Final Offering Circular dated 20 March 2013

PRECINCT FUNDING 1 (RF) LIMITED

(Incorporated in South Africa with limited liability under registration number 2012/079215/06)

Commercial Mortgage Backed Securities Issuance
R 2 500 000 000

Arranger, Dealer and Debt Sponsor

MAKE THINGS HAPPEN

NEDBANK CAPITAL

Attorneys to the Arranger and Issuer

WEBBER WENTZEL
in alliance with > Linklaters

PRECINCT FUNDING 1 (RF) LIMITED

((Incorporated in South Africa with limited liability under registration number 2012/079215/06)

Commercial Mortgage Backed Securities Issuance: R 2 500 000 000

R550 000 000 Class A1 Secured Floating Rate Notes due 27 January 2028.
Indicative rating of Aaa.za (A1) by Moody's Investors Service Limited

R550 000 000 Class A2 Secured Floating Rate Notes due 27 January 2028.
Indicative rating of Aaa.za (A1) by Moody's Investors Service Limited

R600 000 000 Class A3 Secured Floating Rate Notes due 27 January 2028.
Indicative rating of Aaa.za (A1) by Moody's Investors Service Limited

R300 000 000 Class B Secured Floating Rate Notes due 27 January 2028.
Indicative rating of Aa2.za (A3) by Moody's Investors Service Limited

R100 000 000 Class C Secured Floating Rate Notes due 27 January 2028.
Indicative rating of A2.za (Baa3) by Moody's Investors Service Limited

R125 000 000 Class D Secured Floating Rate Notes due 27 January 2028.
Indicative rating of Baa2.za (Ba3) by Moody's Investors Service Limited

R275 000 000 Subordinated Loan due 27 January 2028.
Not rated

The Notes listed above will be issued by Precinct Funding 1 (RF) Limited, as Issuer, subject to the Terms and Conditions of the Notes contained in the section of this Offering Circular headed **"Terms and Conditions of the Notes"**. Capitalised terms used below are defined in the section of this Offering Circular headed **"Glossary of Definitions"**.

For as long as the Notes are in issue, interest on the Notes is payable quarterly in arrears on the 27th day of January, April, July and October of each calendar year, subject to adjustment as provided in this Offering Circular (each such day an "Interest Payment Date"), save for the first payment of interest which will be made in respect of the period commencing on (and including) the Issue Date and ending on (but excluding) 27 July 2013. Interest on the Notes will be calculated on the basis of a floating rate determined in accordance with Condition 6 of the Notes.

The Notes of each Class may be subject to mandatory redemption in part from time to time on each Interest Payment Date following the Issue Date to the extent that on such Interest Payment Date the Issuer has available funds for this purpose in accordance with the Priority of Payments. The mandatory redemption in part will be an amount calculated in accordance with the provisions set out in Condition 7.2 of the Notes.

In certain other circumstances, and at certain times, all, but not some only, of the Notes may be redeemed at the option of the Issuer (see Conditions 7.3 and 7.4 of the Notes). Unless previously redeemed or purchased by the Issuer and cancelled, the Notes will mature on the Interest Payment Date falling on 27 January 2028.

Payments in respect of the Notes will be made without withholding or deduction for taxes unless such withholding or deduction is required by law.

The Notes are not directly secured by any of the assets of the Issuer but Precinct Funding 1 Security SPV (RF) Proprietary Limited, as the Security SPV, will execute the limited recourse Guarantee in favour of, among others, the Noteholders. All payments to be made to Noteholders and other creditors of the Issuer (whether made by the Issuer or the Security SPV) will be made in accordance with the Priority of Payments. The attention of investors is drawn to the detailed information in the section "**Security for the Notes**" for an understanding of the security structure relating to the Notes.

The application for the Class A1 Notes, the Class A2 Notes, Class A3 Notes (collectively referred to as the "**Class A Notes**"), the Class B Notes, the Class C Notes and the Class D to be listed on the Interest Rate Market of the JSE, a licensed financial exchange in terms of the Securities Services Act, under stock code numbers PRE1A1, PRE1A2, PRE1A3, PRE1B1, PRE1C1 and PRE1D1, respectively, and ISIN numbers ZAG000104191, ZAG000104209, ZAG000104217, ZAG000104225, ZAG000104233 and ZAG000104241, respectively, was granted with effect from 27 March 2013. The Notes may be traded by or through members of the JSE from 27 March 2013 and trading will take place in accordance with the rules and operating procedures for the time being of the JSE. The settlement of trades on the Interest Rate Market of the JSE shall take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository.

The Notes will be obligations solely of the Issuer. In particular, without limitation, the Notes will not be obligations of, or the responsibility of, or guaranteed by Nedbank, or, save to the extent of the amount recovered from the Issuer in terms of the Indemnity and then subject to the payment of higher ranking creditors in the Priority of Payments, the Security SPV. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by or attributed to Nedbank, the JSE or, save to the extent of the amount recovered from the Issuer in terms of the Indemnity and then subject to the payment of higher ranking creditors in the Priority of Payments, the Security SPV.

The Class A Notes are expected, on issue, to be assigned a rating of Aaa.za (A1) by Moody's Investors Service Limited ("**Moody's**").

The Class B Notes are expected, on issue, to be assigned a rating of Aa2.za (A3) by Moody's. The Class C Notes are expected, on issue, to be assigned a rating of A2.za (Baa3) by Moody's. The Class D Notes are expected, on issue, to be assigned a rating of Baa2.za (Ba3) by Moody's.

A credit rating is not a recommendation to subscribe for, buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Particular attention is drawn to the section headed "**Risk Factors**".

Capitalised terms used in this Offering Circular are defined in the section of this Offering Circular headed "*Terms and Conditions of the Notes*" unless separately defined in this Offering Circular. Expressions defined in this Offering Circular will bear the same meanings in supplements to this Offering Circular which do not themselves contain their own definitions.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Offering Circular which would make any statement false or misleading and that all reasonable enquires to ascertain such facts have been made and that this Offering Circular contains all information required by Applicable Law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the information contained in this Offering Circular and the annual financial report and any amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Offering Circular shall be read and construed on the basis that such documents are incorporated into and form part of this Offering Circular. Any reference in this section to the Offering Circular, shall be read and construed as including such documents incorporated by reference.

The JSE assumes no responsibility or liability of whatsoever nature for the correctness of any of the statements made or opinions expressed or information contained in or incorporated by reference into this Offering Circular. The admission of any Tranche of Notes to the list of debt securities maintained by the JSE and the listing of such Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Notes. The JSE assumes no responsibility or liability of whatsoever nature for the contents of this Offering Circular or the annual report any other information incorporated by reference into this Offering Circular (as amended or restated from time to time), and the JSE makes no representation as to the accuracy or completeness of this Offering Circular, the annual report or any other information incorporated by reference into this Offering Circular (as amended or restated from time to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Offering Circular or the annual report any other information incorporated by reference into this Offering Circular (as amended or restated from time to time).

Information contained in this Offering Circular with respect to the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents and the Security SPV has been obtained from each of them for information purposes only and the Issuer assumes no responsibility for such information. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or the Security SPV since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Offering Circular. Nevertheless, if any such information is given or representation made, it must not be relied upon as having been authorised by the JSE, the Arranger, the

Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or the Security SPV, or any of their respective affiliates or advisers. Neither the delivery of this Offering Circular nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer since the date hereof or that the information contained in this Offering Circular is correct at any time subsequent to the date of this Offering Circular. The JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents, the Security SPV and their respective affiliates or advisers have not separately verified the information contained in this Offering Circular. Accordingly, none of the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or the Security SPV, nor any of their respective affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular or any other information supplied in connection with the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or the Security SPV, nor any of their respective affiliates or advisers in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or the Security SPV, or any of their respective affiliates or advisers that any recipient of this Offering Circular or any other information supplied in connection with the Notes should subscribe for or purchase any Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. Save as set out in the Transaction Documents, the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents and the Security SPV, and their respective affiliates or advisers or the JSE, do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or the Security SPV, or any of their respective affiliates or advisers.

The Notes will be obligations solely of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes will not be obligations of, or the responsibility of, or guaranteed by the Arranger, the Dealer, the Debt Sponsor, the Administrator, the

Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or, save to the extent of the amount recovered from the Issuer in terms of the Indemnity and then subject to the payment of higher ranking creditors in the Priority of Payments, the Security SPV. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the Servicer, the Liquidity Facility Provider, the GIC Provider, the Derivative Counterparty, the other parties to the Transaction Documents or, save to the extent of the amount recovered from the Issuer in terms of the Indemnity and then subject to the payment of higher ranking creditors in the Priority of Payments, the Security SPV.

None of the Issuer, the JSE, the Debt Sponsor, the Arranger or the Dealers makes any representation or warranties as to the settlement procedures of the Central Securities Depository or the JSE or any other relevant stock exchange.

This Offering Circular does not constitute an offer or an invitation by the Arranger, the Dealer, the Debt Sponsor or any other party to a Transaction Document to any person to subscribe for or purchase any of the Notes. *The offer to subscribe for Notes is made to specific investors following the book-build process, as more fully described in the section "Subscription and Sale". The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the JSE, the Issuer, the Arranger, the Dealer, the Debt Sponsor or any other party to a Transaction Document that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable legislation or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealer, the Debt Sponsor or any other party to a Transaction Document which would permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arranger, the Dealer and the Debt Sponsor and the other parties to the Transaction Documents to inform themselves about and to observe any such restrictions.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to any U.S. persons. In addition, there are restrictions on the distribution of this Offering Circular in South Africa and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of Notes and distribution of this Offering Circular see the section of this Offering Circular headed "Subscription and Sale" below.*

The terms of this Offering Circular, if sent to persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements in any such jurisdiction. It is the responsibility of any such

person wishing to subscribe for or purchase the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that this Offering Circular is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.

References in this Offering Circular to "Rands" or "R" are to the lawful currency for the time being of South Africa.

In connection with this issue, the Issuer may, in its discretion and to the extent approved by the JSE and permitted by applicable laws and regulations, appoint a stabilising manager to over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there may be no obligation on the Stabilisation Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

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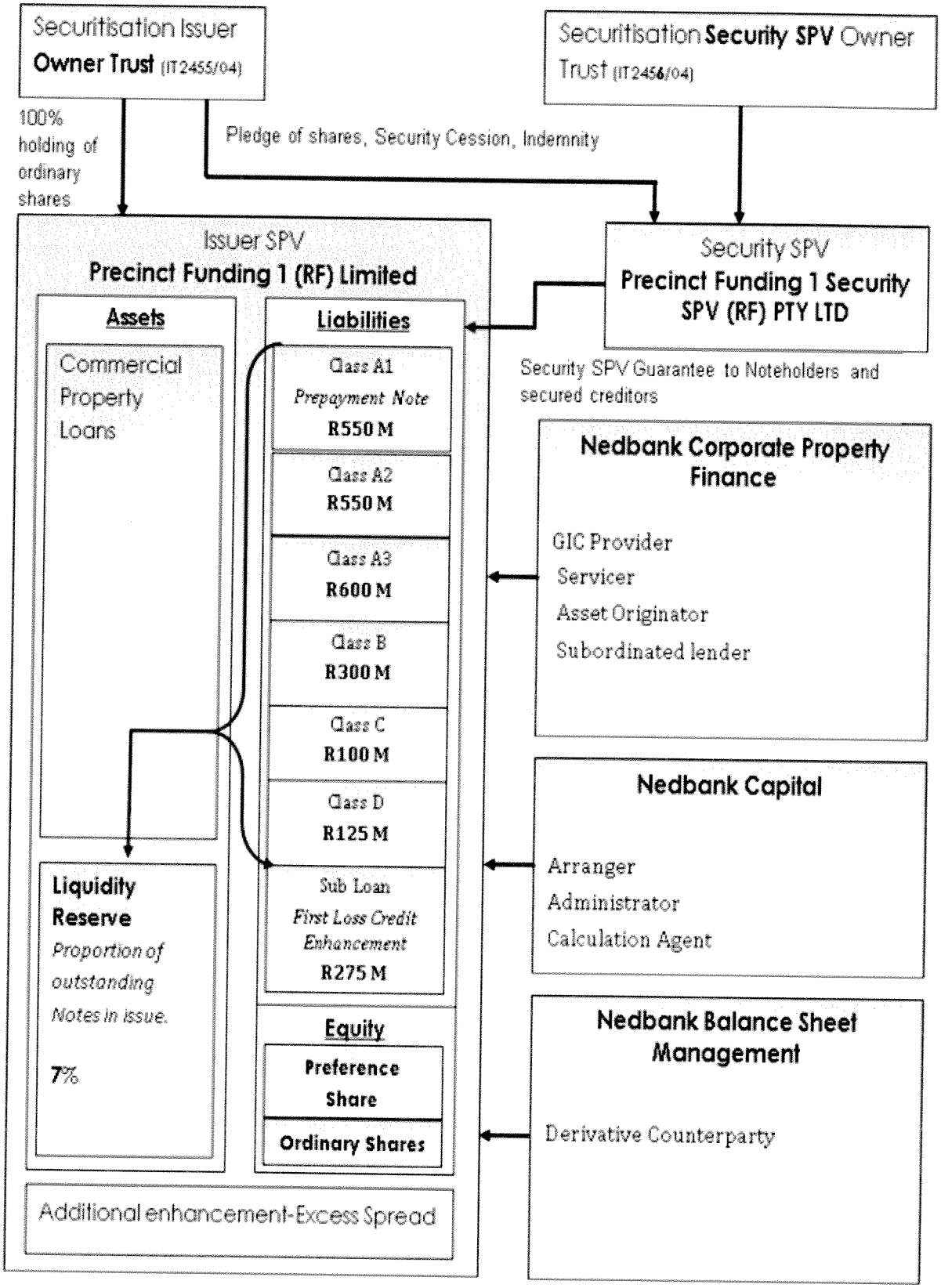
TRANSACTION OVERVIEW AND STRUCTURE DIAGRAM

Transaction Structure Diagram



Description of Transaction

A brief overview of the transaction is as follows:

1. Nedbank Corporate Property Finance originates Loan Agreements.

2. In terms of the Sale Agreement, Nedbank Corporate Property Finance, as the Seller, sells and the Issuer, as the purchaser, purchases, each Loan Agreement (each complying with the Eligibility Criteria) in the Provisional Loan Portfolio, together with the benefit of all Related Security, with effect from the relevant Transfer Dates.

3. The transaction is not a revolving structure. Accordingly, no further Loan Agreements may be purchased by the Issuer in addition to those in the Provisional Loan Portfolio identified on the Cut-Off Date.

4. The Loan Agreements do not entitle a Borrower to borrow, or oblige the Issuer to advance, Redraws of Prepayments or Re-advances of Repayments. No annex facilities will be concluded with Borrowers which entitle Borrowers to access Prepayments. If Borrowers request Redraws (of Prepayments), Re-advances (of Repayments) or Further Advances (above the initial loan limit), the Servicer, acting on behalf of the Issuer, may, in its discretion, advance such Redraws, Re-advances and Further Advances to Borrowers on any day, subject to certain requirements, including that (i) the aggregate Redraws, Re-advances and Further Advances from the Issue Date to the Final Redemption Date may not exceed 25% of the Original Collateral, (ii) the Issuer has funds available to make such Re-advances or Further Advances, namely (a) Principal Collections received during that Collection Period and not yet distributed in terms of the Priority of Payments, after setting aside cash to provide for senior expenses payable on or before the next Quarterly Payment Date up to and including interest on the Class D Notes, or (b) funds in the Redraw Reserve, and (iii) following such acquisition the Portfolio Covenants will be satisfied.

5. The Seller will have the right, but not the obligation, to repurchase Loan Agreements and their Related Security from the Issuer. Such repurchase will only be permitted to the extent that the aggregate Principal Balances of the Loan Agreements repurchased from the Issue Date to the Final Redemption Date do not exceed 10% of the Original Collateral Balance, unless the Registrar of Banks grants his written approval to allow such 10% limit to be exceeded.

6. The Seller will have the right, but not the obligation, at any time prior to the delivery of an Enforcement Notice, to replace a Fully Performing Loan Agreement with another Eligible Loan Agreement of at least the same credit quality as the Loan Agreement being replaced, as determined in accordance with the Seller's applicable underwriting categories. Each substitution of a Loan Agreement will be subject to the satisfaction of various substitution tests, including that (i) the aggregate Principal Balances of the Loan Agreements replaced, calculated from the Issue Date to the Final Redemption Date may not exceed 20% of the Original Collateral, and (ii) following such substitution the Portfolio Covenants will be satisfied.

7. To facilitate timing issues relating to the registration of transfer of Mortgage Bonds, the proceeds of the Notes on the Issue Date will be invested with the GIC Provider pending application to fund the purchase of the Loan Agreements, on the relevant Transfer Dates. If the proceeds have not been

applied in full by 27 October 2013, the remaining amount will be added to the available funds for redemption of the Notes in accordance with the Priority of Payments. The Issuer will enter into a Guaranteed Investment Contract with Nedbank Corporate Property Finance, as GIC Provider, to procure a guaranteed return equal to the weighted average interest rate of the Loan Agreements in the Provisional Loan Portfolio to be acquired by the Issuer, on the proceeds of the Notes so invested with the GIC Provider.

8. Nedbank Corporate Property Finance, as Servicer to the Issuer, will continue to perform the administration, servicing and management of the Loan Agreements and Related Security on behalf of the Issuer and to perform all recovery functions in respect of Defaulted Loan Agreements on behalf of the Issuer.

9. Nedbank Capital, as Administrator to the Issuer, will provide financial administration services to the Issuer, including administering the Priority of Payments.

10. Nedbank Balance Sheet Management, as Derivative Counterparty, will enter into Derivative Contracts with the Issuer to hedge the Issuer's interest rate risk exposure in the event that a mismatch arises between the basis of earning interest on the Loan Agreements and that payable on the Notes.

