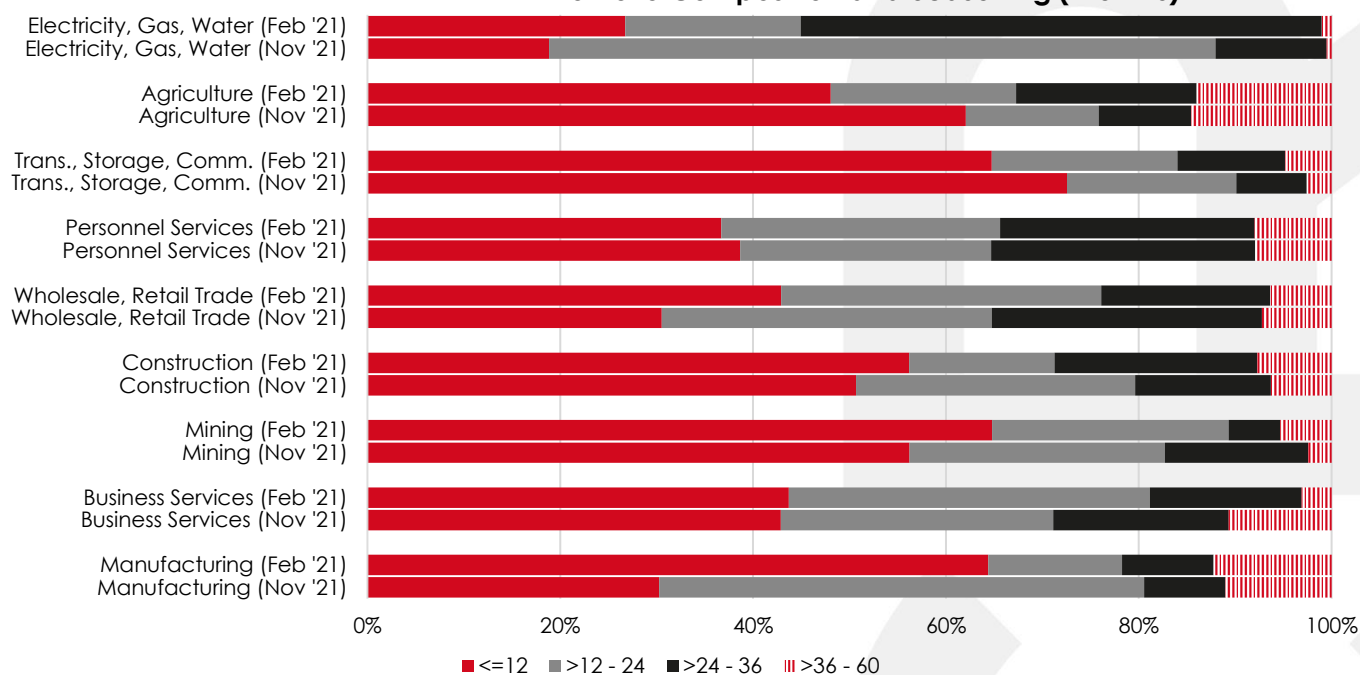
Source: Merchant West, GCR calculation.

The excess spread calculated by GCR was R9.46m for October 2021. GCR noted that instalment interest increased substantially during the months of August, October, November and December 2020. The Servicer advised that there were some misallocation albeit it has no material impact.

Portfolio Composition

Based on the 6th November 2021 portfolio (latest pool cut inclusive of the earmarked assets), the largest industry exposure is still Business Services at 32.2% (R642.96m), followed by Transport, Storage and Communications at 22.6% (R451.3m). Agriculture is now the third largest exposure at 9.79% (R195.3m) instead of Wholesale and Retail Trade 8.99% (R179.3m) which is now fifth largest. Personnel Services is fourth largest comprising 9.75% (R194.6m) of the portfolio.

Portfolio Composition and Seasoning (months)



Regional composition is still predominantly in Gauteng at 51.27% followed by Western Cape at 14.87% and KwaZulu Natal at 8.90%.

Table 10: Lessee Concentration

	22 February 2021 (% of portfolio)	30 September 2021 (% of Portfolio)	6 November 2021 (% of Portfolio)	Covenant Limit (% of portfolio)
Top 1 Lessee	2.17%	1.92%	1.95%	3.00%
Top 5 Lessees	9.72%	8.46%	8.08%	12.50%
Top 10 Lessees	16.12%	14.08%	13.97%	20.00%
Top 30 Lessees	30.29%	28.30%	28.38%	40.00%

Source: Merchant West, GCR calculation.

