



MILKWOOD HOME LOANS (RF) LIMITED

(Incorporated in South Africa as a public company with limited liability under registration number 2014/082840/06)

Issue of ZAR1,000,000,000 Class A1 Secured Floating Rate Notes Under its ZAR4,000,000,000 Asset Backed Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described in this Applicable Pricing Supplement.

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum issued by Milkwood Home Loans (RF) Limited dated on or about 15 July 2016. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "Glossary of Defined Terms". References in this Applicable Pricing Supplement to the Conditions are to the section of the Programme Memorandum headed "Terms and Conditions of the Notes". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Conditions.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Applicable Pricing Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Applicable Pricing Supplement contains all information required by Applicable Law and in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement, the Programme Memorandum, the annual financial report and any amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

The Issuer certifies that the Principal Amount of the Notes to be issued and described in this Applicable Pricing Supplement together with the aggregate Principal Amount Outstanding of all other Notes in issue at the Issue Date will not exceed the Programme Limit as specified in item 54 below.

The JSE (to the extent applicable) assumes no liability of whatsoever nature for the information contained in or incorporated by reference into this Applicable Pricing Supplement, the annual financial report and any amendments to the annual financial report. The JSE (to the extent applicable) assumes no responsibility for the contents of this Applicable Pricing Supplement or the annual financial report of the Issuer or the amendments to the annual financial report and the JSE (to the extent applicable) makes

no representation as to the accuracy or completeness of this Applicable Pricing Supplement, the annual financial report of the Issuer or the amendments to the annual financial report. The JSE (to the extent applicable) expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Applicable Pricing Supplement or the annual financial report of the Issuer or the amendments to the annual financial report.

DESCRIPTION OF THE NOTES

1. Issuer	Milkwood Home Loans (RF) Limited
2. Status and Class of the Notes	Secured Class A1 Notes
3. Tranche number	1
4. Series number	1
5. Aggregate Principal Amount of this Tranche	ZAR1,000,000,000
6. Issue Date(s)	18 July 2016
7. Minimum Denomination per Note	ZAR1,000,000
8. Issue Price(s)	100%
9. Applicable Business Day Convention	Following Business Day
10. Interest Commencement Date(s)	18 July 2016
11. Coupon Step-Up Date	18 July 2021
12. Refinancing Period	N/A
13. Scheduled Maturity Date	N/A
14. Final Redemption Date	18 October 2039
15. Use of Proceeds	The net proceeds of the issue of this Tranche will be used to purchase the Home Loan Pool as identified in Schedule 2 of the Home Loan Sale Agreement.
16. Specified Currency	South African Rand
17. Set out the relevant description of any additional Conditions relating to the Notes	N/A

FIXED RATE NOTES

18. Fixed Coupon Rate	N/A
19. Interest Payment Date(s)	N/A
20. Interest Period(s)	N/A
21. Initial Broken Amount	N/A
22. Final Broken Amount	N/A
23. Coupon Step-Up Rate	N/A
24. Any other items relating to the particular method of calculating interest	N/A

FLOATING RATE NOTES

25. Interest Payment Date(s)	The 18 th day of January, April, July and October of each year. The first Interest Payment Date shall be 18 October 2016
26. Interest Period(s)	The periods 18 January to 17 April, 18 April to 17 July, 18 July to 17 October and 18 October to 17 January of each year. The first Interest Period shall be from the Issue Date to 17 October 2016
27. Manner in which the Rate of Interest is to be determined	Screen Rate Determination
28. Margin/Spread for the Coupon Rate	2.15% per annum to be added to the relevant Reference Rate
29. Margin/Spread for the Coupon Step-Up Rate	2.50% per annum to be added to the relevant Reference Rate
30. If ISDA Determination	
(a) Floating Rate Option	N/A
(b) Designated Maturity	N/A
(c) Reset Date(s)	N/A

31. If Screen Determination

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| (a) Reference Rate (including relevant period by reference to which the Coupon Rate is to be calculated) | 3 month ZAR-JIBAR-SAFEX |
| (b) Rate Determination Date(s) | The 18 th day of January, April, July and October of each year. The first Rate Determination Date shall be 18 July 2016 |
| (c) Relevant Screen page and Reference Code | Reuters Screen SFXMM page as at 11h00, South African time on the relevant date or any successor rate |
32. If Coupon Rate to be calculated otherwise than by reference to the previous 2 sub-clauses above, insert basis for determining Coupon Rate/Margin/Fall back provisions N/A
33. If different from the Calculation Agent, agent responsible for calculating amount of principal and interest N/A
34. Any other terms relating to the particular method of calculating interest N/A

OTHER NOTES

35. If the Notes are not Fixed Rate Notes or Floating Rate Notes, or if the Notes are a combination of the above and some other Note, set out the relevant description (including, if applicable, the identity of the reference entity in the case of a credit linked Note) and any additional Conditions relating to such Notes N/A

GENERAL

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|---|--------------|
| 36. Additional selling restrictions | N/A |
| 37. International Securities Numbering (ISIN) | ZAG000138215 |
| 38. Stock Code | MWA1U |
| 39. Financial Exchange | N/A |