11. Liquidity will be provided to the Issuer through the entry into by the Issuer of Liquidity Facility Agreement(s) with Liquidity Facility Provider(s) and/or through the Issuer, on the Issue Date and each Quarterly Payment Date, paying an amount into the Liquidity Reserve which, when aggregated with the amount of the Liquidity Facility Limit(s) under the Liquidity Facility Agreement(s) at the time, is equal to the Liquidity Required Amount. The amount available to the Issuer under the Liquidity Facility Agreement(s) and/or the amount standing to the credit of the Liquidity Reserve may be used to fund Liquidity Shortfalls. The funds in the Liquidity Reserve will be invested with the GIC Provider and earn a guaranteed return equal to the weighted average interest rate of the Loan Agreements as provided for in terms of the Guaranteed Investment Contract.

12. Excess spread will be utilised, as needed, on a first loss credit enhancement basis, to fund losses sustained in relation to the Loan Portfolio.

13. On each Quarterly Payment Date, if the arrears exceed certain levels and trigger an Arrears Reserve Trigger Event, the Issuer will be required to pay an amount into the Arrears Reserve up to the Arrears Reserve Required Amount, utilising excess spread for this purpose.

14. On the first 5 Quarterly Payment Dates, the Issuer will be required to pay an amount into the Redraw Reserve up to the Redraw Reserve Required Amount, utilising Principal Collections for this purpose. The Redraw Reserve may be used to fund the advance of Redraws, Re-Advances and Further Advances and senior expenses payable on or before the next Quarterly Payment Date up to and including interest on the Class D Notes. The funds in the Redraw Reserve will be invested with the GIC Provider and earn a guaranteed return equal to the weighted average interest rate of the Loan Agreements as provided for in terms of the Guaranteed Investment Contract.

15. Once the Notes have been redeemed in full, the Preference Shareholder will be entitled to receive dividends in respect of the Preference Shares.

16. The Security SPV has been incorporated for the sole purpose of holding and realising security for the benefit of Secured Creditors, including Noteholders, subject to the Priority of Payments.

17. The Security SPV will execute a limited recourse Guarantee in favour of the Noteholders and other Secured Creditors. The Issuer will indemnify the Security SPV in respect of claims made under the Guarantee. As security for such Indemnity, the Issuer will cede and pledge the Assets of the Issuer to the Security SPV.

SUMMARY

The information set out below is a summary of the principal features of the Notes. This Summary should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular.

Transaction parties

Such parties may be replaced or additional parties may be appointed in accordance with the provisions of the Transaction Documents.

Issuer:	Precinct Funding 1 (RF) Limited (Registration number 2012/079215/06).
Arranger, Dealer and Debt Sponsor:	Nedbank Capital.
Originator and Seller:	Nedbank Corporate Property Finance.
Servicer:	Nedbank Corporate Property Finance.
Administrator:	Nedbank Capital.
Liquidity Facility Provider:	Such other person(s) with the Required Credit Rating with whom the Issuer has entered into a Liquidity Facility Agreement, if any.
GIC Provider:	Nedbank Corporate Property Finance.
Preference Shareholder:	Nedbank Corporate Property Finance.
Subordinated Lender:	Nedbank Corporate Property Finance.
Derivative Counterparty:	Nedbank Balance Sheet Management.
Transfer Agent:	Nedbank Capital.
Calculation Agent:	Nedbank Capital.
Issuer's Settlement Agent:	Nedbank Investor Services.
Account Bank:	Nedbank.
Auditor:	Deloitte & Touche or such other firm of auditors as may be selected by the Issuer from time to time.
Central Securities Depository:	Strate Limited (registration number 1998/022242/06) or any additional or alternate depository approved by the Issuer, the Dealer and the JSE.
Security SPV:	Precinct Funding 1 Security SPV (RF) Proprietary Limited (Registration number 2012/059026/07).

Security SPV Owner Trust:	Securitisation Security SPV Owner Trust (Master's reference number IT 2456/04), which is the holder of all of the shares in the capital of the Security SPV. The current trustee of the Security SPV Owner Trust is Maitland Trust Limited.
Issuer Owner Trust:	Securitisation Issuer Owner Trust (Master's reference number IT 2455/04), which is the holder of all of the ordinary shares in the capital of the Issuer. The current trustee of the Owner Trust is GMG Trust Company (SA) (Proprietary) Limited.
Rating Agency:	Moody's Investors Service Limited.
Description of the Notes	
Notes:	The Notes to be issued by the Issuer comprise Class A1, Class A2, Class A3, Class B, Class C and Class D Secured Floating Rate Notes.
Size of issuance:	Notes and Subordinated Loan with an aggregate nominal amount R 2 500 000 000.
Terms and Conditions:	The terms and conditions of the Notes are set out below in this Offering Circular under the section "*Terms and Conditions of the Notes*".
Currency:	Rand, the lawful currency of South Africa.
Denomination of Notes:	The Notes will be issued with a minimum denomination of R1 000 000 each.
Form of Notes:	The Notes will be issued in registered form as described below in this Offering Circular in the section "*Form of the Notes*".
Status of the Notes:	The Notes are direct, limited recourse, secured obligations of the Issuer only. The claims of each Class of Noteholders (whether in respect of interest, principal or otherwise) shall be subordinated to higher ranking Classes of Notes and to higher ranking creditors of the Issuer in accordance with the Priority of Payments. On enforcement, the Notes within each Class of Notes rank *pari passu*.
Interest Rate and Interest Payment Dates:	From and including the Issue Date up to but excluding the Interest Step-Up Date, interest will be payable

quarterly in arrears on the 27th day of January, April, July and October of each year (or, if such day is not a Business Day, the immediately succeeding Business Day) (each such day an Interest Payment Date), at a rate per annum equal to the rate set out below:

i. Class A1 Notes: 3 month JIBAR plus 1.05%;

ii. Class A2 Notes: 3 month JIBAR plus 1.25%;

iii. Class A3 Notes: 3 month JIBAR plus 1.34%;

iv. Class B Notes: 3 month JIBAR plus 1.54%;

v. Class C Notes: 3 month JIBAR plus 2.40%;

vi. Class D Notes: 3 month JIBAR plus 2.60%;

save for the first payment of interest which will be made in respect of the period commencing on (and including) the Issue Date and ending on (but excluding) 27 July 2013 (or, if such day is not a Business Day, the immediately succeeding Business Day).

The Calculation Agent will notify Noteholders, the Central Securities Depository and the JSE of the new rate of interest on the Notes on the day each new Interest Period commences.

Interest Step-Up Rate

From and including the Interest Step-Up Date to but excluding the Actual Redemption Date, interest will be payable quarterly in arrears on the 27th day of January, April, July and October of each year as follows:

(i) Class A1 Notes: Interest Rate on the Class A1 Notes up to the Interest Step-Up Date plus 0.37%;

(ii) Class A2 Notes: Interest Rate on the Class A2 Notes up to the Interest Step-Up Date plus 0.44%;

(iii) Class A3 Notes: Interest Rate on the Class A3 Notes up to the Interest Step-Up Date plus 0.47%;

(iv) Class B Notes: Interest Rate on the Class B Notes up to the Interest Step-Up Date plus 0.54%;

(v) Class C Notes: Interest Rate on the Class C Notes up to the Interest Step-Up Date plus 0.84%;

(vi) Class D Notes: Interest Rate on the Class D Notes up to the Interest Step-Up Date plus 0.91%; and

Such Interest Step-Up Rate is intended to compensate Noteholders for the extension risk arising from a failure to redeem the relevant Notes by their expected maturity dates.

Final Redemption:

Unless redeemed at a prior date, the Issuer shall redeem the Notes at their Outstanding Principal Amount (together with accrued interest) on the Interest Payment Date falling on 27 January 2028.

Mandatory Redemption :

The Notes of each Class may be subject to mandatory redemption in whole or in part from time to time on each Interest Payment Date following the Issue Date to the extent that on such Interest Payment Date the Issuer has available funds for this purpose in accordance with the Priority of Payments (see Condition 7.2). The mandatory redemption will be an amount calculated in accordance with the provisions set out in Condition 7.2 of the Notes.

In certain other circumstances and at certain times, all, but not some only, of the Notes may be redeemed at the option of the Issuer (see Conditions 7.3 and 7.4 of the Notes). Unless previously redeemed or purchased by the Issuer and cancelled, the Notes shall be redeemed on the Interest Payment Date falling on 27 January 2028.

Upon delivery of an Enforcement Notice the Notes in all Tranches will be immediately due and payable.

Optional Redemption:

The Issuer may redeem all, but not some only, of the Notes, in full but not in part, early at their Outstanding Principal Amount (together with unpaid accrued interest), upon not less than 20 days irrevocable notice:

(i) on the Interest Payment Date falling on 27 January 2018 or on any Interest Payment Date falling thereafter, as described in Condition 7.3; or

(ii) on any Interest Payment Date on which the aggregate Principal Balances of the Loan Agreements is less than 10% of the Original Collateral Balance, as described in Condition 7.3; or

	(iii) for tax reasons, as described in Condition 7.4.
Scheduled Redemption:	The average lives of the Notes cannot be accurately predicted, as the actual repayment of the Loan Agreements and a number of other relevant factors are unknown.
Negative Pledge and other undertakings of the Issuer:	Condition 10 of the Terms and Conditions provides for a negative pledge and other restrictions on the Issuer requiring the consent of the Security SPV relating to activities, disposals, bank accounts, distributions, borrowings, mergers and amendments to the Transaction Documents.
Issue Price:	The price to be paid on the Issue Date shall be 100% of the Principal Amount for the Class A Notes, 100% of the Principal Amount for the Class B Notes, 100% of the Principal Amount for the Class C Notes and 100% of the Principal Amount of the Class D Notes.
Listing and Trading:	An application was made to the JSE for the listing of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes and the Class D Notes, under stock code numbers PRE1A1, PRE1A2, PRE1A3, PRE1B1, PRE1C1 and PRE1D1 , respectively. The application was granted with effect from 27 March 2013 and the Notes may be traded by and through members of the JSE from 27 March 2013.
Governing Law:	The Notes and the other Transaction Documents will be governed by and construed in accordance with the laws of South Africa.
Credit Rating:	Moody's is expected, on issue, to assign a long-term national scale credit rating of Aaa.za to the Class A Notes, Aa2.za to the Class B Notes, A2.za to the Class C Notes and Baa2.za to the Class D Notes.
Payment:	The Notes will be issued, cleared and settled in accordance with the Applicable Procedures of the JSE and the Central Securities Depository. Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme will settle offshore transfers, if any, through their Participant.

Participants will follow the electronic settlement procedures prescribed by the Applicable Procedures of the Central Securities Depository when making interest and principal payments. The Applicable Procedures are available on request from the Central Securities Depository.

Principal and interest payments to the Noteholders will be made by electronic transfer.

Priority of Payments:

The Priority of Payments is the sequence in which the Issuer will make payments to creditors of the Issuer (including Noteholders and other Secured Creditors).

The Issuer and the Security SPV shall contract with each Secured Creditor on the basis that payments due to it in terms of a Transaction Document shall be made, to the extent permitted by and in accordance with the Priority of Payments, so that a Secured Creditor that ranks subsequent to any other creditor in the Priority of Payments will not be paid unless and until all other creditors which rank prior to it in the Priority of Payments have been paid in full all amounts then due and payable to them by the Issuer or the Security SPV, as the case may be, or amounts accrued up to that date have been provided for.

The Pre-Enforcement Priority of Payments applicable prior to the enforcement of security for the Notes and the Post-Enforcement Priority of Payments applicable after enforcement of security for the Notes, are set out in the Administration Agreement, both as described under the section "*Priority of Payments*".

Limited Enforcement:

The power of Secured Creditors to take action in respect of their claims is limited in the manner set out in Condition 12 of the Terms and Conditions and the Common Terms Agreement.

Purchase of Notes:

The Issuer may not purchase Notes in the open market or otherwise.

Method of Transfer:

The method of transfer is by registration for transfer of Notes to occur through the Register and by electronic book entry in the securities accounts of Participants or the Central Securities Depository, as the case may be,

for transfers of Beneficial Interests in the Notes, in all cases subject to the restrictions described in this Offering Circular. The Notes will be fully paid up on the Issue Date and freely transferable.

Register: The register will be maintained by the Transfer Agent.

Register Closed: The register of Noteholders will be closed prior to each Interest Payment Date and the Final Redemption Date for the periods described in Condition 15, in order to determine those Noteholders entitled to receive payments.

Security for the Notes: Notes will be obligations of the Issuer only.

The Security SPV will bind itself under a Guarantee to each Secured Creditor, including Noteholders. Pursuant to such Guarantee the Security SPV will undertake in favour of each Secured Creditor to pay to it the full amount then owing to it by the Issuer if an Event of Default (as defined in the relevant Transaction Document) should occur. The liability of the Security SPV pursuant to the Guarantee will, however, be limited in the aggregate to the amount recovered by the Security SPV from the Issuer arising out of the Indemnity referred to below. Payment of amounts due by the Security SPV pursuant to the Guarantee will be made strictly in accordance with the Pre-Enforcement Priority of Payments prior to delivery of an Enforcement Notice or the Post-Enforcement Priority of Payments after delivery of an Enforcement Notice, as the case may be, such that Secured Creditors on each tier of the relevant Priority of Payments will be paid in full before Secured Creditors ranking below them in the relevant Priority of Payments receive any payment.

The Issuer will give the Indemnity to the Security SPV in respect of the claims that may be made against the Security SPV arising out of the Guarantee. The obligations of the Issuer in terms of this Indemnity are secured by a security cession over certain assets of the Issuer, as described under the section "*Security for the Notes*".

Selling Restrictions:	The distribution of this Offering Circular and the placing of the Notes may be restricted by law in certain jurisdictions and are restricted by law in the United States of America, the United Kingdom, each member of the European Economic Area and South Africa. Persons who come into possession of this Offering Circular must inform themselves about and observe any such restrictions.
Tax Status:	A summary of applicable current South African Tax legislation appears under the section "*South African Taxation*". The section does not constitute tax advice and investors should consult their professional advisers.
Securities Transfer Tax:	In terms of current South African legislation as at the date of this Offering Circular, no securities transfer tax is payable by the Issuer on the original issue of, or on the registration of transfer of, on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act, 2007. Any future securities transfer tax that may be introduced will be for the account of Noteholders.
Withholding Tax:	Payments of interest and principal will be made without withholding or deduction for taxes unless such withholding or deduction is required by law. In the event that such withholding or deduction is required by law, the Issuer will not be obliged to pay additional amounts in relation thereto.
Blocked Rand:	Blocked Rand may be used to purchase Notes subject to the South African Exchange Control Regulations.

RISK FACTORS

Prospective investors should carefully consider the following Risk Factors, in addition to the matters described in this Offering Circular, prior to investing in the Notes. The matters set out in this section are not necessarily exhaustive and prospective investors must form their own judgement in regard to the suitability of the investment they are making.

Ratings of the Notes

The rating of the Notes is not a recommendation to subscribe for, purchase, hold or sell Notes, inasmuch as such rating does not comment on the market price or suitability of the Notes for a particular investor. The Rating of a Tranche of Notes addresses the expected loss to maturity posed to Noteholders by the Final Redemption Date. Such Rating also addresses the likelihood that the holders of each Tranche of the Class A Notes will receive timely payment of interest in accordance with the terms of such Tranche of Notes, that the holders of all other Classes of Notes will receive ultimate payment of the interest on such Tranches of Notes and that the holders of all Classes of Notes will receive the ultimate payment of the aggregate principal of such Tranches of Notes by the Final Redemption Date pursuant to the terms of such Tranches of Notes. There can be no assurance that any rating agency not requested to rate the Notes will issue a rating and, if so, what such rating would be. A rating assigned to the Notes by a rating agency that has not been requested by the Issuer to do so, may be lower than the equivalent ratings assigned by the Rating Agency, or such rating agency may assign an international scale rating which could be lower than national scale ratings assigned by the Rating Agency. In addition, there can be no assurance that a rating will remain for any given period of time or that the rating will not be lowered or withdrawn entirely by the assigning Rating Agency if in its judgment circumstances in the future so warrant. Each rating is given on a national scale. There can be no assurance of any connection between the national scale rating and any international scale rating.

Warranties

Neither the Issuer nor the Security SPV has undertaken or will undertake any investigations, searches or other actions in respect of the Loan Agreements or Related Security, and each will rely instead on the warranties given by the Seller, in the Sale Agreement. The sole remedies (save as described below) of each of the Issuer and the Security SPV in respect of a breach of warranty shall be the requirement that the Seller pays the Issuer such damages as it may have suffered arising from the breach of warranty and/or that the Seller purchases, or procures the purchase of, any Loan Agreement and Related Security which is the subject of any breach. This shall not limit any other remedies available to the Issuer and/or the Security SPV if damages are not paid or if the Seller fails to purchase a Loan Agreement and Related Security when obliged to do so. There can be no assurance that the Seller will have the financial resources to honour its obligations under the Sale Agreement. Such obligations are not guaranteed by, nor will they be the responsibility of, any person other than the Seller and neither the Issuer nor the Security SPV shall have any contractual recourse to any other person in the event that the Seller for whatever reason, fails to meet such obligations.

Non-Recourse Obligations

The Notes will be obligations solely of the Issuer. In particular, without limitation, the Notes will not be obligations of, and will not be guaranteed by, the Arranger, the Dealer, the Debt Sponsor, the Calculation Agent, the Transfer Agent, the Settlement Agent, the Account Bank, the Derivative Counterparty, the Administrator, the Liquidity Facility Provider, the Servicer, the Seller, the GIC Provider, the Preference Shareholder, or, save to the extent of the net amount recovered from the Issuer pursuant to the Indemnity and from the property realised pursuant to the other Security Agreements, the Security SPV. The Issuer will rely solely on its assets, and the receipt of amounts on or in respect of such assets, including primarily the receipt of payments in respect of amounts due under or in connection with the Loan Agreements and Related Security purchased by it and the cash available in the Transaction Account and from the Permitted Investments to enable it to make payments in respect of the Notes.