Operational Review

GCR conducted an operational review of Merchant West on 23 September 2021. In terms of the growth of their asset base it is roughly 8% – 9% Yoy but for the financial year is at 2% - 3%, which is not as aggressive as hoped for as consumers are hesitant to get into the asset purchase cycle and are more efficiently utilizing their assets. Merchant West is planning to increase its asset book from 2.6bn to 5bn within the next four years.

Monthly origination volumes have dropped due to Covid with origination volumes being close to 1000 pre-Covid and 500 to 600 post-Covid. It was noted that while the volumes have decreased, the size of the average origination has increased. The July riots led to a decline in leases originated in Kwa-Zulu Natal but had a negligible effect in Gauteng. Over the three to four weeks leading up to 23 September, an uptick in originations was noticed.

Collections have been steadily improving and Merchant West expects them to continue to grow in the coming months.

Merchant West has moved away from the hospitality and tourism sectors as they are not seeing many applications in these. Aviation seen as a challenging sector. In the mining sector an uptick in applications is apparent, and the transport sector has been robust. Office equipment has seen a large drop-off due to the lockdowns. This diversification away from office equipment towards asset classes with more residual value has been part of a conscious strategy by management.

While the MWAR03 Notes had a single investor, the MWAR07 Notes have several investors none of which holds more than R100m, aligning with Merchant West's aim of funder diversification.

Merchant West is currently upgrading its inhouse SMART rating methodology (that has been developed over the past three years), imbedding the methodology in an automated scorecard. The SMART methodology is specific to finance transactions with a quantum less than R150,000, where an accelerated turnaround time is required (less than four hours). Simultaneously, Merchant West are automating the sales flow and credit preparation processes transactions in excess of R150,000. While these credit decisions required are evaluated by the Merchant West credit committee, the enhancements ensures that data is linked to and incorporated from other Merchant West systems. The automation process in this regard is part of a wider project to re-write the sales flow and credit systems in Merchant West's preferred development framework and to host the systems and databases in its own architecture.

Merchant West currently has a fail over site in Cape Town and a second replication in Johannesburg.

Legal Opinion

GCR previously received an updated legal opinion from Werksmans Inc. Attorneys dated 19 February 2021 confirming that the opinions of 21 November 2019 are still true and accurate. The legal opinion is subject to certain customary assumptions and qualifications.

Subsequently, GCR received a bring down legal opinion dated 18th November 2021 from Werksmans Inc stating that the opinions expressed in the 21 November 2019 opinion are still true and accurate.

Tax Opinion

GCR received a tax opinion dated 19th November 2019 from Werksmans Inc that opines on the tax implications of the Programme pursuant to which tax opinions dated 8 February 2016 and 23 March 2018 were issued. After reviewing the Tax opinion GCR deemed that the opinion was satisfactory.

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 our credit ratings should familiarise themselves with all aspects of the Transaction (including the Programme legal opinion), and should form their own views in this respect. They should not rely on GCR for legal, tax or financial advice, and are encouraged to contact the relevant advisers.

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Related Criteria and Research

Criteria for Rating Structured Finance Transactions – Sep '18
Criteria for Rating Consumer Asset Backed Securities – Sep '18
Criteria for Rating Financial Institutions – May '19
MW Asset Rentals (RF) Ltd New Issuance Report – Mar '21
MW Asset Rentals (RF) Ltd Indicative Ratings Announcement – Nov '21
Criteria for the GCR Ratings Framework – May '19
GCR Rating Scales Symbols and Definitions – May'19

Ratings History

Final Ratings: MW Asset Rentals (RF) Limited						
Security class	Stock code	Review	Rating class	Rating	Outlook	Date
Class A Notes	MWAR03	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	Nov. 2018
		Last	National	AAA _{(ZA)(sf)}	Stable Outlook	Feb. 2021
Class A Notes	MWAR04	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	Nov. 2019
		Last	National	AAA _{(ZA)(sf)}	Stable Outlook	Feb. 2021
Class A Notes	MWAR05	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	Sep. 2020
		Last	National	AAA _{(ZA)(sf)}	Stable Outlook	Feb. 2021
Class A Notes	MWAR06	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	Feb. 2021
		Last	National	AAA _{(ZA)(sf)}	Stable Outlook	Feb. 2021
Class A Notes	MWAR07	Initial & Last	National	AAA _{(ZA)(sf)}	Stable Outlook	Nov. 2021