40. Dealer(s)	Investec
41. Method of distribution	Private Placement
42. Governing Law	South Africa
43. Last day to register	17:00 the Business Day preceding the Books Closed Period
44. Books closed period	The periods 13 January to 17 January, 13 April to 17 April, 13 July to 17 July, 13 October to 17 October of each calendar year
45. Calculation Agent, if not the Administrator	Administrator, which is currently SA Home Loans (Pty) Ltd
46. Specified Office of the Calculation Agent	Per the Programme Memorandum
47. Transfer Secretary	Administrator, which is currently SA Home Loans (Pty) Ltd
48. Specified Office of the Transfer Secretary	Per the Programme Memorandum
49. Programme Limit	ZAR4,000,000,000
50. Aggregate Principal Amount Outstanding of Notes in issue on the Issue Date of this Tranche	ZAR Nil, excluding this Tranche of Notes
51. Aggregate Principal Amount of any other Class of Notes] to be issued simultaneously with this Tranche (if any)	ZAR Nil
52. Reserve Fund Required Amount	<p>(a) on the Issue Date ZAR25,000,000;</p> <p>(b) on each Interest Payment Date after the Issue Date an amount equal to at least the aggregate of the principal balance outstanding on the Start-Up Loan less the amount allocated for the redemption of the Start-Up Loan on such Interest Payment Date; and</p> <p>(c) the Final Redemption Date, zero;</p>

53. Start-Up Loan ZAR25,000,000

54. Other provisions N/A

REPORT OF THE INDEPENDENT AUDITORS - SEE APPENDIX "A"

POOL DATA - SEE APPENDIX "B"

Application will not be made to list this Tranche of the Notes on the Interest Rate Market of the JSE pursuant to the Milkwood Home Loans (RF) Limited Asset Backed Note Programme.

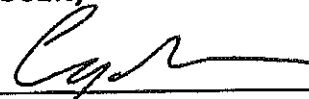
SIGNED at SANDTON this 15TH day of July 2016.

For and on behalf of
MILKWOOD HOME LOANS (RF) LIMITED (ISSUER)



Name : D.P. TOWERS

Capacity : Director
who warrants his/her authority hereto



Name : C. ADEN

Capacity : Director
who warrants his/her authority hereto

APPENDIX "A"

REPORT OF THE INDEPENDENT AUDITOR OF THE ISSUER

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR REGARDING THE CONDUCT OF THE PROPOSED SECURITISATION SCHEME OF MILKWOOD HOME LOANS (RF) LIMITED IN ACCORDANCE WITH THE REQUIREMENTS OF THE SECURITISATION EXEMPTION NOTICE

We have performed our limited assurance engagement in respect of the conduct of the proposed securitisation scheme by Milkwood Home Loans (RF) Limited (the "**Issuer**").

The subject matter comprises the conduct of the proposed securitisation scheme as set out in the Programme Memorandum to be dated on or about [15] July 2016 (the "**Programme Memorandum**").

For purposes of our limited assurance engagement the terms of the relevant provisions of the Securitisation Exemption Notice (Government Notice 2, Government Gazette 30628 of 1 January 2008) issued by the Registrar of Banks (the "**Notice**"), as required by paragraphs 15(1)(a) and 16(2)(a)(vii) of the said Notice comprise the criteria by which the Issuer's compliance is to be evaluated.

This limited assurance report is intended only for the specific purpose of assessing compliance of the proposed securitisation scheme with the Notice as required by Paragraph 15(1)(a) and 16(2)(a)(vii) of the said Notice.

Directors' responsibility

The directors, and where appropriate, those charged with governance are responsible for the conduct of the proposed securitisation scheme as set out in the Programme Memorandum, in accordance with the relevant provisions of the Notice.

Auditor's responsibility

Our responsibility is to express our limited assurance conclusion to the Issuer's directors on the compliance of the conduct of the proposed securitisation scheme, as set out in the Programme Memorandum, with the relevant provisions of the Notice.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*. That standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in relation to the Programme Memorandum beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Summary of work performed

We have performed our procedures on the conduct of the proposed securitisation scheme as documented in the Programme Memorandum prepared by management.

Our procedures were determined having taken into account the specific considerations included in the relevant provisions of the Notice.

Our evaluation included performing such procedures as we considered necessary which included -

- review of the Programme Memorandum; and
- review of other Transaction Documents that we consider necessary in arriving at and expressing our conclusion.

Our limited assurance engagement does not constitute an audit or review of any of the underlying information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the conduct of the proposed securitisation scheme, as set out in the Programme Memorandum, will comply with the relevant provisions of the Notice in all material respects.

Conclusion

Based on our work described in this report, nothing has come to our attention which indicates that there shall not be compliance, in all material respects, with the relevant provisions of the Notice, with regard to the conduct of the proposed securitisation scheme.

Restriction on use and distribution

Our report is presented solely in compliance with the relevant provisions of the Notice for the purpose set out in the first paragraph of the report.

Deloitte & Touche
Registered Auditors
Per [Partner]
Partner
[Date]

APPENDIX "B"

POOL DATA