Following a claim under the Guarantee, the Security SPV will have recourse against the Issuer under the Indemnity, such recourse being limited to the assets of the Issuer, which assets have, in terms of the Security Cession, been secured by a cession *in securitatem debiti* in favour of the Security SPV. The assets comprise, among other things, the Loan Agreements owned by the Issuer, collateral security in respect of the Loan Agreements owned by the Issuer, Permitted Investments, the Bank Accounts and Account Monies.

If, upon default by Borrowers and after the exercise by the Servicer of remedies in respect of the Loan Agreements and Related Security, the Issuer does not receive the full amount due from those Borrowers, then Noteholders may receive by way of principal repayment an amount less than the Outstanding Principal Amount of their Notes and the Issuer may be unable to pay in full or in part interest due on the Notes.

Priority of Payments

The Administration Agreement prescribes a "Pre-Enforcement Priority of Payments" in which the Secured Creditors will be paid prior to delivery of an Enforcement Notice and a "Post-Enforcement Priority of Payments" applicable after delivery of an Enforcement Notice.

The claims of all Secured Creditors are subordinated in accordance with the Priority of Payments, and the Secured Creditors will be entitled, notwithstanding the amount of any payments owing to them under the Transaction Documents, to receive payment from the Issuer or the Security SPV, as the case may be, only to the extent permitted by and in accordance with the Priority of Payments.

The subordinations envisaged by the Priority of Payments, the Terms and Conditions and the other Transaction Documents are contractual in nature and their enforcement against the parties to the Transaction Documents and against third parties is limited accordingly. In particular, creditors of the Issuer who are not parties to the Transaction Documents may not be bound by the Priority of Payments and may, accordingly, be entitled under Applicable Law to assert a payment priority inconsistent with the ranking otherwise accorded to them in the Priority of Payments.

As described below in the paragraph "Liquidation of the Issuer", the Issuer is structured as an insolvency remote, ring-fenced special purpose entity which limits the risk of external creditors who are not bound by the Priority of Payments.

Limited Liquidity of the Notes and Restrictions on Transfer

Currently no secondary market exists for the Notes. There can be no assurance that any secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes. Consequently, a subscriber must be prepared to hold such Notes until the Final Redemption Date.

Noteholders that trade in the Notes during the period that the Register is closed, will need to reconcile any amounts payable on the following Quarterly Payment Date pursuant to any partial redemption of the Notes. As a result, secondary market liquidity of the Notes may reduce during this period.

Downgrade Risk

If a party to a Transaction Document is required to hold a Required Credit Rating and ceases to hold such Required Credit Rating, then such party's obligations may be guaranteed by another party which has the Required Credit Rating or a replacement party with the Required Credit Rating will be appointed, if such other party is available and willing to act. No assurance can be given that a guarantor or replacement party with the Required Credit Rating will be appointed. In certain circumstances, cash collateral may be taken to protect the Issuer's interest in the relevant Transaction Document.

Guarantee and Indemnity Structure

The Security SPV will execute the Guarantee in favour of Secured Creditors and enter into the Indemnity with the Issuer. The Issuer has received a legal opinion stating that the entering into of the Guarantee and the Indemnity will enable the security structure in favour of the Secured Creditors to be enforced by the Security SPV in the manner set out in this Offering Circular. There is no guarantee that a court would reach the same conclusion as that in the legal opinion obtained by the Issuer.

If the Guarantee and/or the Indemnity structure is not enforceable, then Secured Creditors shall be entitled to take action themselves to enforce claims directly against the Issuer should an Event of Default occur but, in such circumstances, the security held by the Security SPV will no longer be effective as a means of achieving distribution of the Issuer's assets in accordance with the Priority of Payments.

The Security SPV has not taken or obtained any independent legal or other advice or opinions in relation to the Issuer or any other persons or the Transaction Documents (including the Security Agreements), or in relation to the transactions contemplated by any of the Transaction Documents.

Insolvency of the Security SPV

It is possible for the Security SPV itself to be wound-up, liquidated or placed under business rescue which could adversely affect the rights of the Secured Creditors. The liabilities of the Security SPV under the Guarantee granted in favour of the Secured Creditors cannot in the aggregate exceed the net amount recovered by the Security SPV pursuant to the Indemnity.

Accordingly, it is improbable that the Security SPV itself will be insolvent (and therefore be wound-up, liquidated or placed under business rescue) unless there were to be, for example, dishonesty or fraudulent conduct or breach of contract on the part of the Security SPV, for instance by its directors or officers entering into unauthorised transactions on behalf of the Security SPV.

Liquidation of the Issuer

The Issuer has been structured as an insolvency remote, ring-fenced special purpose entity, a structure which limits the risk that there may be third parties who are not bound by the Transaction Documents who may apply for the liquidation of the Issuer. Third party creditors of the Issuer that are not contractually bound by the Priority of Payments rank high in the Priority of Payments, including the tax authorities and administrative creditors. Secured Creditors contract with the Issuer on the basis that their claims against the Issuer will be subordinated in accordance with the Priority of Payments, will not bring an application for the liquidation of the Issuer until 2 years after the payment of all amounts outstanding and owing by the Issuer under the Notes and the other Transaction Documents have been paid in full and agree not to sue the Issuer except through the Security SPV. The proceeds in the hands of the Security SPV will be distributed in accordance with the Priority of Payments.

If, notwithstanding the ring-fenced structure, there is an external creditor not bound by the Priority of Payments, on the liquidation of the Issuer such external creditor would rank *pari passu* with or ahead of the Security SPV, depending on the statutory preference of claims in terms of the Insolvency Act, 1936, in regard to the assets of the Issuer other than assets of the Issuer properly secured by the Security Cession.

Board of Directors of the Issuer

The board of directors of the Issuer comprises 4 persons, only one of whom is nominated by Nedbank. The board of directors of the Issuer is, accordingly, independent from Nedbank as contemplated in paragraph 4(2)(q) of the Securitisation Regulations.

Collectability of Loans

The collectability of amounts due under the Loan Agreements is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers, the extent to which Borrowers make Prepayments, and other similar factors. Other factors (which may not affect property values) may have an impact on the ability of Borrowers to repay Loan Agreements.

In addition, the ability of the Issuer to dispose of a foreclosed property at a price sufficient to repay the amounts outstanding under the relevant Loan Agreement will depend upon the availability of buyers for the property at the time and general property market values.

Risks of Losses Associated with Declining Property Values

The security for the Notes consists mainly of the Issuer's interest in the Loan Agreements and Related Security. This security may be affected by, among other things, a decline in property values. No assurance can be given that values of the properties have remained or will remain at the level at which they were on the dates of origination of the related Loan Agreements and Related Security. If the property market in South Africa should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the security created by the Loan Agreements and Related Security being significantly reduced and, ultimately, may result in losses to the Noteholders if the security is required to be enforced.

Geographic Concentration of Properties

Certain geographic regions will from time to time experience weaker regional economic conditions and property markets than will other regions and, consequently, will experience higher rates of loss and delinquency on Loan Agreements generally. There are concentrations of properties within certain regional areas which may present risk considerations different from those without such concentrations. See Appendix 1 of this Offering Circular headed "*Loan Portfolio Data*".

Insurance risks

In relation to all Loan Agreements, the Borrowers are required to take out and maintain Insurance Policies. If those insurances are not obtained and maintained, are not available or if the insurer defaults, payment may not be received on damage to the Properties.

Yield and Prepayment Considerations

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal on the Loan Agreements and the price paid by the Noteholders. Such yield may be adversely affected by higher or lower than anticipated rates of Repayments and Prepayments by Borrowers.

Repayments before the end of a Loan Agreement term may result from refinancing, sales of properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Loan Agreements, as well as the receipt of proceeds from Insurance Policies. In addition, repurchases of Loan Agreements required to be made under the Sale Agreement for breach of warranty, will have the same effect as early repayment of such Loan Agreements.

The rates of Repayment and Prepayment cannot be predicted and are influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of Repayments and Prepayments that the Loan Portfolio will experience.

The risk of re-investing distributions resulting from repayments on the Notes will be borne by Noteholders.

Defaults under the Loan Agreements

If a sufficient number of Borrowers default and the recoveries under the Loan Agreements and Related Security do not cover the loan amounts owing, the Issuer will be unable to pay the Secured Creditors (including the Noteholders). By virtue of the manner in which the claims of Noteholders are subordinated to those of higher ranking Noteholders this risk will be borne first by the Class D Noteholders and by each succeeding Class of Noteholders in ascending order of rank in the Priority of Payments.

To reduce the risk of default, the Seller applied certain Credit Criteria in originating Loan Agreements. The purpose of the Credit Criteria was to limit exposure to certain lower quality assets.

There is no assurance that the measures set out above will eliminate the relevant risks.

Servicer

The Servicing Agreement requires a Substitute Servicer to be appointed to assume the role of the Servicer and perform the servicing function should the Servicer's appointment as Servicer be terminated. There can be no assurance that a suitable Substitute Servicer will be found to assume such role. There is also an operational risk that the continuity of services will be interrupted should a Substitute Servicer have to assume the responsibilities of the Servicer and there can be no assurance that a transition of servicing will occur without adverse effect on Noteholders or that an equivalent level of performance of collections and administration of the Loan Agreements and Related Security can be maintained by the Substitute Servicer.

There are also risks on the insolvency of Nedbank in respect of details of the Loan Agreements and Related Security that are kept electronically on Nedbank Corporate Property Finance's systems. The Servicing Agreement mitigates this risk by providing for the maintenance of back-up data and the storage of such data off-site by a disaster recovery agent.

Co-mingling risk

In terms of the Servicing Agreement, Nedbank Corporate Property Finance will, amongst its various duties, collect payments in respect of the Loan Agreements and Related Security and act as custodian of various documentation. On an insolvency of Nedbank, the Issuer, as principal, will be entitled to vindicate all property which it can identify among the assets of Nedbank, as agent, as being vested in it as owner.

In relation to cash deposits there is a co-mingling risk. Prior to the credit rating of the Servicer being downgraded below the Required Credit Rating, monies will be transferred on a monthly basis from the Collections Accounts (in the name of Nedbank Corporate Property Finance) to the Transaction Account (in the name of the Issuer). The Servicing Agreement attempts to mitigate any co-mingling risk by providing that in the event of the credit rating of the Servicer being downgraded below the Required Credit Rating, monies will be transferred on a daily basis from the Collections Accounts (in the name of Nedbank Corporate Property Finance) to the Transaction Account (in the name of the Issuer). Monies will be transferred to the Transaction Account on a daily basis following delivery of an Enforcement Notice.

Hedging Policy

The Issuer may enter into appropriate Derivative Contracts with Derivative Counterparties with the Required Credit Rating to mitigate the interest rate risks arising from the inclusion of Loan Agreements in the Loan Portfolio bearing interest on a different basis to the Notes.

Change of legislation

Loan Agreements and Related Security are subject to legislation which may change at any time. No prediction can be made as to whether such legislation will change and if it does, what the effect of such changes will be on the Loan Agreements, the Related Security or the Issuer.

Counterparty Risk

There is a risk that counterparties to agreements with the Issuer, such as Derivative Counterparties and Liquidity Facility Providers, may not perform their obligations under those agreements and this may affect the ability of the Issuer to pay interest and/or principal on the Notes. In terms of the Transaction Documents, this risk is mitigated by requiring certain parties to hold a Required Credit Rating.

Documentation Risk

The arrangements between the Issuer and others are governed by a complex set of legal documents. There is risk of dispute over the interpretation or enforceability of this documentation.

Ranking of a mortgage bond

Creditors of a Borrower who may rank above the mortgagee under a mortgage bond in respect of the realisation proceeds of a property, are the holder of an enrichment lien over the property (for expenses incurred which have enhanced the value of the property), the holder of a salvage lien over the property (for expenses without which the property would either be destroyed or depreciate in value) and amounts owing as municipal service fees, surcharges on fees, property rates and other municipal taxes, duties and levies in terms of section 118(3) of the Local Government Municipal Systems Act, 2000.

Transfer of the rights to the Loan Agreements

The transfer by the Seller to the Issuer of the Loan Agreements is governed by South African law.

The Issuer has agreed that notice of such transfer will not be given to Borrowers, except in limited circumstances. The lack of notice entails that, until notice is given to the Borrowers, each Borrower may discharge such Borrower's obligations under the related Loan Agreement and Related Security by making payment to the Seller. Notice to Borrowers would mean that Borrowers should no longer make payment to the Seller as creditor in respect of the Loan Agreements and Related Security but should instead make payment to the Issuer as creditor in respect of the Loan Agreements and Related Security. If notice is given, and a Borrower ignores it and makes payment to the Seller for its own account, that Borrower may nevertheless still be bound to make payment to the Issuer.

No support from the Seller

The Seller, acting in a primary role, is not obliged to support any losses suffered by the Issuer in respect of the purchase of Loan Agreements and Related Security or the Noteholders in respect of the Notes.

No support from the Servicer

The Servicer is not under any obligation to fund payments owed in respect of the Notes, absorb losses in respect of the Assets or otherwise recompense investors for losses incurred in respect of the Notes.

Suitability of Investment

This Offering Circular identifies some of the information that a prospective investor should consider prior to making an investment in the Notes. This Offering Circular does not, however, purport to provide all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Notes. A prospective investor should, therefore, conduct its own thorough analysis, including its own accounting, legal and tax analysis, prior to deciding to invest in the Notes. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its financial investment objectives. This Offering Circular is not, and does not purport to be, investment advice and each investor must obtain its own advice before making an investment in the Notes.

STRUCTURAL FEATURES

1. Cash Management

Cash is managed in the manner set out below.

1.1 Account Bank

In the event that the Account Bank ceases to hold the Required Credit Rating, a replacement Account Bank will be appointed in accordance with the provisions of the Bank Agreement.

1.2 Transaction Account

All amounts due to the Issuer (other than amounts referred to in 1.3 below) will be paid directly on receipt thereof into a bank account in the name of the Issuer at the Account Bank, the Transaction Account. Prior to the delivery of an Enforcement Notice, the Administrator will have signing authority in respect of the Transaction Account. After the delivery of an Enforcement Notice, the Security SPV will have signing authority in respect of the Transaction Account.

1.3 Collections Accounts

Amounts paid by or on behalf of Borrowers in respect of the Loan Agreements and Related Security and paid for or to the account of the Issuer, will be paid into the Collections Accounts, in the name of the Servicer. Such amounts shall be transferred from the Collections Accounts to the Transaction Account on the first Business Day of each month; provided that should a Servicer Event of Default or a Cash Management Trigger Event occur and for so long as such Servicer Event of Default or a Cash Management Trigger Event continues, monies shall be transferred from the Collections Accounts to the Transaction Account on a daily basis.

After the delivery of an Enforcement Notice, the Servicer shall procure that money shall be transferred from the Collections Accounts to the Transaction Account on a daily basis.

Upon the occurrence of a Customer Notification Trigger, the Servicer shall notify Borrowers in writing (i) of the sale and transfer of the Loan Agreements and Related Security to the Issuer and (ii) to make payments directly to the Transaction Account. If the Servicer fails to give such notice within 10 Business Days of the occurrence of a Customer Notification Trigger, the Issuer shall give such written notice.

1.4 Permitted Investments

The Administrator may, on behalf of the Issuer, invest cash from time to time standing to the credit of the Issuer's Bank Accounts in Permitted Investments.

2. Liquidity Reserve

2.1 The Liquidity Reserve is administered by the Administrator on behalf of the Issuer.

2.2 The Liquidity Reserve Required Amount is an amount equal to the difference, if any, between the Liquidity Required Amount and the aggregate Liquidity Facility Limits of all the Liquidity Facility Agreements.

2.3 The Liquidity Reserve will be funded on the Issue Date from the proceeds of the issue of the Notes. On each Quarterly Payment Date after the Issue Date, the Issuer will be required to pay an amount into the Liquidity Reserve, in terms of the Priority of Payments, so that the Liquidity Reserve is funded up to the Liquidity Reserve Required Amount. Any amounts by which the balance on the Liquidity Reserve exceeds the Liquidity Reserve Required Amount will be added to available funds in the Transaction Account.

2.4 The Liquidity Reserve will be available to meet Liquidity Shortfalls, on any Quarterly Payment Date, in the event of a shortfall in available funds for that purpose in terms of the Priority of Payments.

2.5 On the earlier of (i) the Final Redemption Date of the last Tranche of Notes in issue and (ii) all amounts outstanding in respect of the Loan Agreements, after application of the amounts outstanding in the Liquidity Reserve having been reduced to zero, the amounts standing to the credit of the Liquidity Reserve will be added to Available Funds in the Transaction Account for application in accordance with the Priority of Payments and the Liquidity Reserve Required Amount shall be zero.

2.6 In the event of the delivery of an Enforcement Notice, all monies in the Liquidity Reserve will be applied in accordance with the Post-Enforcement Priority of Payments.

3. Liquidity Facility Agreement

3.1 In the alternative to the Issuer setting aside funds to the Liquidity Reserve or in combination therewith, the Issuer may enter into a Liquidity Facility Agreement with a Liquidity Facility Provider, substantially on the terms set out below. At the Issue Date, no Liquidity Facility Agreement will be concluded.

3.2 The Liquidity Facility may be used by the Issuer to meet Liquidity Shortfalls, subject to the terms of the Liquidity Facility Agreement. Liquidity Shortfall means on any Quarterly Payment Date, an amount equal to the sum of items 1 (expenses) to 5 (Interest Amounts on the Notes) in the Priority Payments, payable on such Quarterly Payment Date, less the cash available in the Priority of Payments on such Quarterly Payment Date to fund such expenses.

3.3 The Liquidity Facility may not be used to (i) fund Liquidity Shortfalls to the extent that the Asset Quality Test is not satisfied, (ii) to acquire any Loan Agreement, (iii) as a permanent

revolving facility in order to provide credit enhancement or to cover losses sustained by the Issuer, or (iv) by any of the Noteholders directly, and may only be used by the Issuer.