Source: GCR

Key Counterparties

Counterparty	Role(s)	Rating Class	Rating	Outlook / Watch
Merchant West (Pty) Ltd	Seller/Servicer/Originator/ Subordinated Loan Provider	Unrated	N.A.	N.A.
MW Asset Rentals Owner Trust	Issuer Owner Trust	N.A.	N.A.	N.A.
MW Asset Rentals Security SPV (RF) Ltd	Security SPV	N.A.	N.A.	N.A.
TMF Corporate Services (South Africa) (Pty) Ltd	Security SPV Owner Trust	N.A.	N.A.	N.A.
Merchant West Collections SPV (Pty) Ltd	Collections SPV	N.A.	N.A.	N.A.
Nedbank Ltd	Administrator/Arranger/Account Bank/ Calculation Agent/Debt Sponsor/ Paying Agent/Settlement Agent/Transfer Secretary	Issuer	AA _(ZA)	Negative
FirstRand Bank Ltd	Account Bank	Issuer	AA+ _(ZA)	Stable
Investec CCM Call Money Fund & Investec CCM Call Deposit	Permitted Investments	N.A.	N.A.	N.A.
Maitland Outsourced Securitisation Services (Pty) Ltd	Back-up Servicer	N.A.	N.A.	N.A.

N.A. = not applicable

Asset Cover Ratio							
Aug. 2021			Oct. 2021				
Assets (ZAR)		Liabilities (ZAR)		Assets (ZAR)		Liabilities (ZAR)	
Performing Leases	1,865,111,251	Notes	1,450,000,000	Performing Leases	1,856,117,695	Notes	1,450,000,000
Arrear Reserve	15,245,653	Deferred Tax	16,283,911	Arrear Reserve	16,678,224	Deferred Tax	16,283,911
Liquidity Reserve	21,840,990			Liquidity Reserve	21,840,990		
Capital Reserve	94,537,151			Capital Reserve	96,475,068		
Total	1,996,735,044	Total	1,466,283,911	Total	1,991,111,978	Total	1,466,283,911
Asset Cover Ratio: 136.18%				Asset Cover Ratio: 135.79%			

Asset Portfolio Characteristics			
Stop Purchase Events related to Asset Portfolio			
Stop Purchase Events	Maintenance Limit	Aug. 2021	Oct. 2021
Weighted Average Yield over Prime	≥ 2.00%	4.70%	3.92%
Number of Lease obligors (Two consecutive Determination dates)	≥ 700	2,290	2,536
Avg. prev. 3 months NPL / NPV of Participating Assets	≤ 3.00%	1.57%	1.73%
Asset Cover Ratio	≥ 128.00%	136.18%	135.79%
Portfolio Covenants related to Asset Portfolio			
Covenants	Maintenance Limit	Aug. 2021	Oct. 2021
Common Monetary Area leases	≤ 3.00%	0.00%	0.00%
Fixed interest rate leases	≤ 12.00%	0.46%	1.55%
Original lease terms less than 36 months	≤ 10.00%	0.97%	0.03%
Original lease terms greater than 60 months	≤ 5.00%	4.95%	4.23%
Government Leases	≤ 10.00%	1.06%	0.00%
Repayment frequency greater than 3 months	≤ 5.00%	0.13%	0.13%
Single lessee concentration (Maximum of R40m)	≤ 3.00%	2.01% (R38.2m)	2.06% (R38.9m)
Top five single lessee concentrations	< 12.50%	8.81%	8.30%
Top ten single lessee concentrations	< 20.00%	15.31%	14.23%
Top thirty single lessee concentrations	< 40.00%	30.18%	29.02%
Credit Rating Score - weighted average	≤ 17	14.67	13.93
Credit Rating Score greater than 20	≤ 3.00%	2.67%	2.46%
SMME Rating Model	≤ 7.50%	0.36%	0.71%
Unrated / No Credit Rating Score	≤ 2.50%	1.29%	1.57%
Balloon payment	≤ 2.50%	0.47%	1.93%
Restructured to extend the term	≤ 1.00%	0.33%	0.16%
Structured repayment profile	≤ 2.00%	0.00%	0.00%
Portfolio Statistics			
Key Indicators	Dec. 2020	Aug. 2021	Oct. 2021
Average Original Lease Balance	R 767,141	R 754,943	R 744,268
Aggregate Exposure	R1,650,351,343	R1,895,602,556	R1,889,474,143
Performing	R1,587,234,995 (96.18%)	R1,782,859,355 (94.05%)	R1,808,162,628 (95.70%)
>30 to 90 days	R48,271,850 (2.92%)	R82,251,896 (4.34%)	R47,955,067 (2.54%)
>90 days	R14,844,498 (0.90%)	R30,491,305 (1.61%)	R33,356,447 (1.77%)
Average Lease Exposure	R452,771	R469,441	R395,867
Maximum Single Lease Exposure	R39,355,618	R38,195,972	R38,874,728
Number of Leases	3,645	4,038	4,773
Weighted Average Original Term	51.75 months	52.56 months	49.18 months
Weighted Average Seasoning	16.72 months	16.25 months	15.80 months
Weighted Average Remaining Term	34.80 months	36.31 months	33.37 months
Debit Order Payment (Nominal)	80.00%	79.86%	80.45%
Cash Payment (Nominal)	20.00%	20.14%	19.55%
Monthly Payment Frequency (Nominal)	95.92%	96.20%	95.25%
Quarterly Payment Frequency (Nominal)	3.79%	3.67%	4.62%
Annual Payment Frequency (Nominal)	0.29%	0.13%	0.13%

APPENDIX B – Capital Structure and Rating Sensitivities

Capital Structure (November 2021)

Security Class	Stock Code	Long-Term Issue Rating	Outlook	Issued Amount	Outstanding Amount	Tranche Size	Coupon 3m JIBAR +	Step-Up Coupon 3m JIBAR +	Interest Step-Up Date / Scheduled Maturity Date	Final Redemption Date
Class A Notes	MWAR04	AAA _(ZA) (sf)	Stable	R450.0m	R450.0m	25.40%	1.90%	2.55%	22 Nov. 2022	22 Nov. 2029
Class A Notes	MWAR05	AAA _(ZA) (sf)	Stable	R300.0m	R300.0m	16.94%	2.30%	3.08%	22 Nov. 2023	22 Nov. 2030
Class A Notes	MWAR06	AAA _(ZA) (sf)	Stable	R500.0m	R500.0m	28.23%	2.30%	3.08%	22 Feb. 2024	22 Feb. 2031
Class A Notes	MWAR07	AAA _(ZA) (sf)	Stable	R300.0m	R300.0m	16.94%	2.20%	2.95%	22 Nov. 2024	22 Nov. 2031
<i>Total Issued Notes</i>				R1,550.0m	R1,550.0m					
<i>Subordinated Loans</i>		unrated		R221.4m	R221.4m	12.50%	10.0%			
<i>Total Issued Notes & Subordinated Loans</i>				R1,771.4m	R1,771.4m					

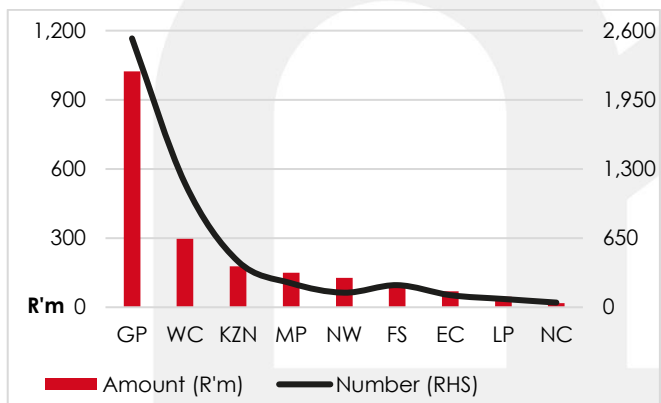
Rating Sensitivities

Security Class	15% Increase of Defaults	15% Decrease of Recoveries	15% Increase of Defaults & 15% Decrease of Recoveries	30% Increase of Defaults	30% Decrease of Recoveries	30% Increase of Defaults & 30% Decrease of Recoveries
Class A Notes	AAA _(ZA) (sf)	AAA _(ZA) (sf)	AAA _(ZA) (sf)	AAA _(ZA) (sf)	AAA _(ZA) (sf)	AAA _(ZA) (sf)

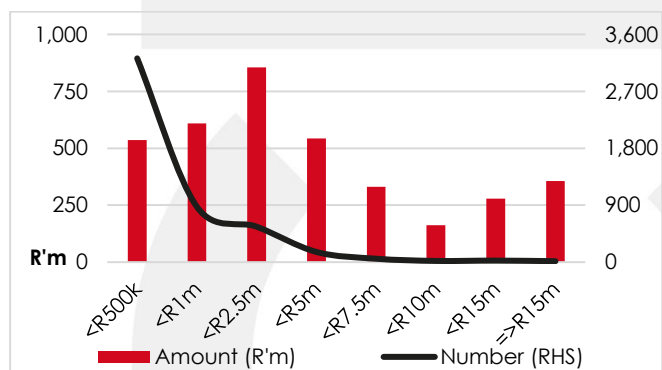
APPENDIX C – Portfolio Stratification (as at 6 November 2021)