3.4 The Liquidity Facility Limit will be a percentage of the Outstanding Principal Amount of the Notes from time to time, as set out in the Liquidity Facility Agreement. The Liquidity Facility Provider may, in its sole discretion, and at the request of the Issuer, at any time increase or decrease the Liquidity Facility Limit, as long as in the event of a reduction in such Liquidity Facility Limit the Rating Agency is furnished with at least 5 Business Days prior written notice of the proposed reduction.

3.5 The Commitment of the Liquidity Facility Provider under the Liquidity Facility will expire on or about 364 days after the date of the Liquidity Facility Agreement or such earlier date as the Notes are redeemed or enforcement of the Security occurs. If the Issuer is unable to renew the Liquidity Facility Agreement prior to its expiry and a suitable replacement with the Required Credit Rating is not appointed at least 30 days prior to the expiry of the then current Commitment Period, the Available Facility shall be fully drawn down by the Issuer (and may be subsequently fully re-drawn) until a substitute Liquidity Facility Provider with the Required Credit Rating has been appointed. The unutilised cash so drawn down shall be invested in Permitted Investments and may only be used for the purposes for which the Liquidity Facility could have been used.

3.6 Interest on amounts outstanding under the Liquidity Facility and fees will be payable on Quarterly Payment Dates to the extent permitted by, and in accordance with, the Priority of Payments. Principal amounts outstanding under the Liquidity Facility will also be repayable on a quarterly basis to the extent permitted by, and in accordance with the Priority of Payments, with the final Quarterly Payment Date being the Final Redemption Date of the last Tranche of Notes in issue.

3.7 If the Liquidity Facility Provider ceases to hold the Required Credit Rating and a suitable replacement or guarantor with the Required Credit Rating is not appointed within 30 days of such downgrade, the Available Facility shall be fully drawn down by the Issuer (and may be subsequently fully re-drawn) until such a substitute Liquidity Facility Provider or guarantor has been appointed. The unutilised cash so drawn down shall be invested in Permitted Investments.

3.8 The Issuer has the right to cancel the Liquidity Facility provided that each of the Rating Agency and the Security SPV is furnished with at least 5 Business Days prior written notice of the proposed cancellation.

3.9 In the event that the Borrowing Base is no longer sufficient to repay the Outstandings under the Liquidity Facility, then the Liquidity Facility shall be cancelled and the Outstandings shall become immediately due and payable, subject to the Priority of Payments.

3.10 In the event that the Borrowing Base falls to an amount lower than the Commitment under the Liquidity Facility, then the Liquidity Facility Limit (and thus the Commitment) shall be reduced to an amount which does not exceed the Borrowing Base, so that after such

reduction there are a sufficient level of performing assets to cover any new or existing utilisation in terms of the Liquidity Facility.

3.11 The obligations of the Liquidity Facility Provider do not significantly extend beyond the salient features of the Liquidity Facility as disclosed in this Offering Circular and the Liquidity Facility Provider will not support the Securitisation Scheme beyond such obligations. The Liquidity Facility may not be used as a permanent revolving facility in order to provide credit enhancement or cover losses sustained in respect of the Securitisation Scheme.

3.12 The Issuer shall have no recourse against the Liquidity Facility Provider (in its capacity as such) beyond the fixed contractual obligations provided for in the Liquidity Facility Agreement.

4. **Arrears Reserve**

4.1 The Arrears Reserve is administered by the Administrator on behalf of the Issuer.

4.2 The Arrears Reserve will be funded through excess spread.

4.3 On each Quarterly Payment Date, if an Arrears Reserve Trigger Event occurs, the Issuer will be required to pay an amount into the Arrears Reserve, in terms of the Priority of Payments, up to the Arrears Reserve Required Amount to provide for Defaulted Loan Agreements.

4.4 On the next Quarterly Payment Date the funds in the Arrears Reserve will be added to the funds in the Transaction Account to be applied in accordance with the Priority of Payments.

4.5 On the earlier of (i) the Final Redemption Date and (ii) all amounts outstanding in respect of the Loan Agreements having been reduced to zero, the amounts standing to the credit of the Arrears Reserve will be paid into the Transaction Account for application in accordance with the Pre-Enforcement Priority of Payments and the Arrears Reserve Required Amount shall be zero.

4.6 In the event of the delivery of an Enforcement Notice, all monies in the Arrears Reserve will be applied in accordance with the Post-Enforcement Priority of Payments.

5. **Redraws, Re-advances and Further Advances**

The Loan Agreements do not entitle a Borrower to borrow, or oblige the Issuer to advance, Redraws of Prepayments or Re-advances of Repayments.

If Borrowers request Redraws (of Prepayments), Re-advances (of Repayments) or Further Advances (above the initial loan limit), the Servicer, acting on behalf of the Issuer, may, in its discretion, advance such Redraws, Re-advances and Further Advances to Borrowers on any day, provided that:

5.1 the Issuer has funds available to make such Redraws, Re-advances or Further Advances, namely (a) Principal Collections received during that Collection Period and not yet

distributed in terms of the Priority of Payments after setting aside cash to provide for senior expenses payable on or before the next Quarterly Payment Date up to and including interest on the Class D Notes, or (b) funds in the Redraw Reserve;

5.2 the aggregate Redraws, Re-advances and Further Advances from the Issue Date to the Final Redemption Date may not exceed 25% of the Original Collateral;

5.3 immediately following the advance of any such Redraw, Re-advance or Further Advance, the Portfolio Covenants are satisfied;

5.4 no Enforcement Notice has been delivered which remains in effect;

5.5 on the most recent Determination Date, the Arrears Reserve is funded at the Arrears Reserve Required Amount and the Liquidity Reserve is funded at the Liquidity Reserve Required Amount;

5.6 on the most recent Determination Date, there is no Principal Deficiency;

5.7 no Issuer Insolvency Event has occurred;

5.8 a further Loan Agreement or amended Loan Agreement is concluded with the relevant Borrower, which is duly executed and, if applicable, stamped;

5.9 prior to the advance of such Redraw, Re-advance or Further Advance, the Borrower is subject to a credit assessment in accordance with the Seller's Credit Criteria, taking account of the circumstances of the Borrower at the time the Redraw, Re-advance or Further Advance is made;

5.10 any relevant Further Advance, together with the balance outstanding under the relevant Loan Agreement immediately prior to the making of such Further Advance, does not exceed the capital amount secured by the Mortgage Bonds registered in favour of the Issuer (excluding any amount identified as an additional capital sum in the Mortgage Bonds in respect of costs and expenses); and

5.11 each Borrower concerned is obliged to repay the Further Advance in full, together with all other amounts due under such Borrower's Loan Agreement, within a period extending no later than 5 years prior to the Final Redemption Date of the Notes.

6. **Redraw Reserve**

6.1 The Redraw Reserve is administered by the Administrator on behalf of the Issuer.

6.2 On the first 5 Quarterly Payment Dates, the Issuer will be required to pay an amount into the Redraw Reserve, in terms of the Priority of Payments, up to the Redraw Reserve Required Amount.

6.3 The Redraw Reserve will be available (i) to fund the advance of Redraws, Re-Advances and Further Advances, and (ii) to pay senior expenses payable on or before the next Quarterly Payment Date up to and including interest on the Class D Notes.

6.4 On each Business Day preceding (but excluding) each Quarterly Payment Date, interest accrued on the Redraw Reserve balance up to the Quarterly Payment Date, will be paid into the general funds in the Transaction Account.

6.5 On the earlier of (i) the Final Redemption Date and (ii) all amounts outstanding in respect of the Loan Agreements having been reduced to zero, the amounts standing to the credit of the Redraw Reserve will be paid into the Transaction Account for application in accordance with the Pre-Enforcement Priority of Payments and the Redraw Reserve Required Amount shall be zero.

6.6 In the event of the delivery of an Enforcement Notice, all monies in the Redraw Reserve will be applied in accordance with the Post-Enforcement Priority of Payments.

7. **Principal Lock-Out**

7.1 A Principal Lock-Out shall occur on any Quarterly Payment Date where:

7.1.1 where there are Class A Notes outstanding, the sum of the aggregate Outstanding Principal Amount of the Class B Notes, the Class C Notes and the Class D Notes, as a percentage of the sum of the aggregate Outstanding Principal Amount of all the Notes on such Quarterly Payment Date, after having made all payments in accordance with the Priority of Payments on that Quarterly Payment Date, will not be at least twice that same percentage as at the Issue Date; or

7.1.2 a Principal Deficiency exists; or

7.1.3 the Liquidity Reserve is not funded at the Liquidity Reserve Required Amount; or

7.1.4 the Arrears Reserve is not funded at the Arrears Reserve Required Amount.

7.2 Where there is a Principal Lock-Out, the amount allocated for redemption of the Notes in terms of the Pre-Enforcement Priority of Payments will be applied in redeeming the Notes sequentially (until each succeeding Class is fully paid), starting with the Class A1 Notes, followed by the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes and lastly the Class D Notes.

7.3 Where there is no Principal Lock-Out, the amount allocated for redemption of the Notes in terms of the Pre-Enforcement Priority of Payments will be applied in redeeming the Class A Notes, the Class B Notes, the Class C Notes and Class D Notes, *pari passu* and *pro rata*, based on the Outstanding Principal Amount of each Class of Notes immediately prior to the application of such funds. In respect of the Class A Notes, the amount allocated for redemption of the Class A Notes shall be allocated in redeeming each Tranche of Class A

Notes sequentially, such starting with the Class A1 Notes, followed by the Class A2 Notes, followed by the Class A3 Notes.

8. **Interest Deferral Event**

Following the occurrence of a Class B Interest Deferral Event, a Class C Interest Deferral Event or a Class D Interest Deferral Event, a portion of the available funds that would otherwise have been applied in paying interest on the Notes will be diverted to the payment of lower-ranking items in accordance with the Priority of Payments. The effect of the Interest Deferral Events is to accelerate the amortisation of the Notes where the credit quality of the Loan Portfolio deteriorates. Once an Interest Deferral Event has occurred, it can be rectified to restore the application of funds in the Priority of Payments to the state prior to such event occurring.

9. **Principal Deficiency**

A Principal Deficiency Ledger will be established to record the Principal Deficiency (if any) on each Determination Date, being an amount equal to the "**Liabilities**" expected to exist, as at close of business on the immediately succeeding Quarterly Payment Date after having made all payments in accordance with the Priority of Payments on that Quarterly Payment Date, less the "**Assets**" expected to exist on the immediately succeeding Quarterly Payment Date after having made all payments in accordance with the Priority of Payments on that Quarterly Payment Date, where:

9.1 "**Liabilities**" means:

9.1.1 the aggregate Outstanding Principal Amount of the Notes and the amount outstanding under the Subordinated Loan(s) on the last day of the immediately preceding Collection Period; less

9.1.2 the amount allocated in the Pre-Enforcement Priority of Payments for the redemption of the Notes and the repayment of the Subordinated Loan(s) on the immediately succeeding Quarterly Payment Date;

9.2 "**Assets**" means:

9.2.1 the aggregate Principal Balances of the Loans Agreements (for avoidance of doubt net of Written-off Loan Agreements) on the last day of the immediately preceding Collection Period, excluding the aggregate Principal Balances of any Defaulted Loan Agreements; plus

9.2.2 the monies standing to the credit of the Arrears Reserve, the Liquidity Reserve and the Redraw Reserve plus amounts invested in Permitted Investments on the immediately succeeding Quarterly Payment Date;

provided further that the Principal Deficiency shall never be less than zero

10. **Guaranteed Investment Contract**

To facilitate timing issues relating to the registration of transfer of Mortgage Bonds, the proceeds of the Notes on the Issue Date (other than amounts paid into the Liquidity Reserve) will be invested with the GIC Provider pending application to fund the purchase of the Loan Agreements, on the relevant Transfer Dates. If the proceeds have not been applied in full by 27 October 2013, the remaining amount will be added to the available funds for redemption of the Notes in accordance with the Priority of Payments. The Issuer will enter into a Guaranteed Investment Contract with Nedbank Corporate Property Finance, as GIC Provider, to procure a guaranteed return equal to the weighted average interest rate of the Loan Agreements in the Provisional Loan Portfolio to be acquired by the Issuer, on the proceeds of the Notes so invested with the GIC Provider. In the event that a GIC Provider ceases to hold the Required Credit Rating, a replacement GIC Provider, which has the Required Credit Rating, will be appointed or an entity with the Required Credit Rating will be appointed to guarantee the obligations of the GIC Provider under the GIC in accordance with the provisions of the Transaction Documents.

The funds in the Redraw Reserve and the Liquidity Reserve will be invested with the GIC Provider and earn a guaranteed return equal to the weighted average interest rate of the Loan Agreements as provided for in terms of the Guaranteed Investment Contract.

11. **Derivative Contracts**

The Administrator will procure that the Issuer enters into a Derivative Contract/s with Derivative Counterparty/ies with the Required Credit Rating in order to manage the Issuer's interest rate risks.

12. **Subordinated Loan Agreement**

12.1 The Issuer will enter into a Subordinated Loan Agreement with the Subordinated Lender, which will serve as credit enhancement in relation to the Notes.

12.2 Interest on the Subordinated Loan or such balance as shall remain outstanding from time to time, will be payable on Quarterly Payment Dates in accordance with the Priority of Payments. Capital amounts outstanding on the Subordinated Loan will be repayable as and when cash is available to make such repayment, to the extent permitted by, and in accordance with, the Priority of Payments; provided that the Subordinated Loan shall not be repaid until the Notes have been repaid in full.

13. **Preference Shares**

Once the Notes have been redeemed in full, the Preference Shareholder will be entitled to receive dividends in respect of the Preference Shares.

14. **Redemption**

Each Tranche of Notes will be subject to:

14.1 final redemption at maturity on its Final Redemption Date (as more fully described in Condition 7.1 of the Terms and Conditions of the Notes);

14.2 mandatory early redemption, in whole or in part, on any Interest Payment Date prior to its Final Redemption Date (as more fully described in Condition 7.2 of the Terms and Conditions of the Notes) if there are funds available for this purpose in terms of the Priority of Payments. Such early redemption may arise, amongst other reasons, due to the receipt by the Issuer of scheduled instalments of principal under the Loan Agreements, prepayments of principal under the Loan Agreements, recoveries, the proceeds from the disposal of the Loan Agreements to the Seller following a breach of warranty and the re-allocation of funds following the occurrence of an Interest Deferral Event;

14.3 early redemption, in whole but not in part, at the option of the Issuer, on any Interest Payment Date on and after the Interest Payment date falling on 27 January 2018 (as more fully described in Condition 7.3 of the Terms and Conditions of the Notes);

14.4 early redemption, in whole but not in part, at the option of the Issuer, on any Interest Payment Date on which the aggregate Principal Balances of the Loan Agreements is less than 10% of the Original Collateral Balance (as more fully described in Condition 7.3 of the Terms and Conditions of the Notes);

14.5 early redemption, in whole but not in part, at the option of the Issuer on any Interest Payment Date for Tax reasons (as more fully described in Condition 7.4 of the Terms and Conditions of the Notes); and

14.6 mandatory early redemption following the delivery of an Enforcement Notice (as more fully described in Condition 7.5.

FORM OF THE NOTES

Interest Rate Market

Notes will be listed on the Interest Rate Market of the JSE.

Notes will be issued in the form of registered Notes in accordance with the Conditions and represented by (i) a Certificate, or (ii) no Certificate, if issued in uncertificated form in terms of section 37 of the Securities Services Act.

Notes issued in uncertificated form

Notes issued in uncertificated form will not be represented by any certificate or written instrument.

All transactions in uncertificated securities as contemplated in the Securities Services Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions relating to Beneficial Interests in the Notes held in the Central Securities Depository will apply to Notes issued in uncertificated form.

Beneficial Interests

The Central Securities Depository will hold the Notes issued in uncertificated form, subject to the Securities Services Act and the Applicable Procedures. Notes issued in uncertificated form, will be registered in the name of the Central Securities Depository's Nominee, and the Central Securities Depository's Nominee will be named in the Register as the sole Noteholder of such Notes.

Accordingly, and except where the contrary is provided in the Conditions, all amounts to be paid and all rights to be exercised in respect of the Notes issued in uncertificated form, will be paid to and may be exercised only by the Central Securities Depository's Nominee for the holders of Beneficial Interests in such Notes.

The Central Securities Depository maintains central securities accounts only for Participants. As at the date of this Offering Circular, the Participants are Absa Bank Limited, Citibank N.A., First Rand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Securities Depository only through their Participants.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Notes, a certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the Principal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest.

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Participants occur by electronic book entry in the central securities accounts of the clients of the Participants. Transfers among Participants of Notes held in the Central Securities Depository system occur through electronic book entry in the Participants' central security accounts with the Central Securities Depository. Beneficial Interests may be transferred only in accordance with the Conditions and the rules and operating procedures for the time being of the Central Securities Depository, Participants and the JSE.

Beneficial Interests in the Notes may be exchanged, without charge by the Issuer, for Notes in definitive registered form only in accordance with Condition 13 of the Conditions. Such Certificates will not be issuable in bearer form. The Notes represented by the Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders maintained by the Transfer Agent. The Issuer shall regard the Register as the conclusive record of title to the Notes. The Central Securities Depository's Nominee shall be recognised by the Issuer as the owner of the Notes issued in uncertificated form and registered holders of Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Certificates.

The Issuer shall regard the Register as the conclusive record of title to the Notes.

Certificates

The Notes represented by Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders.

Payments of interest and principal in respect of Notes represented by Certificates will be made in accordance with Condition 9 to the person reflected as the registered holder of such Certificates in the Register at 17h00 (Johannesburg time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of the registered holder of the Certificate in respect of each amount so paid.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer. The Terms and Conditions set out below will be deemed to be incorporated by reference into each Certificate, if any, evidencing any Notes.