Source: Merchant West

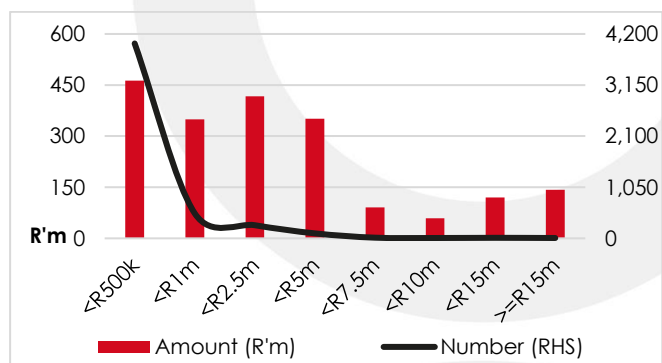
Province	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
GP	2,527	1,022,622,046	51.27%	51.34%
WC	1,163	296,673,854	14.87%	15.02%
KZN	431	177,544,143	8.90%	8.77%
MP	226	149,853,545	7.51%	7.42%
NW	137	128,150,942	6.42%	6.34%
FS	208	87,459,516	4.38%	4.51%
EC	114	68,600,523	3.44%	3.46%
LP	78	45,908,742	2.30%	2.25%
NC	44	17,911,370	0.90%	0.89%
Total	4,928	1,994,724,681	100.00%	100.00%



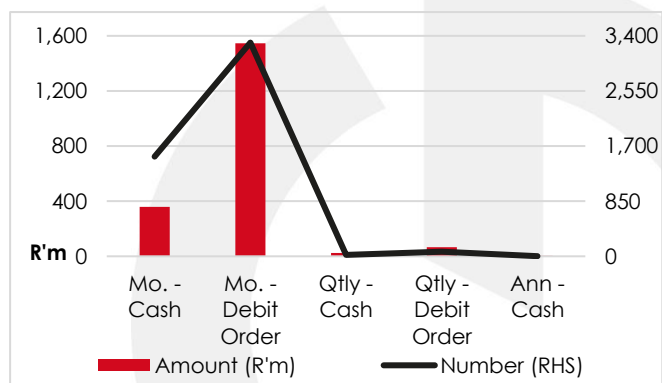
Original Principal Balance Range	Number	Original Principal (ZAR) [a]	[a]%	[a]% Sep '21
<R500k	3,221	536,295,872	14.62%	12.49%
R500k to <R1m	874	608,558,357	16.59%	15.99%
R1.0m to <R2.5m	560	855,225,507	23.31%	21.37%
R2.5m to <R5.0m	161	542,515,140	14.79%	16.67%
R5.0m to <R7.5m	54	330,654,412	9.01%	7.98%
R7.5m to <R10m	19	162,160,078	4.42%	4.03%
R10m to <R15m	24	278,265,378	7.58%	7.59%
≥R15m	15	355,631,992	9.69%	13.87%
Total	4,928	3,669,306,736	100.00%	100.00%



Current Exposure Range	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
<R500k	4,005	463,043,042	23.21%	22.46%
R500k to <R1m	512	349,635,748	17.53%	17.37%
R1.0m to <R2.5m	270	417,386,743	20.92%	21.16%
R2.5m to <R5.0m	102	351,268,026	17.61%	17.59%
R5.0m to <R7.5m	14	91,314,775	4.58%	4.28%
R7.5m to <R10m	7	59,321,703	2.97%	3.33%
R10m to <R15m	11	120,068,760	6.02%	5.39%
≥R15m	7	142,685,883	7.15%	8.42%
Total	4,928	1,994,724,681	100.00%	100.00%



Payment Frequency & Method	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
Mo. - Cash	1,538	357,790,338	17.94%	18.03%
Mo. - Debit Order	3,296	1,545,457,592	77.48%	77.21%
Qtly - Cash	20	23,473,419	1.18%	1.17%
Qtly - Debit Order	72	65,588,922	3.29%	3.48%
Annual - Cash	2	2,414,409	0.12%	0.12%
Total	4,928	1,994,724,681	100.00%	100.00%



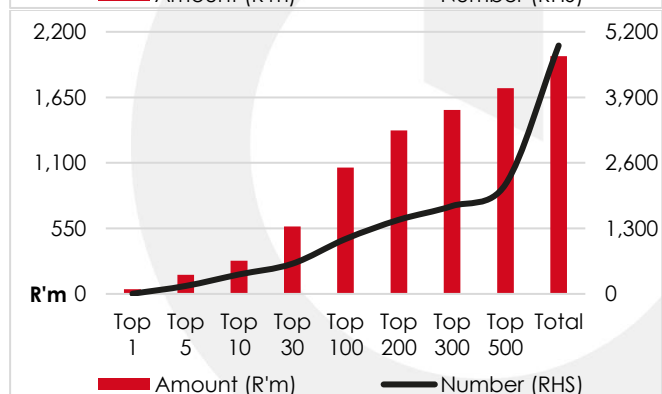
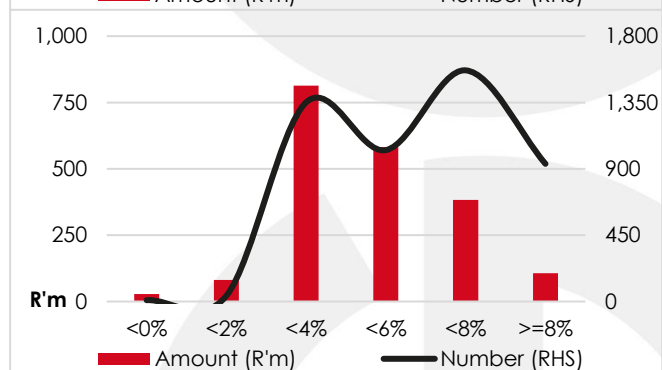
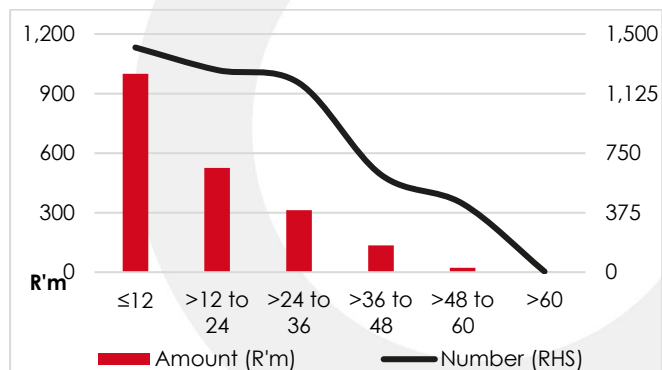
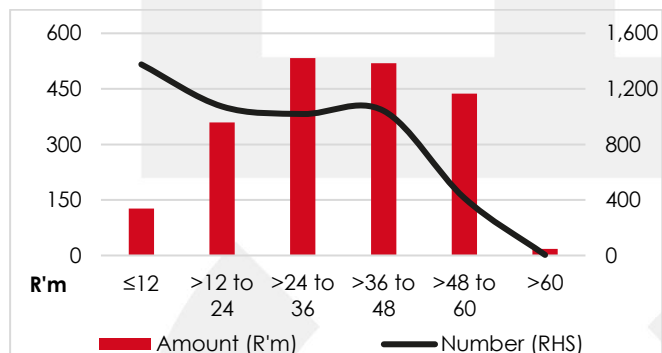
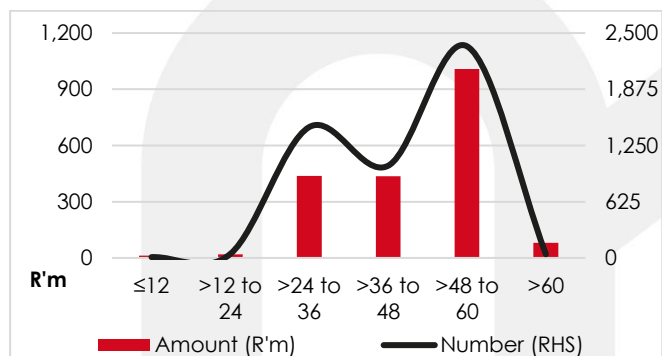
Original Term	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
0 to 12	9	13,031,404	0.65%	0.88%
>12 to 24	45	19,386,492	0.97%	1.00%
>24 to 36	1,455	438,168,081	21.97%	21.81%
>36 to 48	1,025	435,676,127	21.84%	21.29%
>48 to 60	2,353	1,008,460,277	50.56%	50.98%
>60	41	80,002,301	4.01%	4.03%
Total	4,928	1,994,724,681	100.00%	100.00%

Remaining Term	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
0 to 12	1,376	127,019,762	6.37%	6.09%
>12 to 24	1,073	359,288,924	18.01%	18.19%
>24 to 36	1,019	533,487,594	26.74%	26.31%
>36 to 48	1,042	519,639,940	26.05%	24.92%
>48 to 60	414	437,501,363	21.93%	23.61%
>60	4	17,787,097	0.89%	0.89%
Total	4,928	1,994,724,681	100.00%	100.00%