1. Interpretation

The section of the Offering Circular headed "*Glossary of Definitions*" is incorporated by reference into the Terms and Conditions. In the Terms and Conditions, unless inconsistent with the context, capitalised terms will bear the meanings ascribed to such terms in the section of the Offering Circular headed "*Glossary of Definitions*", except to the extent that any such capitalised term is separately defined in the Terms and Conditions.

2. Issue

A total amount of a total amount of R550 000 000 Class A1 Notes, a total amount of R550 000 000 Class A2 Notes, a total amount of R600 000 000 Class A3 Notes, a total amount of R300 000 000 Class B Notes, a total amount of R100 000 000 Class C Notes and a total amount of R125 000 000 Class D Notes will be issued on the Issue Date

3. Form and Denomination

3.1 The Class A1 Notes are floating rate, secured Notes with a minimum denomination of R1 000 000 each.

3.2 The Class A2 Notes are floating rate, secured Notes with a minimum denomination of R1 000 000 each.

3.3 The Class A3 Notes are floating rate, secured Notes with a minimum denomination of R1 000 000 each.

3.4 The Class B Notes are floating rate, secured Notes with a minimum denomination of R1 000 000 each.

3.5 The Class C Notes are floating rate, secured, subordinated Notes with a minimum denomination of R1 000 000 each.

3.6 The Class D Notes are floating rate, secured, subordinated Notes with a minimum denomination of R1 000 000 each.

3.7 The Notes in a Tranche of Notes will be issued in the form of registered Notes, represented by (i) Certificates registered in the name, and for the account of, the relevant Noteholder or

(ii) no Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 37 of the Securities Services Act, and registered in the name, and for the account of, the Central Securities Depository's Nominee. The Central Securities Depository will hold the Notes subject to the Securities Services Act and the Applicable Procedures.

4. **Title**

4.1 Title to the Notes will pass upon registration of transfer in the Register in accordance with Condition 14. The Issuer and the Transfer Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

4.2 Beneficial Interests in Notes held in uncertificated form may in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the securities accounts of Participants. Such transfers will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of the Notes held in uncertificated form, notwithstanding such transfers.

4.3 Any reference in this Offering Circular to the relevant Participant shall, in respect of Beneficial Interests, be a reference to the Participant appointed to act as such by a holder of such Beneficial Interest.

5. **Status of Notes**

5.1 The Notes constitute direct, limited recourse, secured obligations of the Issuer only.

5.2 The claims of the Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of higher ranking creditors in accordance with the Priority of Payments.

5.3 Notwithstanding the subordinations envisaged in this Condition, the Noteholders shall be entitled to be paid any amounts due and payable to them in accordance with the Priority of Payments, on any Interest Payment Date, provided that all amounts required to be paid or provided for in terms of the Priority of Payments in priority thereto, have been paid, provided for or discharged in full.

5.4 On enforcement, the Notes of each Class rank *pari passu* among themselves.

6. Interest

6.1 Interest on Floating Rate Notes

6.1.1 Interest Rate

Each Floating Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Interest Rate, from and including the Interest Commencement Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).

6.1.2 Interest Payment Dates

The interest due in respect of each Interest Period will be payable in arrears on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions of Condition 8.3 shall determine the date of payment of interest due upon such Interest Payment Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

6.1.3 Determination of Interest Rate and calculation of Interest Amount

The Calculation Agent will, on each Rate Determination Date, determine the Interest Rate applicable to a Tranche of Floating Rate Notes for the Interest Period commencing on that Rate Determination Date and calculate the Interest Amount payable in respect of each Floating Rate Note in that Tranche for that Interest Period. The Interest Amount will be determined by multiplying the Interest Rate by the Outstanding Principal Amount of such Floating Rate Note and then multiplying such product by the actual number of days elapsed in such Interest Period, divided by 365. The resultant sum will be rounded to the nearest cent, half a cent being rounded upwards.

6.2 Publication of Interest Rate and Interest Amount by the Calculation Agent

6.2.1

The Calculation Agent will cause the Interest Rate for each Tranche of Notes determined upon each Rate Determination Date to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer, the JSE (in relation to any Tranche of Notes listed on the JSE) and, if the Administrator is not the Calculation Agent, then also to the Administrator, as soon as practicable after such determination but in any event not later than 5 Business Days after such determination.

6.2.2

The Calculation Agent will, in relation to each Tranche of Notes, at least 2 Business Days before each Interest Payment Date, cause the aggregate Interest Amount payable (and, if applicable, the Deferred Interest Amount) for the relevant Interest

Period in respect of such Tranche of Notes to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer, the JSE (in relation to any Tranche of Notes listed on the JSE) and, if the Administrator is not the Calculation Agent, then also to the Administrator.

6.3 **Calculations final and limitation of liability**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Calculation Agent pursuant to the exercise or non-exercise by it of its powers, duties and discretions under the Terms and Conditions and the Transaction Documents and all certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Administrator pursuant to the exercise or non-exercise by it of its powers, duties and discretions under the Terms and Conditions and the Transaction Documents, will, in the absence of wilful deceit, bad faith, or manifest error, be binding on the Issuer, the Security SPV and all Secured Creditors (including Noteholders), and the Calculation Agent and/or the Administrator, as the case may be, will not have any liability to the Issuer, the Security SPV or the Secured Creditors (including Noteholders) in connection therewith.

7. **Redemption and purchases**

7.1 **Final redemption**

Unless redeemed at an earlier date, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes shall mature and shall be redeemed at their Outstanding Principal Amount (together with interest accrued thereon) on the Final Redemption Date.

The Issuer shall not be entitled or obliged to redeem the Notes in whole or in part prior to the Final Redemption Date, except as provided below.

7.2 **Mandatory redemption in whole or in part**

7.2.1 On each Interest Payment Date, the Issuer shall partially redeem each Note in all Tranches of Notes, to the extent permitted by and in accordance with the relevant Priority of Payments, until the Outstanding Principal Outstanding of such Notes is reduced to zero.

7.2.2 The principal amount redeemable in respect of each Class of Notes (or each Tranche of Notes within a Class of Notes) on an Interest Payment Date, shall be the amount allocated to the Notes in that Class of Notes (or each Tranche of Notes within that Class of Notes) in accordance with the relevant Priority of Payments on such Interest Payment Date.

7.2.3 The principal amount redeemable in respect of each Note in a Class of Notes (or each Tranche of Notes within a Class of Notes) on an Interest Payment Date, shall

be the amount allocated to the Notes in that Class of Notes (or each Tranche of Notes within that Class of Notes) in accordance with the relevant Priority of Payments on such Interest Payment Date, allocated pro-rata to such Note in the proportion which the Outstanding Principal Amount of such Note bears to the Outstanding Principal Amount of all the Notes in that Class of Notes (or each Tranche of Notes within that Class of Notes) on such Interest Payment Date, rounded to the nearest Rand, provided always that no such amount may exceed the Outstanding Principal Amount of such Note.

7.3 **Redemption at the option of the Issuer - Clean-Up Call Option**

On the Call Date or on any Interest Payment Date falling thereafter and upon giving not less than 20 days notice to the Security SPV and the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Notes at their Outstanding Principal Amount (together with accrued interest thereon); provided that, prior to giving such notice, the Issuer shall have provided to the Security SPV a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem the Notes.

7.4 **Optional redemption for tax reasons**

7.4.1 If the Issuer immediately prior to the giving of the notice referred to below satisfies the Security SPV that either:

7.4.1.1 payments of principal or interest in respect of any of the Loan Agreements cease to be receivable (whether or not actually received) by the Issuer, or are or will necessarily be reduced by virtue of any withholding or deduction for or on account of any present or future Taxes, as the case may be, and (ii) the Borrowers in respect of such Loan Agreements are not obliged to pay such additional amounts as shall be necessary in order that the net amounts received by the Issuer after such withholding or deduction are equal to the respective amounts of principal or interest which would otherwise have been receivable in the absence of such withholding or deduction; and each of (i) and (ii) cannot be avoided by the Issuer taking reasonable measures available to it; or

7.4.1.2 as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax becoming effective after the Issue Date the Issuer is or would be required to deduct or withhold from any payment of principal or interest on the Notes any amounts as provided or referred to in Condition 9, and such requirements cannot be avoided by the Issuer taking reasonable measures available to it,

then, on any Interest Payment Date thereafter, the Issuer may at its option, having given not less than 20 days notice to the Security SPV and Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem all, but not some only of the Notes, at their Outstanding Principal Amount (together with interest accrued thereon); provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would incur the obligation to make such deduction or would necessarily receive such lesser amount for interest.

7.4.2 Prior to giving such notice of redemption, the Issuer shall have provided to the Security SPV:

7.4.2.1 a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem all the Notes as set out above; and

7.4.2.2 a legal opinion (in form and substance satisfactory to the Security SPV) from a firm of lawyers in South Africa (approved in writing by the Security SPV) opining on the relevant event.

7.5 **Mandatory Redemption following delivery of an Enforcement Notice**

Upon the delivery of an Enforcement Notice (following the occurrence of an Event of Default), the Notes in all Tranches of Notes will be immediately due and payable, and the Notes will be redeemed in accordance with Condition 11.

7.6 **Purchases**

The Issuer may not at any time purchase Notes in the open market or otherwise.

7.7 **Cancellation**

All Notes which are redeemed in full will forthwith be cancelled. All Notes so cancelled shall be held by the Issuer and cannot be re-issued or resold. Where a portion of the Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes. The Issuer shall notify the Central Securities Depository and the JSE of any cancellation or partial redemption of the Notes so that such entities can record the reduction in the aggregate Principal Amount of the Notes in issue.

8. **Payment**

8.1 **Method of payment**

8.1.1 Payments of interest and principal in respect of Notes held in uncertificated form in the Central Securities Depository will be made to the Central Securities Depository's Nominee, as the registered holder of such Notes, which in turn will transfer such

funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, as the holders of Beneficial Interests shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to, or for the order of, the registered holder of the Note held in uncertificated form. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests. Payments of interest and principal in respect of Notes held in the Central Securities Depository in uncertificated form shall be recorded by the Central Securities Depository's Nominee, as the registered holder of the Notes, distinguishing between interest and principal, and such record of payments by the registered holder of the Notes shall be *prima facie* proof of such payments. Payments of interest and principal in respect of Notes represented by Certificates shall be made to the person reflected as the registered holder of the Individual Certificate in the Register on the Last Day to Register.

8.1.2 The Issuer shall pay the interest and principal payable in respect of each Note, in immediately available and freely transferable funds, in Rand by electronic funds transfer, to the bank account of the Noteholder as set forth in the Register at 17h00 (Johannesburg time) on the Last Day To Register (whether or not such day is a Business Day) preceding the relevant Interest Payment Date or Redemption Date, as the case may be, or, in the case of joint Noteholders, the account of that one of them who is first named in the Register in respect of that Note. If several persons are entered into the Register as joint Noteholders, then without affecting the previous provisions of this condition, payment to any one of them of any monies payable on or in respect of the Note shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Note or interest therein.

8.1.3 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, government interference or control or any other cause or contingency beyond the control of the Issuer) such inability shall not constitute an Event of Default and the Issuer shall give notice to the Noteholders within 3 Business Days of such inability arising. Upon receipt of such notice any Noteholder may request the Issuer in writing to make payment of any such amounts by way of cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such notice shall specify the address of the payee entitled to payment in respect of the Note, and if the Noteholder so desires, a request to make such cheque available for collection during business

hours by a Noteholder or its duly authorised representative at the registered office of the Issuer.

8.1.4 All monies so payable by cheque shall, save if the Noteholder requests that the cheque be made available for collection as set out above (unless such cheque is not so collected within 2 Business Days of being made available for collection), be sent by post within 2 Business Days of the receipt by the Issuer of the notice from a Noteholder referred to in the preceding paragraph to:

8.1.4.1 the address of that Noteholder as set forth in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register; or

8.1.4.2 in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.

The Issuer shall not be responsible for any loss in transmission of cheques posted in terms of this Condition 9.1 and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.1.

8.1.5 Only Noteholders, or, in the case of joint Noteholders, the one of them who is first named in the Register in respect of that Note, reflected in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register will be entitled to payments of interest and/or principal in respect of Notes.

8.1.6 Payments will be subject in all cases to the Priority of Payments and any Taxation or other laws, directives and regulations applicable to such payment in the place of payment.

8.2 **Surrender of Certificates**

8.2.1 On or before the Last Day to Register prior to any Redemption Date (including a Redemption Date relating to mandatory redemption in part), the holder of a Certificate, in respect of a Note to be redeemed (in part or in whole, as the case may be) shall deliver to the Transfer Agent the Certificates to be redeemed. This will enable the Transfer Agent to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.

8.2.2 Should the holder of a Certificate refuse or fail to surrender the Certificate for endorsement or cancellation on or before a Redemption Date, the amount payable to him in respect of such redemption, including any accrued interest, shall be retained by the Issuer for such Noteholder, at the latter's risk, until the Noteholder surrenders the necessary Certificate, and interest shall cease to accrue to such Noteholder from the Redemption Date in respect of the amount redeemed.

8.2.3 Documents required to be presented and/or surrendered to the Transfer Agent in accordance with the Terms and Conditions will be so presented and/or surrendered at the Specified Office of the Transfer Agent.

8.2.4 In the case of the Notes held in uncertificated form in the Central Securities Depository, redemptions in part will be handled in accordance with the Applicable Procedures.

8.3 **Payment Date**

Notwithstanding anything to the contrary contained in the Terms and Conditions, if the date for payment of any amount payable in respect of any Note is not a Business Day, then such date for payment shall be the following Business Day. In respect of Floating Rate Notes, interest shall accrue to and be paid on the relevant date of payment.

8.4 **Calculation and notice of principal payments**

The Calculation Agent will calculate the aggregate amount of principal due and payable by the Issuer for each Note on each date that payment is due and payable in accordance with the Priority of Payments. The Calculation Agent will, at least 2 Business Days before each such date, cause such aggregate amount of principal to be notified to the Noteholders (in the manner set out in Condition 16), the Central Securities Depository, the JSE (in relation to any Tranche of Notes listed on the JSE) and the Issuer.

9. **Taxation**

9.1 All payments (whether in respect of principal, interest or otherwise) in respect of the Notes will be made without withholding or deduction for or on account of any Taxes, unless such withholding or deduction is required by Applicable Law.

9.2 If any such withholding or deduction is required by Applicable Law in respect of Taxes imposed or levied on any payments (whether in respect of principal, interest or otherwise) in respect of any Notes, the Issuer will, subject to the Issuer's rights to redeem such Notes in terms of Condition 7.4, make such payments after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. **Undertakings of the Issuer**

10.1 **Comply with obligations**

The Issuer undertakes that it will comply with the obligations imposed on it in terms of the Transaction Documents to which it is a party.

10.2 **Positive undertakings**

The Issuer undertakes that it will:

10.2.1 (**Accounting Records**) prepare proper and adequate accounting records and lodge returns in accordance with IFRS or such other accounting standard as may be approved by the Security SPV and the Companies Act;

10.2.2 (**Accounts**) provide to the Security SPV and the Rating Agency its audited financial statements for each financial year within 180 days of the end of that year;

10.2.3 (**other information**) promptly give to the Security SPV such information relating to the financial condition or operations of the Issuer as the Security SPV may from time to time reasonably request, except for such information the disclosure of which would contravene Applicable Law or render the Issuer in breach of any confidentiality obligation;

10.2.4 (**Taxes**) pay all Taxes (other than Taxes disputed by the Issuer in good faith) when due;

10.2.5 (**Event of Default**) notify the Security SPV and the Rating Agency of the occurrence of any Event of Default, as soon as it becomes aware of it;

10.2.6 (**separate entity**) always hold itself out as an entity which is separate from any other entity or group of entities, and correct any misunderstanding known to the Issuer regarding its separate identity; and

10.2.7 (**notification to Rating Agency**) notify the Rating Agency of the occurrence of any of the following:

10.2.7.1 should the Security SPV be requested to give its consent to anything in relation to the Transaction Documents and the response of the Security SPV to such request;

10.2.7.2 should a supplement to the Offering Circular be issued by the Issuer;

10.2.8 (**maintain records**) maintain records in such a manner that it is possible, at any point in time, to determine from such records the Assets of the Issuer;

10.2.9 (**pay monies**) subject to the Transaction Documents, pay all monies received by it into the relevant Bank Accounts;

10.2.10 (**separateness**)

10.2.10.1 pay its liabilities out of its own funds;

10.2.10.2 observe all of its corporate formalities;

10.2.10.3 maintain separate from any other entity, books and records, accounts and financial information; and

10.2.10.4 conduct its business in its own name.

10.3 **Negative undertakings**

The Issuer undertakes that it willl not, except as permitted under any Transaction Document or otherwise with the prior written consent of the Security SPV:

10.3.1 (**negative pledge**) create or permit to subsist any Encumbrance (unless arising by operation of law) upon the whole or any part of its Assets, present or future, save for any Encumbrance upon the Assets pursuant to the Security Agreements;

10.3.2 (**disposal of assets**) transfer, sell, exchange, realise, alienate, lend, part with or otherwise dispose of, or deal with, or grant any right of first refusal, option or present or future right to acquire any of its Assets or any interest, right, title or benefit therein, save as in accordance with any Transaction Document;

10.3.3 (**winding-up**) cause itself to be voluntarily wound-up;

10.3.4 (**restrictions on activities**) engage in any activity which is not in terms of or necessarily incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

10.3.5 (**shares**) issue any further shares or repurchase shares, except those Preference Shares created pursuant to the Transaction Documents, which:

10.3.5.1 Preference Shares have no rights which conflict with the rights of Noteholders; and

10.3.5.2 Preference Shares are subordinated in all respects to the rights of Noteholders;

10.3.6 (**distributions**) authorise the payment of, or pay, any dividend or other distribution to its shareholders, except any preference dividend, and any Tax thereon, payable only in accordance with the Priority of Payments and pursuant to the Transaction Documents;

10.3.7 (**bank accounts**) open or operate any bank accounts, other than the Bank Accounts opened in terms of the Transaction Documents;

10.3.8 (**Derivative Contracts**) enter into any Derivative Contract, unless the Derivative Counterparty meets the Rating Agency hedging criteria from time to time;

10.3.9 (**no payment**) make or attempt or purport to make any payment in respect of a Note or other amount owing prior to the date on which the payment is due for payment in terms of the Priority of Payments;

10.3.10 (**borrowings**) raise or incur any obligation, whether as principal or surety, for the payment or repayment of money, whether present or future, actual or contingent, other than as envisaged in the Transaction Documents;

10.3.11 (**other financial accommodation**) grant any guarantee or other assurance whatsoever against financial loss or allow any such guarantee or assurance to be outstanding in connection with any money borrowed or raised by any person other than as part of the Issuer's Business;

10.3.12 (**general acts**) do any of the following things:

10.3.12.1 register any transfer of shares in its issued share capital;

10.3.12.2 amend its memorandum of incorporation;

10.3.12.3 engage any employees;

10.3.12.4 have or acquire any subsidiaries;

10.3.12.5 occupy premises;

10.3.12.6 consolidate, merge or amalgamate with any other person or entity;

10.3.13 (**Transaction Documents**)

10.3.13.1 cancel or amend any Transaction Documents;

10.3.13.2 grant a waiver in respect of any Transaction Document;

10.3.13.3 discharge or release any person from their obligations under any Transaction Document if that person has not performed its obligations in full;

10.3.13.4 novate or assign any Transaction Document;

10.3.13.5 cede any of its rights or delegate any of its obligations under any Transaction Document;

10.3.14 (**other transactions**) enter into any document, agreement or arrangement other than in terms of the Transaction Documents, save as provided for in 10.3.13.

10.4 **Security SPV consents**

In giving any consent to the foregoing, the Security SPV may require the Issuer to make such modifications or additions to the Terms and Conditions and/or to the provisions of any

of the Transaction Documents (subject to Condition 17) or may impose such other conditions or requirements as the Security SPV may deem expedient (in its absolute discretion) in the interests of the Secured Creditors, including the Noteholders (and subject to Condition 18); provided that the Rating Agency is furnished with at least 10 Business Days prior written notice of the proposed action.

11. Events of Default

11.1 An Event of Default will arise if any of the following events occurs:

11.1.1 the Issuer fails to pay any amount, whether in respect of interest, principal or otherwise, due and payable in respect of the Controlling Class Notes within 3 Business Days of the due date for the payment in question, in each case irrespective of whether or not there are available funds for that purpose in terms of the Priority of Payments; or

11.1.2 the Issuer fails to pay any amount, whether in respect of interest, principal or otherwise, due and payable in respect of any other Class of Notes within 3 Business Days of the due date for the payment in question, to the extent permitted by available funds for that purpose in terms of the Priority of Payments; or

11.1.3 the Issuer fails duly to perform or observe any other obligation binding on it under the Terms and Conditions or any of the other Transaction Documents, which breach is not remedied within the cure period permitted therefor in the relevant Transaction Document or, if no such cure period is provided (and an immediate default is not triggered under such Transaction Document), within 10 Business Days (or such other period as the Security SPV in its reasonable discretion may specify) after receiving written notice from either the Security SPV or a party to the relevant Transaction Document requiring such breach to be remedied, unless the Security SPV has notified the Issuer in writing that such breach is not, in the opinion of the Security SPV, materially prejudicial to the Noteholders; or

11.1.4 the Issuer ceases to be wholly owned by the Owner Trust without the prior written consent of the Security SPV; or

11.1.5 the Guarantee in favour of Secured Creditors, or any security interests in favour of the Security SPV pursuant to any of the Security Agreements, be or become, or be reasonably claimed by the relevant Security SPV to be or have become, wholly or partly void, voidable, illegal or unenforceable for any reason whatsoever or should any security pursuant to any of the Security Agreements be reasonably claimed by the Security SPV not to grant or cease to grant the Security SPV a first priority security interest over all the Assets; or

11.1.6 it is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and the Security SPV has notified the Issuer in writing that such event is, in its opinion, materially prejudicial to Noteholders; or

11.1.7 the Issuer alienates or encumbers Assets (other than as provided for in terms of the Transaction Documents) without the prior written consent of the Security SPV; or

11.1.8 an Issuer Insolvency Event occurs; or

11.1.9 the Issuer has any judgment or similar award ("**judgment**") awarded against it and fails to satisfy such judgment within 30 days after becoming aware thereof, or:

11.1.9.1 if such judgment is appealable, fails to appeal against such judgment within the time limits prescribed by law or fails to diligently prosecute such appeal thereafter or ultimately fails in such appeal and then fail to satisfy the judgment within 10 days; and/or

11.1.9.2 if such judgment is a default judgment, fails to apply for the rescission thereof within the time limits prescribed by law or fails to diligently prosecute such application thereafter or ultimately fail in such application and then fails to satisfy the judgment within 10 days; and/or

11.1.9.3 if such judgment is reviewable, fails to initiate proceedings for the review thereof within the time limits prescribed by law or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings and then fail to satisfy the judgment within 10 days.

11.2 If an Event of Default occurs:

11.2.1 the Administrator will forthwith inform the Security SPV, the Rating Agency and (if the Notes are listed) the JSE thereof;

11.2.2 the Security SPV will, as soon as such Event of Default comes to its notice (whether as a result of having been informed by the Administrator thereof pursuant to Condition 11.2.1 or otherwise), forthwith notify the Issuer and the Secured Creditors thereof and forthwith call a meeting of the Controlling Class Noteholders;

11.2.3 all the Notes will become immediately due and payable:

11.2.3.1 if, at such meeting, the Controlling Class Noteholders so decide, by Extraordinary Resolution; or

11.2.3.2 if the Security SPV in its discretion so decides.

11.3 If the Controlling Class Noteholders decide that the Notes will become immediately due and payable as contemplated in Condition 11.2.3.1, the Controlling Class Noteholders will notify the Issuer and the Security SPV accordingly.

11.4 If the Controlling Class Noteholders decide that the Notes will become immediately due and payable as contemplated in Condition 11.2.3.1 or if the Security SPV decides that the Notes will become immediately due and payable as contemplated in Condition 11.2.3.2, as the case may be, the Security SPV will, by written notice to the Issuer (an "**Enforcement Notice**"), declare the Notes and any amounts owing under any other Transaction Document, to be immediately due and payable, and require the Outstanding Principal Amount of the Notes, together with any accrued interest thereon, and the amounts owing under any other Transaction Document, to be forthwith paid or repaid, to the extent permitted by and in accordance with the Post-Enforcement Priority of Payments. The Issuer shall forthwith do this, failing which the Security SPV may take all necessary steps, including legal proceedings, to enforce the rights of the Noteholders and other Secured Creditors set out in, and the security given therefor in terms of, these Terms and Conditions and the other Transaction Documents, subject always to the provisions of the Post-Enforcement Priority of Payments. Should the Security SPV fail to deliver the Enforcement Notice within 10 Business Days of being called upon to do so by the Controlling Class Noteholders, the notification by the Controlling Class Noteholders to the Issuer in accordance with Condition 11.3 shall constitute delivery of the Enforcement Notice.

11.5 The Security SPV will not be required to take any steps to ascertain whether any Event of Default has occurred or to monitor or supervise the observance and performance by the Issuer of its obligations under the Terms and Conditions and the other Transaction Documents and until the Security SPV has actual knowledge or has been served with express notice thereof it will be entitled to assume that no such Event of Default has taken place.

11.6 If the Notes become immediately due and payable following delivery of an Enforcement Notice, they will be redeemed and paid strictly in accordance with the Post-Enforcement Priority of Payments. If the Issuer has insufficient available funds to redeem all the Notes in full, the Notes will be redeemed, in reducing order of rank in the Post-Enforcement Priority of Payments, in each case *pro rata* to their Outstanding Principal Amount.

12. Enforcement, subordination and non-petition

12.1 Each Noteholder agrees that its claims against the Issuer and the Security SPV are subordinated for the benefit of other Secured Creditors in accordance with the Priority of Payments. The Issuer and the Security SPV will not be obliged to make payment of, and Noteholders will not be entitled to receive payment of, any amount due and payable under the Notes, except in accordance with the Priority of Payments, unless and until all amounts required to be paid or provided for in terms of the Priority of Payments in priority thereto have been paid, provided for or discharged in full, and then only to the extent that there are available funds in the Priority of Payments for that purpose. Should the Issuer fail to pay all or part of any amount then due and payable by it to the Noteholders on any date, as a result of lack of available funds for that purpose in terms of the Priority of Payments:

12.1.1 the Issuer will not be in default of its obligations under the Notes (other than a failure to pay amounts due and payable to the Controlling Class Noteholders, which shall constitute an Event of Default in accordance with Condition 11.1.1);

12.1.2 the unpaid amount will not bear penalty interest and any unpaid interest on the Notes will not bear interest or penalty interest; and

12.1.3 payment of the unpaid amount will be deferred to the following date upon which there are available funds to make such payment in terms of the Priority of Payments applicable on such date.

12.2 Notwithstanding any other provision of any Transaction Document, the obligation of the Issuer to make payment to the Noteholders is limited to the lesser of:

12.2.1 the amounts owing to the Noteholders; and

12.2.2 the aggregate of the actual amount recovered and available for distribution from the Assets to such Noteholders,

and the payment of such amount that is available for distribution to the Noteholders in accordance with the Priority of Payments will constitute fulfilment of the Issuer's obligations to make payment to the Noteholders. Once all the Assets have been extinguished, each Noteholder abandons all claims it may have against the Issuer in respect of amounts still owing to it but unpaid, and the Issuer's liability to the Noteholders shall be completely discharged.

12.3 It is recorded that as security for the due, proper and timeous fulfilment by the Issuer of all its obligations under the Notes, the Security SPV has executed the Guarantee in favour of the Secured Creditors (including the Noteholders). Each Noteholder expressly accepts the benefits of the Guarantee and acknowledges the limitations on its rights of recourse in terms of such Guarantee.

12.4 Subject to the provisions of Condition 12.6, each Noteholder agrees that only the Security SPV may enforce the security created in favour of the Security SPV by the Security Agreements in accordance with the provisions of the Security Agreements and the Transaction Documents.

12.5 The rights of Noteholders against the Issuer will be limited to the extent that the Noteholders will not be entitled to take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to them under or in connection with the Notes (including not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement will be exercised in accordance with the provisions of the Guarantee, provided that:

12.5.1 if the Security SPV is entitled and obliged to enforce its claim against the Issuer pursuant to the Indemnity but fails to do so within 60 Business Days of being called

upon to do so by any Secured Creditor (other than a Noteholder) or by an Extraordinary Resolution of the Controlling Class Noteholders; or

12.5.2 if the Security SPV is wound-up, liquidated, de-registered or placed under business rescue (in each case whether voluntarily or compulsorily, provisionally or finally) or if the Guarantee and/or Indemnity are not enforceable (as finally determined by a judgment of a court of competent jurisdiction after all rights of appeal and review have been exhausted or as agreed by the Security SPV),

the Noteholders (by way of Extraordinary Resolution of the Controlling Class Noteholders) and other Secured Creditors),will be entitled to take action themselves to enforce their claims directly against the Issuer if an Event of Default occurs.

12.6 The Noteholders will not, until 2 years after payment of all amounts outstanding and owing by the Issuer under the Notes and the other Transaction Documents, institute, or join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation, de-registration, business rescue of, or any compromise or scheme of arrangement or related relief in respect of, or any other proceedings having a similar effect, in respect of:

12.6.1 the Issuer or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer, provided that nothing in this clause will limit the Security SPV from taking such action, in the event that the Security SPV is unable (whether due to practical or legal impediments which in the reasonable opinion of the Security SPV are not of a temporary nature) to enforce the Security Agreements; or

12.6.2 the Security SPV or for the appointment of a liquidator, business rescue practitioner or similar officer of the Security SPV.

12.7 Without prejudice to the foregoing provisions of this Condition, each Noteholder undertakes to the Issuer and the Security SPV that if any payment is received by it other than in accordance with the Priority of Payments in respect of amounts due to it by the Issuer and/or the Security SPV, the amount so paid will be received and held by such Noteholder as agent for the Issuer and/or the Security SPV, as the case may be, and will be paid to the Issuer and/or the Security SPV, as the case may be, immediately on demand.

12.8 The Security SPV has acknowledged in the Common Terms Agreement that it holds the security created pursuant to the Security Agreements to be distributed, on enforcement of the Security Agreements, in accordance with the provisions of the Priority of Payments.

12.9 Each Noteholder undertakes that it will not set off or claim to set off any amounts owed by it to the Issuer or the Security SPV against any amount owed to it by the Issuer or the Security SPV.

12.10 Notwithstanding the provisions of the preceding sub-Conditions, in the event of a liquidation or a winding-up of the Issuer or the Security SPV or of the Issuer or the Security SPV being

placed under business rescue, Secured Creditors ranking prior to others in the Priority of Payments will be entitled to receive payment in full of amounts due and payable to them, before other Secured Creditors that rank after them in the Priority of Payments receive any payment of amounts owing to them.

12.11 In order to ensure the fulfilment of the provisions of the Priority of Payments in the event of a liquidation or a winding-up of the Issuer or the Issuer being placed under business rescue, each Noteholder agrees that in the event of a liquidation or winding-up of the Issuer or of the Issuer being placed under business rescue, it will recover all amounts due and payable by the Issuer to such Noteholder in accordance with the provisions of the Guarantee. The Security SPV will, in turn, make a claim in the winding-up, liquidation or business rescue proceedings of the Issuer pursuant to the Indemnity and, out of any amount recovered in such proceedings, pay the Secured Creditors in accordance with the Post-Enforcement Priority of Payments.

12.12 In the event that the Security SPV fails, for whatever reason, to make a claim in the liquidation, winding-up or business rescue proceedings of the Issuer pursuant to the Indemnity or should the liquidator or business rescue practitioner not accept a claim tendered for proof by the Security SPV pursuant to the Indemnity, then each Noteholder will be entitled to lodge such claims itself but each Noteholder agrees that:

12.12.1 any claim made or proved by a Noteholder in the liquidation, winding-up or business rescue proceedings in respect of amounts owing to it by the Issuer will be subject to the condition that no amount will be paid in respect thereof to the extent that the effect of such payment would be that the amount payable to the Secured Creditors that rank prior to it in terms of the Post-Enforcement Priority of Payments would be reduced; and

12.12.2 if the liquidator or business rescue practitioner does not accept claims proved subject to the condition contained in Condition 12.12.1 then each Noteholder will be entitled to prove its claims against the Issuer in full, on the basis that any liquidation or business rescue dividend payable to it is paid to the Security SPV for distribution in accordance with the Post-Enforcement Priority of Payments.

12.13 Nothing in the Terms and Conditions limits:

12.13.1 the exercise of any right or power by the Security SPV under the Security Agreements and/or the Indemnity;

12.13.2 the entitlement of the Security SPV to levy or enforce any attachment or execution upon the Assets;

12.13.3 any Secured Creditor from obtaining or taking any proceedings to obtain an interdict, mandamus or other order to restrain any breach of any Transaction Document;

12.13.4 any Secured Creditor from obtaining or taking any proceedings to obtain declaratory relief in relation to any provision of any Transaction Document; or

12.13.5 the exercise by any Derivative Counterparty under a Derivative Contract of rights of netting or set-off, where such rights are explicitly provided for in accordance with the terms of the relevant Transaction Document.

13. Exchange of Beneficial Interests and replacement of Notes

13.1 Exchange

13.1.1 The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 44 of the Securities Services Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Securities Depository), request that such Beneficial Interest be exchanged for Notes in definitive form represented by a Certificate (the "**Exchange Notice**"). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for a Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given ("**Exchange Date**").

13.1.2 The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Securities Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by a Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that a Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Certificate in respect of that joint holding, and delivery to one of those joint holders shall be delivery to all of them.

13.1.3 In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

13.1.3.1 the Central Securities Depository's Nominee shall, prior to the Exchange Date, will surrender (through the Central Securities Depository system) such uncertificated Notes to the Transfer Agent at its specified office;

13.1.3.2 the Transfer Agent will obtain the release of such uncertificated Notes from the Central Securities Depository in accordance with the Applicable Procedures.

13.1.4 A Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Principal Amount is equivalent to a fraction of R1 000 000 or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

13.2 **Costs**

Certificates shall be provided (whether by way of issue or delivery) by the Issuer without charge, save as otherwise provided in these Terms and Conditions. The costs and expenses of delivery of Certificates by a method other than ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery, shall be borne by the Noteholder.

13.3 **Replacement**

If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the office of the Transfer Agent on payment by the claimant of such costs and expenses as may be incurred in connection therewith and against the furnishing of such indemnity as the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13.4 **Death and sequestration or liquidation of Noteholder**

Any person becoming entitled to Notes in consequence of the death, sequestration or liquidation of the relevant Noteholder may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this paragraph or of his title, require the Transfer Agent to register such person as the holder of such Notes or, subject to the requirements of this Condition, to transfer such Notes to such person.

14. **Transfer of Notes**

14.1 Beneficial Interests in the Notes may be transferred in terms of the Applicable Procedures through the Central Securities Depository.

14.2 The Central Securities Depository maintains accounts only for its Participants. Beneficial Interests which are held by Participants (which are also Settlement Agents) may be held directly through the Central Securities Depository. Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are not held by Participants may be held by clients of Participants indirectly through such Participants.

14.3 Transfers of Beneficial Interests to and from clients of Participants occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Participants for their clients. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Securities Depository for the Participants. Such transfers of Beneficial Interests will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of the Beneficial Interests notwithstanding such transfers. Beneficial Interests may be transferred only in accordance with these Terms and Conditions, and the Applicable Procedures.

14.4 In order for any transfer of Notes to be recorded in the Register, and for such transfer to be recognised by the Issuer:

14.4.1 the transfer of such Notes must be embodied in the Transfer Form;

14.4.2 the Transfer Form must be signed by the registered Noteholder and the transferee, or any authorised representative of that registered Noteholder and/or transferee; and

14.4.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the relevant Certificate, if any, for cancellation.