Seasoning	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
0 to 12	1,415	998,667,441	50.07%	51.18%
>12 to 24	1,273	525,903,215	26.36%	25.84%
>24 to 36	1,191	311,902,058	15.64%	15.49%
>36 to 48	614	135,692,268	6.80%	6.37%
>48 to 60	431	22,513,134	1.13%	1.10%
>60	4	46,565	0.00%	0.02%
Total	4,928	1,994,724,681	100.00%	100.00%

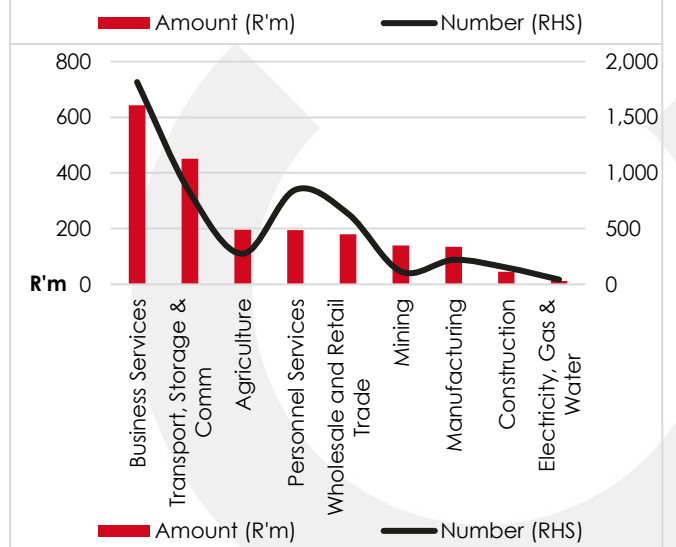
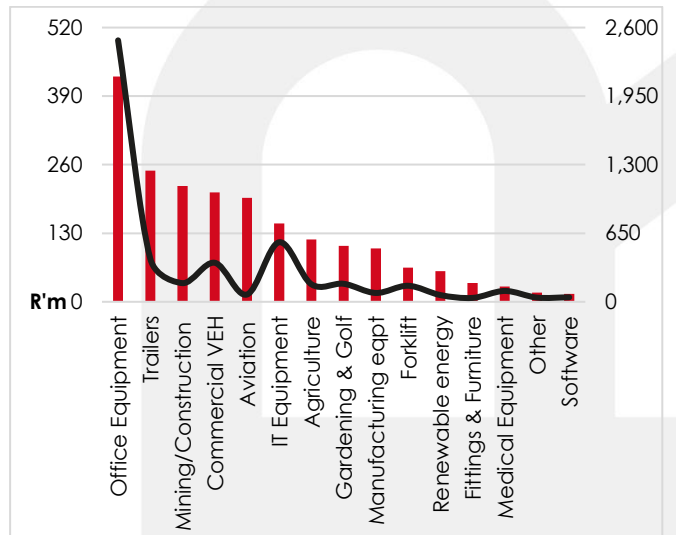
Margin to Prime	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
<0%	9	28,429,624	1.43%	1.51%
0% to <2%	39	81,254,263	4.07%	4.14%
2% to <4%	1,351	813,760,470	40.80%	41.28%
4% to <6%	1,027	581,524,065	29.15%	28.45%
6% to <8%	1,568	382,791,558	19.19%	19.18%
≥8%	934	106,964,701	5.36%	5.44%
Total	4,928	1,994,724,681	100.00%	100.00%

Borrower Concentration	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
Top 1	3	38,874,728	1.95%	1.92%
Top 5	158	161,108,263	8.08%	8.46%
Top 10	386	278,621,884	13.97%	14.08%
Top 30	598	566,100,305	28.38%	28.30%
Top 100	1,090	1,059,779,211	53.13%	53.09%
Top 200	1,471	1,371,068,150	68.73%	68.46%
Top 300	1,744	1,543,578,785	77.38%	77.12%
Top 500	2,172	1,727,724,637	86.61%	86.34%
Total	4,928	1,994,724,681	100.00%	100.00%