14.5 Transfers of Notes recorded in the Register will only be in a denomination of R1 000 000 or more. The transfer of Notes recorded in the Register may be transferred in whole or in part (in amounts of not less than R1 000 000).

14.6 Subject to the preceding provisions of this Condition 14, the Transfer Agent will, within 3 Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), record the transfer of Notes in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate, if applicable, in respect of such Notes reflecting the same Outstanding Principal Amount as the Notes transferred. Where a Noteholder has transferred part only of his holding of Notes represented by a Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, a new Certificate in respect of the balance of the Notes held by such Noteholder.

14.7 The transferor of any Notes will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

14.8 Before any transfer of any Notes is registered, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Transfer Agent reasonably requires as to the identity and title of the transferor and the transferee.

14.9 No transfer of any Notes will be registered while the Register is closed as contemplated in Condition 15.

14.10 If a transfer of any Notes is registered, the Transfer Form and cancelled Certificate, if any, will be retained by the Transfer Agent.

15. Register

15.1 The Register will be kept at the Specified Office of the Transfer Agent. The Register will contain the name, address and bank account details of the registered Noteholders. The Register will set out the Principal Amount of the Notes issued to any Noteholder and will show the date of such issue and the date upon which the Noteholder became registered as such. The Register will show the serial numbers of the Certificates issued. The Register will be open for inspection during the normal business hours of the Transfer Agent to any Noteholder or any person of proven identity authorised in writing by any Noteholder. The Issuer and the Transfer Agent will not be bound to enter any trust into the Register or to take any notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

15.2 The Register will, in respect of a Tranche of Notes, be closed during the 5 days preceding each Interest Payment Date and Redemption Date, as the case may be, from 17h00 (South Africa time) on the Last Day to Register. All periods referred to for the closure of the Register may be shortened by the Issuer from time to time, upon notice thereof to the Noteholders in accordance with Condition 16.

15.3 The Transfer Agent will alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with Condition 16.

16. Notices

16.1 Subject to Condition 16.2, all notices (including all demands or requests under the Terms and Conditions) to the Noteholders will be valid if mailed by registered post or delivered by hand to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa. Each such notice will be deemed to have been given on the day of first publication or delivery by hand or on the 14th day after the day on which it is mailed, as the case may be.

16.2 For so long as the Notes are held in their entirety by the Central Securities Depository, publication as contemplated in clause 16.1 may be substituted with the delivery of the relevant notice to the Central Securities Depository's Nominee, the Participants and the JSE for communication by them to the holders of Beneficial Interests in the Notes, in accordance with the Applicable Procedures.

16.3 Where any provision of the Terms and Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice will be given *mutatis mutandis* as set out in Condition 16.1 and Condition 16.2, respectively, subject to compliance with any other time periods prescribed in the provision concerned.

16.4 All notices (including all communications, demands and/or requests under the Terms and Conditions) to be given by any Noteholder to the Issuer, the Security SPV or the Transfer Agent, as the case may be, will be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Certificate, if any, to the Specified Office of the Issuer, the Specified Office of the Security SPV or the Specified Office of the Transfer Agent, as the case may be, and marked for the attention of the chief executive officer, with a copy sent by hand or by registered post to the Specified Office of the Administrator and marked for the attention of the chief executive officer. Any notice to the Issuer, the Security SPV or the Transfer Agent, as the case may be, will be deemed to have been received by the Issuer, the Security SPV or the Transfer Agent, as the case may be, on the second Business Day after being delivered by hand to the Specified Office of the Issuer, the Security SPV or the Transfer Agent, as the case may be, or on the 14th day after the day on which it is mailed by registered post to the Specified Office of the Issuer, the Security SPV or the Transfer Agent, as the case may be.

16.5 Whilst any of the Notes are held in uncertificated form, notices to be given by any holder of a Beneficial Interest to the Issuer shall be given by such holder through such holder's relevant Participant in accordance with the Applicable Procedures.

16.6 In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, any notices to Noteholders, including of meetings and any amendments to the Terms and Conditions, shall be published on SENS.

17. Amendment of the Terms and Conditions and the Priority of Payments

17.1 Subject to Condition 17.6, the Issuer and the Security SPV may effect, without the consent of any Noteholder, any amendment to the Terms and Conditions and/or the Priority of Payments which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa. Any such amendment will be binding on Noteholders and such amendment will be notified to Noteholders in accordance with Condition 16 as soon as practicable thereafter.

17.2 The Issuer and the Security SPV may amend the Terms and Conditions and/or the Priority of Payments by written agreement, subject to the following provisions of this Condition 17.

17.3 Subject to Condition 17.1, any amendment to the Terms and Conditions of (i) all of the Noteholders or (ii) a particular Class (or Classes) of Noteholders, as the case may be, may be made only with the prior authorisation of an Extraordinary Resolution of all of the Noteholders or an Extraordinary Resolution of that Class (or those Classes) of Noteholders, as the case may be.

17.4 Accordingly, subject to Condition 17.1, any proposed amendment to the Terms and Conditions of (i) all of the Noteholders or (ii) a particular Class (or Classes) of Noteholders, as the case may be, the Security SPV will call a meeting of all of the Noteholders or a meeting of that Class of Noteholders or separate meetings of each of those Classes of Noteholders, as the case may be. Such meeting or meetings will be regulated by the provisions set out in Condition 21 and no proposed amendment will be made to the Terms and Conditions and/or the Priority of Payments until such amendment has been approved by Extraordinary Resolution at such meeting or meetings.

17.5 No amendment to the Terms and Conditions and/or the Priority of Payments which may prejudice the rights and/or obligations of a Secured Creditor (other than a Noteholder) may be made without the prior written consent of such Secured Creditor.

17.6 No amendment to the Transaction Documents may be made unless the Security SPV grants its prior written approval for such amendment, the Rating Agency is furnished with at least 10 Business Days prior written notice of the proposed amendments. In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, no amendment to the Terms and Conditions may be made except in compliance with the JSE Debt Listings Requirements.

18. Consent of the Security SPV

18.1 Where in any Transaction Document provision is made for the consent to be given by the Security SPV, unless expressly stated otherwise, such consent:

18.1.1 may be given (conditionally or unconditionally) or withheld in the discretion of the Security SPV; provided that, in exercising such discretion, the Security SPV shall act in what it reasonably believes to be in the best interests of Secured Creditors and, if (in giving or withholding the consent) the interests of any one category of Secured Creditors conflict with those of another category of Secured Creditors, the Security SPV shall act in what it reasonably believes to be in the interests of the Controlling Class Noteholders (or failing any Noteholders, in the best interests of the category of Secured Creditors ranking highest in the Priority of Payments); and

18.1.2 shall be given or withheld within a reasonable period of time and, if not given or withheld within such reasonable period of time, shall be deemed to have been withheld.

18.2 Where in any Transaction Document it is provided that the Issuer and/or the Security SPV is required to act, form an opinion, give consent, or exercise a right or discretion "reasonably" or to not act "unreasonably" (collectively **"acted"**), or is constrained by words to similar effect, and any other party disputes that the Issuer or the Security SPV, as the case may be, has acted reasonably or asserts that it has acted unreasonably, then, pending a final resolution of such dispute, all parties (including the party which raised the dispute) shall nevertheless in all respects continue to perform their obligations under the relevant

Transaction Document, and/or to give effect to its provisions, including provisions relating to the termination thereof, as if the Issuer or the Security SPV, as the case may be, had acted reasonably or had not acted unreasonably, as the case may be.

18.3 Without derogating from any express provision in any Transaction Document and without limiting any of the rights, powers and/or discretions of the Security SPV, the Security SPV will not be required to exercise any right, power or discretion in terms of the Transaction Documents without the specific written instructions of an Extraordinary Resolution of the Controlling Class Noteholders or, if there are no Noteholders, then without the specific written instructions of the Secured Creditors ranking highest in the Priority of Payments at that time.

19. Calculation Agent and Transfer Agent

19.1 The Issuer is entitled to vary or terminate the appointment of the Calculation Agent and/or the Transfer Agent and/or to appoint additional or other agents.

19.2 There will at all times be a Calculation Agent and a Transfer Agent with a Specified Office. The Transfer Agent and the Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

20. Prescription

Any claim for payment of principal and/or interest in respect of the Notes will prescribe 3 years after the date on which such payment first becomes due and payable in accordance with the Priority of Payments.

21. Meetings of Noteholders

21.1 Directions of Noteholders

21.1.1 The provisions with regard to meetings of Noteholders are set out in this Condition 21. The provisions of this Condition 21 will apply, *mutatis mutandis,* to each separate meeting of each Class of Noteholders.

21.1.2 Every director, the secretary of and the attorney to the Issuer, the Security SPV and every other person authorised in writing by the Issuer or the Security SPV, may attend and speak at a meeting of Noteholders, but will not be entitled to vote, other than as a Noteholder or proxy or duly authorised representative of a Noteholder.

21.1.3 Subject to Condition 21.1.5, a meeting of Noteholders will have power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions:

21.1.3.1 by Ordinary Resolution of the Controlling Class Noteholders to give instructions to the Security SPV or the Issuer in respect of any matter not covered by the Terms and Conditions or the other Transaction Documents (but without derogating from the powers or discretions expressly conferred upon the Issuer or the Security SPV by the Terms and Conditions or the other Transaction Documents or imposing obligations on the Issuer or the Security SPV not imposed or contemplated by the Terms and Conditions or the other Transaction Documents or otherwise conflicting with or inconsistent with the provisions of the Terms and Conditions and the other Transaction Documents);

21.1.3.2 by Extraordinary Resolution:

21.1.3.2.1 of the Controlling Class Noteholders to bind all of the Noteholders to any compromise or arrangement; and

21.1.3.2.2 of a particular Class of Noteholders to agree to any variation or modification of any of the rights of that Class of Noteholders.

21.1.4 Unless otherwise specified, resolutions of Noteholders or any Class of Noteholders will require an Ordinary Resolution to be passed. Subject to Condition 18, if there is any conflict between the resolutions passed by any Class of Noteholders, the resolutions passed by the Controlling Class Noteholders will prevail.

21.1.5 The Security SPV will be entitled, before carrying out the directions of Noteholders in terms of this Condition, to require that it be indemnified against all expenses and liability which may be incurred and that it be provided from time to time, so far as the Security SPV may reasonably require, with sufficient monies to enable it to meet the expense of giving effect to such directions.

21.2 **Convening of meetings**

21.2.1 The Security SPV or the Issuer, as the case may be, may at any time convene a meeting of Noteholders or separate meetings of any Class of Noteholders (a "**meeting**" or the "**meeting**").

21.2.2 The Issuer will convene (i) a meeting of Noteholders upon the requisition in writing of Noteholders holding not less than 10% of the aggregate Outstanding Principal Amount of all of the Notes or (ii) a separate meeting of any Class of Noteholders upon the requisition in writing of the Noteholders in that Class holding not less than 10% of the aggregate Outstanding Principal Amount of the Notes held by that Class, as the case may be (a "**requisition notice**").

21.2.3 Whenever the Issuer wishes to convene a meeting, it will forthwith give notice in writing to the Noteholders and the Security SPV in the manner prescribed in Condition 16 of the place, day and hour of the meeting, the nature of the business to

be transacted at the meeting and the resolutions to be proposed and considered at the meeting.

21.2.4 Whenever the Security SPV wishes or is obliged to convene a meeting it will forthwith give notice in writing to the Noteholders and the Issuer in the manner prescribed in Condition 16, of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.

21.2.5 All meetings of Noteholders will be held in Johannesburg.

21.3 **Requisition**

21.3.1 A requisition notice will state the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting and will be deposited at the Specified Office of the Issuer.

21.3.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

21.4 **Convening of meetings by requisitionists**

If the Issuer or the Security SPV, as the case may be, does not convene a meeting to be held within 30 days of the deposit of a requisition notice, the requisitionists may themselves convene the meeting, but the meeting so convened will be held within 90 days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Security SPV. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer and the Security SPV.

21.5 **Notice of meeting**

21.5.1 Unless the holders of at least 90% of the aggregate Outstanding Principal Amount of the Notes or Class of Notes, as the case may be, agree in writing to a shorter period, at least 21 days written notice, specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting, will be given to each Noteholder and to the Issuer or the Security SPV, as the case may be.

21.5.2 The accidental omission to give such notice to any Noteholder or the Security SPV or the Issuer, as the case may be, or the non-receipt of any such notice, will not invalidate the proceedings at a meeting.

21.6 **Quorum**

21.6.1 A quorum at a meeting shall:

1.177	**"Redraw Reserve"**	the monies standing to the credit of the Redraw Reserve Ledger, a sub-ledger of the Transaction Account;
1.178	**"Redraw Reserve Ledger"**	a ledger established to record the amount standing to the credit of the Redraw Reserve from time to time, if any;
1.179	**"Redraw Reserve Required Amount"**	on any Quarterly Payment Date, an amount equal to 25% of the Original Collateral Balance less the aggregate Redraws, Re-advances and Further Advances from the Issue Date to the Final Redemption Date;
1.180	**"Reference Banks"**	Absa, The Standard Bank of South Africa Limited, FirstRand Bank Limited, Nedbank Limited and each of their successors-in-title;
1.181	**"Register"**	the register of Noteholders maintained by the Transfer Agent;
1.182	**"Related Security"**	all security in relation to a Loan Agreement, including any suretyships, guarantees, indemnities, Mortgage Bonds, cession or endorsement or right to payment in respect of Insurance Policies, pledges, liens, cessions of rights (including claims, rentals, bank accounts, preference shares, ordinary shares, unit trusts, rights of action, receivables and insurance policies) and any other collateral security for a Borrower's obligations under a Loan Agreement;
1.183	**"Repayments"**	scheduled repayments received of the principal debt (including capital, arrears interest and fees) under a Loan Agreement;
1.184	**"Repurchase Date"**	the date of repurchase by the Seller of any Loan Agreement under clause 8 of the Sale Agreement in respect of Loan Agreements where there has been a breach of warranty by the Seller;
1.185	**"Required Credit Rating"**	means:
1.185.1		in the case of Moody's:

1.185.1.1 in respect of Permitted Investments, at least P2 by Moody's on a short-term scale, global, local currency credit rating or at least A3 by Moody's on a long-term scale, global, local currency credit rating;

1.185.1.2 in respect of a Derivative Counterparty, at least P2 by Moody's on a short-term scale, global, local currency credit rating or at least A3 by Moody's on a long-term scale, global, local currency credit rating;

1.185.1.3 in respect of the Account Bank, at least P2 by Moody's on a short-term scale, global, local currency credit rating or at least Baa1 by Moody's on a long-term scale, global, local currency credit rating;

1.185.1.4 in respect of the Liquidity Facility Provider, P2 by Moody's on a short-term scale, global, local currency credit rating;

1.185.1.5 in respect of the Servicer, in relation to the Cash Management Trigger Event, at least P2 by Moody's on a short-term scale, global, local currency credit rating or at least Baa1 by Moody's on a long-term scale, global, local currency credit rating;

1.185.1.6 in respect of the Servicer, in relation to the Customer Notification Trigger, at least Baa3 by Moody's on a long-term scale, global, local currency credit rating;

1.185.1.7 in respect of the Servicer, at least Baa1 by Moody's on a long-term scale, global, local currency credit

rating, failing which a Back-Up Servicer Facilitator must be appointed;

1.185.1.8 in respect of the Servicer, at least Baa3 by Moody's on a long-term scale, global, local currency credit rating failing which a Back-Up Servicer must be appointed (as facilitated by the Back-Up Service Facilitator);

1.185.1.9 in respect of the GIC Provider, at least P2 by Moody's on a short-term scale, global, local currency credit rating or at least Baa1 by Moody's on a long-term scale, global, local currency credit rating;

1.185.1.10 in each case, in the absence of national or global scale, local currency credit ratings, such equivalent public information ratings by Moody's;

1.185.1.11 in the case of other transaction parties required to hold the Required Credit Rating in terms of the Transaction Documents, the same global scale, local currency credit rating as that assigned, if any, by the Rating Agency to the highest-ranking Notes in issue at any point in time;

1.186 **Sale Agreement"** the agreement between the Issuer, the Seller and the Security SPV in relation to the sale and transfer of Loan Agreements from the Seller to the Issuer, as amended, novated and/or substituted from time to time in accordance with its terms;

1.187 **"Secured Amounts"** any and all of the amounts which are owed by the Issuer to the Secured Creditors under and pursuant to the Transaction Documents;

1.188	**"Secured Creditors"**	each of the creditors of the Issuer set out in the Priority of Payments that is a party to a Transaction Document;
1.189	**"Secured Property"**	the property, assets, rights and undertakings for the time being subject to the Security granted pursuant to the Security Agreements;
1.190	**"Securities Services Act"**	the Securities Services Act, 2004;
1.191	**"Securitisation Scheme"**	a traditional securitisation scheme in terms of the Securitisation Regulations;
1.192	**"Securitisation Regulations"**	Government Notice 2, Government Gazette 30628 of 1 January 2008, issued by the Registrar of Banks under the Banks Act, 94 of 1990;
1.193	**"Security"**	the security for the Guarantee created pursuant to the Security Agreements;
1.194	**"Security Agreements"**	the Owner Trust Suretyship, the Pledge and the documents entered into by the Issuer with the Security SPV in terms of which the Issuer agrees to mortgage, pledge, hypothecate, assign, cede, deposit or otherwise encumber the Assets to the Security SPV, as security for the obligations of the Issuer to the Security SPV, including the obligations of the Issuer to the Security SPV under the Indemnity;
1.195	**"Security Cessions"**	the cessions by the Issuer in favour of the Security SPV by way of cessions-in-securitatem debiti, of all the Issuer's right, title and interest in and to the Loan Agreements, the Mortgage Bonds, Insurance Policies, Insurance Proceeds and other Related Security in respect of the portfolio of Loan Agreements owned by the Issuer from time to time, the Business Proceeds, the Bank Accounts and Account Monies, the Permitted Investments and the Transaction Documents;
1.196	**"Security Interest"**	any equity option, Encumbrance, or other adverse right or interest whatsoever, howsoever created or arising;