Asset Type	Number	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
Office Equipment	2,479	427,365,205	21.42%	22.83%
Trailers	408	248,697,060	12.47%	12.38%
Mining/Construction	177	219,754,102	11.02%	12.36%
Commercial VEH	370	207,590,720	10.41%	9.28%
Aviation	69	196,836,651	9.87%	8.56%
IT Equipment	565	148,510,328	7.45%	6.00%
Agriculture	166	118,389,372	5.94%	5.38%
Gardening & Golf	171	106,149,754	5.32%	5.02%
Manufacturing eqpt	84	101,047,868	5.07%	4.64%
Forklift	152	64,584,098	3.24%	4.38%
Renewable energy	64	58,343,266	2.92%	3.04%
Fittings & Furniture	37	35,603,361	1.78%	2.40%
Medical Equipment	103	29,261,941	1.47%	1.54%
Other	40	17,318,020	0.87%	0.83%
Software	43	15,272,933	0.77%	0.76%
Total	4,928	1,994,724,681	100.00%	100.00%

Industry	No.	Current Exposure (ZAR) [a]	[a]%	[a]% Sep '21
Business Services	1,816	642,960,611	32.23%	31.26%
Transport, Storage & Communications	824	451,320,317	22.63%	20.17%
Agriculture	275	195,339,943	9.79%	13.07%
Personnel Services	849	194,568,097	9.75%	10.31%
Wholesale & Retail Trade	634	179,305,851	8.99%	10.04%
Mining	116	139,034,446	6.97%	6.93%
Manufacturing	220	134,614,239	6.75%	3.96%
Construction	151	45,674,493	2.29%	3.68%
Electricity, Gas & Water Supply	43	11,906,684	0.60%	0.59%
Total	4,928	1,994,724,681	100.00%	100.00%



Glossary of Terms/Acronyms

Advance	A lending term, to transfer funds from the creditor to the debtor.
Ageing	The age of an asset or obligation.
Arrears Reserve	An accounting provision made in a reserve fund for arrears.
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).
Capital	The sum of money that is invested to generate proceeds.
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.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Debtor	The party indebted or the person making repayments for its borrowings.
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.
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.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
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.
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.
Insurance	Provides protection against a possible eventuality.
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.
Issuer	The party indebted or the person making repayments for its borrowings.
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.
Lender	A credit provider that is owed debt obligations by a debtor.
Lessee	The party that enjoys temporary use of a corporeal thing.
Lessor	The owner or agent that acts on behalf of the owner of property that grants the temporary use of a corporeal thing.
Liability	All financial claims, debts or potential losses incurred by an individual or an organisation.
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.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Obligor	The party indebted or the person making repayments for its borrowings.
Origination	A process of creating assets.
Originator	An entity that created assets and hold on balance sheet for securitisation purposes.
Performing	An obligation that performs according to its contractual obligations.
Policy	The legal document issued by the company to the policyholder, which outlines the conditions and terms of the insurance.
Pool	An organisation of insurers or reinsurers through which particular types of risk are underwritten and premiums, losses and expenses are shared in agreed-upon amounts.
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.
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 mortgage/loan.

Principal	The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.
Ranking	A priority applied to obligations in order of seniority.
Receivables	Any outstanding debts, current or not, due to be paid to a company in cash.
Recovery	The action or process of regaining possession or control of something lost. To recoup losses.
Redemption	The repurchase of a bond at maturity by the issuer.
Refinance	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.
Repayment	Payment made to honour obligations in regards to a credit agreement in the following credited order: 3.) Satisfy the due or unpaid interest charges; 4.) Satisfy the due or unpaid fees or charges; and 5.) To reduce the amount of the principal debt.
Reserve	(1) An amount representing actual or potential liabilities kept by an insurer to cover debts to policyholders. (2) An amount allocated for a special purpose. Note that a reserve is usually a liability and not an extra fund. On occasion a reserve may be an asset, such as a reserve for taxes not yet due.
Seasoning	The age of an asset, the time period passed since origination.
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.
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 whilst reducing risk.
Subordinated Loan	A loan typically given by the Issuer to the securitisation vehicle that is more junior than a junior tranche.
Surveillance	Process of monitoring a transaction according to triggers, covenants and key performance indicators.
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.
Ultimate Payment	A measure of the principal debt, interest, fees and expenses being repaid over a period of time determined by recoveries.
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.

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

The credit ratings have been disclosed to Issuer and Arranger. The ratings above were solicited by, or on behalf of, the rated entity, and therefore, GCR has been compensated for the provision of the ratings.

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

- Servicer Reports from January 2021 to October 2021;
- Pool cut as at 6 November 2021
- Static Default and Recovery rates to August 2021;
- Prepayment Rates to August 2021;
- Signed Applicable Pricing Supplement for the MWAR07 Notes; and
- Signed Bring Down Legal Opinion - Nov '2021
- Signed Bring Down Tax Opinion - Nov '2021

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