1.197	**"Security SPV"**	Precinct Funding 1 Security SPV (RF) Proprietary Limited, a private company incorporated in accordance with the laws of South Africa, registration number 2012/059026/07;
1.198	**"Security SPV Owner Trust"**	the Securitisation Security SPV Owner Trust, a trust established and registered in accordance with the laws of South Africa, under Master's reference IT 2456/04, for the holding of the issued share capital of the Security SPV;
1.199	**"Security SPV Owner Trustee"**	the trustee for the time being of the Security SPV Owner Trust;
1.200	**"Seller"**	in relation to each Loan Agreement, Nedbank Corporate Property Finance being the party named as lender in such Loan Agreement (whether originally or as a permitted assignee);
1.201	**"Servicer"**	Nedbank Corporate Property Finance, who is initially the servicer in terms of the Servicing Agreement, or such other person as may be appointed as servicer in accordance with the provisions of the Servicing Agreement;
1.202	**"Servicer Event of Default"**	any event defined as such in the Servicing Agreement;
1.203	**"Servicer Report"**	the report to be provided by the Servicer to the Administrator, in accordance with the provisions of the Servicing Agreement;
1.204	**"Servicer Report Date"**	the 5th Business Day after each Determination Date;
1.205	**"Services"**	the services to be provided by the Servicer to the Issuer and the Security SPV pursuant to the Servicing Agreement;
1.206	**"Servicing Agreement"**	the agreement concluded between the Issuer, the Servicer, the Security SPV and the Administrator in accordance with which the Servicer is appointed as the agent of the Issuer to perform the administration, servicing and management of the Loan Agreements on behalf of the Issuer;

1.207	**"Servicing Fee"**	the fee payable to the Servicer in respect of the Services and determined in accordance with the provisions of the Servicing Agreement;
1.208	**"Settlement Agent Agreement"**	the agreement between the Issuer, Nedbank Investor Services, (or such other entity as the Issuer may elect to appoint as the Settlement Agent), in terms of which the Settlement Agent is appointed to provide safe custody and settlement services to the Issuer;
1.209	**"Settlement Agents"**	means those Participants which are approved by the JSE or any other relevant financial exchange from time to time, in terms of the Applicable Procedures of the JSE, as settlement agents to perform electronic settlement of funds and scrip on behalf of market participants;
1.210	**"South Africa"**	the Republic of South Africa;
1.211	**"Specified Office"**	in relation to each of the Issuer, the Security SPV, the Servicer, the Administrator, the Calculation Agent and the Transfer Agent, the address of the office specified in respect of such entity at the end of the Offering Circular, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Noteholders in accordance with the Terms and Conditions;
1.212	**"Subordinated Lender"**	Nedbank Corporate Property Finance or such other person as may be appointed as lender in accordance with the provisions of the Subordinated Loan Agreement;
1.213	**"Subordinated Loan"**	the capital sum lent and advanced to the Issuer by the Subordinated Lender pursuant to a Subordinated Loan Agreement;
1.214	**"Subordinated Loan Agreement"**	an agreement entered into between the Issuer, the Subordinated Lender and the Security SPV, as amended from time to time in accordance with its terms;
1.215	**"Subscription Agreement"**	the agreement concluded between the Issuer, Arranger and Dealer, relating to the procuring of subscriptions for the Notes;

1.216	**"Substitute Servicer"**	such person as may be appointed as substitute Servicer under the terms of the Servicing Agreement;
1.217	**"Surety"**	in respect of a Loan Agreement, the persons or entities who stand surety for, or guarantee the obligations of, a Borrower or provide other collateral security for a Borrower's obligations in terms of such Loan Agreement;
1.218	**"System"**	in respect of the Servicer, the computerised accounts and information management system utilised by the Servicer in relation to the Services;
1.219	**"Taxes"**	all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in South Africa or any other jurisdiction from which any payment is made (and including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" shall be construed accordingly;
1.220	**"Term"**	in relation to any Advance under the Liquidity Facility, the period for which such Advance is borrowed as specified in the Drawdown Notice relating to such Advance;
1.221	**"Terms and Conditions"**	the terms and conditions incorporated in the section of the Offering Circular headed "*Terms and Conditions of the Notes*" and in accordance with which the Notes will be issued;
1.222	**"Tranche"**	in relation to any particular Class of Notes, all Notes which are identical in all respects (including as to listing, if any) and are issued in a single issue;
1.223	**"Transaction Account"**	the bank account held at the Account Bank, in the name of the Issuer;
1.224	**"Transaction Documents"**	means:
1.224.1		the memorandum of incorporation of the Issuer and the Security SPV;

1.224.2		the trust deeds of the Owner Trust and the Security SPV Owner Trust;
1.224.3		the Offering Circular;
1.224.4		the Subscription Agreement;
1.224.5		the Settlement Agent Agreement;
1.224.6		the Transfer Agent Agreement;
1.224.7		the Calculation Agent Agreement;
1.224.8		the Terms and Conditons of the Notes;
1.224.9		the Common Terms Agreement;
1.224.10		the Sale Agreement;
1.224.11		the Servicing Agreement;
1.224.12		the Administration Agreement;
1.224.13		the Liquidity Facility Agreement;
1.224.14		the Subordinated Loan Agreement;
1.224.15		any Derivative Contract;
1.224.16		the Guaranteed Investment Contract;
1.224.17		the Preference Share Subscription Agreement;
1.224.18		the Guarantee;
1.224.19		the Indemnity;
1.224.20		the Security Agreements; and
1.224.21		the Bank Agreement;
1.225	**"Transfer Agent"**	the Administrator or such other person with whom the Issuer has entered into a Transfer Agent Agreement;
1.226	**"Transfer Agent Agreement"**	the agreement concluded between the Issuer and the Transfer Agent (which may be incorporated into the Administration Agreement), in terms of

		which the Transfer Agent agrees to provide note registry services to the Issuer;
1.227	**"Transfer Date"**	in respect of a Loan Agreement, the effective date of assignment by the Seller to the Issuer of such Loan Agreement pursuant to the Sale Agreement;
1.228	**"Transfer Form"**	in relation to the transfer of a Note as contemplated in the Terms and Conditions, means a form of transfer in the usual form or in such other form approved by the Transfer Agent;
1.229	**"VAT"**	value added tax imposed in terms of the Value-Added Tax Act, 1991, or any similar tax imposed in place thereof from time to time;
1.230	**"Weighted Average DSCR Ratio"**	the aggregate of the weighted average of all current DSCR ratios of the Loan Agreements in the Loan Portfolio, calculated for each individual Borrower as follows: A x B/C Where: A = DSCR ratio of the Loan Agreement; B = Principal Balance of the Loan Agreement; and C = aggregate Principal Balance of the Loan Portfolio;
1.231	**"Weighted Average Interest Rate"**	the aggregate of the weighted average of all interest rates charged to Borrowers in relation to the portfolio of Loans owned by the Issuer;
1.232	**"Weighted Average LTV Ratio"**	the aggregate of the weighted average of all current LTV Ratios of the Loan Agreements in the Loan Portfolio, calculated for each individual Borrower as follows: A x B/C Where: A = LTV Ratio of the Loan Agreement;

B = Principal Balance of the Loan Agreement; and

C = aggregate Principal Balance of the Loan Portfolio

1.233 **"Written-Off Loan Agreement"** a Loan Agreement in respect of which the Servicer has reduced the Principal Balance to zero on account of that amount being classified as irrecoverable in accordance with the Servicer's customary procedures from time to time.

2. In the Terms and Conditions, unless inconsistent with the context:

2.1 one gender includes a reference to the others;

2.2 the singular includes the plural and *vice versa*;

2.3 natural persons include juristic persons and vice versa;

2.4 any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and **amended** or **amendment** will be construed accordingly;

2.5 a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;

2.6 a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

2.7 **assets** includes present and future properties, revenues and rights of every description;

2.8 **disposal** means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);

2.9 **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

2.10 an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;

2.11 days is a reference to calendar days, unless expressly stated otherwise;

2.12 a Party or any other person includes that person's permitted successor, transferee, assignee, cessionary and/or delegate;

2.13 a time of day is a reference to Johannesburg time;

2.14 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the agreement, notwithstanding that it is contained in the interpretation clause;

2.15 headings are inserted for the sake of convenience only and do not in any way affect the interpretation of the Terms and Conditions; and

2.16 the use of the word **including** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the *eiusdem generis* rule must not be applied in the interpretation of such general wording or such specific examples.

GENERAL INFORMATION

Authorisations

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the issue of the Notes and for the Issuer to undertake and perform its respective obligations under the Subscription Agreement and the Notes. No exchange control approval is required for the issue of the Notes.

Banks Act, 94 of 1990 (as amended)

The Registrar of Banks has confirmed in writing that the Issuer is authorised to issue commercial paper pursuant to a Securitisation Scheme in terms of paragraph 14(1)(b)(ii) of the Securitisation Regulations.

Compliance with the provisions of the Securitisation Regulations, including any revisions thereof, remains the responsibility of the Issuer.

Listing

An application has been made to list the Class A1 Notes, Class A2 Notes, Class A3 Notes, Class B Notes, Class C Notes and Class D, on the Interest Rate Market of the JSE under stock code numbers PRE1A1, PRE1A2, PRE1A3, PRE1B1, PRE1C1 and PRE1D1 respectively. The application for listing was granted with effect from 27 March 2013.

Clearing systems

The Notes have been accepted for clearance through the Central Securities Depository, which forms part of the clearing system of the Interest Rate Market of the JSE and may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer.

Participants

As at the date of this Offering Circular, the Participants who are Participants recognised by the JSE are the South African Reserve Bank, Absa Bank Limited, Citibank N.A., FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through their South African Participants.

Material change

The Issuer has not traded at all since the date of its incorporation and registration on 4 May 2012 and no transactions have occurred from the date of incorporation to the date of this Offering Circular. As at the

date of this Offering Circular and following due and careful enquiry, carried out without the involvement of the auditors, the board of directors of the Issuer is satisfied that there has been no material change in the financial or trading position of the Issuer since the date of its incorporation.

Litigation

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings other than those disclosed in this Offering Circular, if any, the results of which might have or have had a significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

Auditors

Deloitte & Touche are the present auditors of the Issuer.

Documents

The documents listed below are are deemed to be incorporated into, and to form part of, this Offering Circular and are available for inspection by Noteholders, or other prospective investors, during normal office hours after the date of this Offering Circular, at the Specified Offices of the Issuer and the Administrator:

(i) The memorandum of incorporation of the Issuer and the Security SPV

(ii) The trust deeds of the Owner Trust and of the Security SPV Owner Trust

(iii) This Offering Circular and any supplements to it

(iv) The Common Terms Agreement

(v) The Sale Agreement

(vi) The Servicing Agreement

(vii) The Administration Agreement

(viii) The Liquidity Facility Agreement

(ix) The Subordinated Loan Agreement

(x) The Guarantee

(xi) The Indemnity

(xii) The Security Cessions

(xiii) The Bank Agreement

(xiv) The Preference Share Subscription Agreement

(xv) The Subscription Agreement

(xvi) The Derivative Contracts

(xvii) The Guaranteed Investment Contract

(xviii) The audited annual financial statements of the Issuer, together with such statements, reports and notes attached to or intended to be read with such financial statements, in respect of all financial years of the Issuer after the date of this Offering Circular

(xix) All information published by the Issuer on SENS from time to time

Any statement contained in this Offering Circular or in any document which is incorporated by reference into this Offering Circular will be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference into this Offering Circular modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

A copy of this Offering Circular and any supplements to it are also available on the JSE's website, www.jse.co.za. Such documents and the financial statements of the Issuer referred to above will also be available on the website of the Administrator, www.nedbank.co.za

Signed at Johannesburg on behalf of Precinct Funding 1 (RF) Limited on 20 March 2013

Director R Harmse

Signed at Johannesburg on behalf of Precinct Funding 1 (RF) Limited on 20 March 2013

Director R. Thanthony

CORPORATE INFORMATION

ISSUER

Issuer SPV Fund 1 (RF) Proprietary Limited
(Registration number 2012/079215/06)
3rd Floor, 200 on Main
Corner Main and Bowwood Roads
Claremont, 7708
Contact: Ms Ashleigh Van Zyl
Tel: +27 11 294 3430

ATTORNEYS TO ARRANGER AND ISSUER

Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196

Contact: Ms Karen Couzyn
Tel: +27 11 530 5213

ARRANGER, DEALER AND DEBT SPONSOR

Nedbank Capital, a division of Nedbank Bank Limited
(Registration number 1951/000009/06)
135 Rivonia Road
Sandton, 2196
Contact: Mr Denzil Bagley
Tel: +27 11 294 3431

AUDITORS

Deloitte & Touche
2 Pencarrow Cresent
Pencarrow Park, La Lucia Ridge Office Estate
Durban, 4000
Contact: Mr André Pottas
Tel: +27 31 560 7033

SECURITY SPV OWNER TRUSTEE

Maitland Trust Limited
32 Fricker Road
Illovo Boulevard
Johannesburg, 2198
Contact: Mr David Towers
Tel: +27 11 530 8434

OWNER TRUSTEE

GMG Trustee Company (SA) Proprietary Limited
3rd Floor, 200 on Main
Corner Main and Bowwood Roads
Claremont, 7708
Contact: Mr Brendan Harmse
Tel: +27 86 676 7550

SELLER AND SERVICER
Nedbank Corporate Property Finance, a division of Nedbank Limited
(Registration number 1951/000009/06)
Nedbank Kingsmead
Durban KZN, 4001
Contact: Mr Grant Rothman
Tel: +27 31 364 1543

ADMINISTRATOR
Nedbank Capital, a division of Nedbank Limited
(Registration number1951/000009/06)

135 Rivonia Road
Sandton, 2196
Contact: Ms Ashleigh Van Vyl
Tel: +27 11 295 4154

SECURITY SPV

Precinct Funding 1 Security SPV (RF)
Proprietary Limited
(Registration number 2012/059026/07)
32 Fricker Road
Illovo Boulevard
Johannesburg, 2198
Contact: Mr David Towers
Tel: +27 11 530 8434

ISSUER'S SETTLEMENT AGENT

Nedbank Bank Limited, acting through its division Nedbank Investor Services
(Registration number 1951/000009/06)
33 Hoofd Street
Braamfontein, 2001

Contact: Ms Noncedo Jiyane
Tel: +27 11 667 1026

Appendix 1

LOAN PORTFOLIO DATA

The following tables set out statistical information representative of the characteristics of the Loan Portfolio, derived from information supplied by Nedbank Corporate Property Finance, which reflects the position on the Cut-Off Date. The characteristics of the portfolio of Loan Agreements as at the Issue Date may differ from those set out in the tables as a result of, among other things, repayments of Loan Agreements prior to the Issue Date.

Number of Cross Collateralised borrowers: 152

Number of Loans: 168

Number of properties: 218

Current outstanding Balance: R2 503 647 330

Open market value of all properties R5 386 746 000

		Concentration	OLTV	CLTV	DSCR	ISCR	Margin to Prime	Current Rate
Outstanding Balance	**2 503 647 330**							
Recent Open Market Value	**5 386 746 000**							
Weighted Average		1.3%	62.3%	53.1%	2.0	3.8	-0.65%	7.85%
Average	14 902 663	0.66%	58.22%	49.06%	1.8	4.0	-0.56%	7.94%
Max	85 093 731	3.4%	103.8%	83.8%	7.3	18.3	0.50%	9.00%
Min	3 833 890	0.16%	12.22%	11.33%	1.0	1.6	-1.85%	6.65%
# loans	168							
# Properties	218							
# Counterparts / Borrowers	152							

Geographic Distribution	OMV	%	Outstanding Balance	%
Eastern Cape	309 075 000	5.7%	140 764 769	5.6%
Gauteng	2 598 602 000	48.2%	1 093 079 864	43.7%
Kwazulu Natal	858 640 000	15.9%	401 847 413	16.1%
Western Cape	1 396 429 000	25.9%	706 481 445	28.2%
Other	224 000 000	4.2%	161 473 839	6.4%
	5 386 746 000	100.0%	2 503 647 330	100.0%

Largest Exposures				
	Concentration	DSCR	CLTV	OLTV
1	3.399%	1.6	63.8%	75.7%
2	3.223%	6.4	82.3%	86.9%
3	2.924%	1.3	41.4%	54.3%
4	2.820%	1.4	59.8%	59.8%
5	2.661%	1.4	60.6%	66.4%
6	2.326%	1.8	34.3%	63.1%
7	2.054%	1.4	81.6%	100.0%
8	2.044%	3.3	18.3%	88.8%
9	2.003%	3.6	51.6%	51.7%
10	1.828%	1.8	49.4%	49.4%
11	1.776%	1.9	66.3%	66.3%
12	1.585%	3.4	42.4%	42.8%
13	1.534%	1.1	62.1%	74.4%
14	1.472%	1.1	50.4%	77.4%
15	1.413%	4.1	39.5%	66.9%
16	1.361%	1.0	79.0%	81.2%
17	1.351%	1.5	70.2%	75.7%
18	1.349%	1.3	70.5%	75.5%
19	1.345%	1.2	59.8%	62.2%
20	1.339%	1.8	83.8%	83.8%

Seasoning		
	Sum of Loans (R'm)	Number of Loans
0 - 6 months	237 452 780	11
6 - 12 months	329 631 389	22
12 - 18 months	339 321 878	19
18 - 24 months	303 606 164	21
24 - 30 months	124 745 822	12
30 - 36 months	290 186 970	17
36 - 42 months	124 410 897	9
42 - 48 months	88 926 344	5
48 - 54 months	180 267 709	10
54 - 60 months	128 300 230	8
60 - 66 months	27 994 847	3
66 - 72 months	41 802 030	6
72 - 78 months	108 250 727	5
78 - 84 months	75 909 053	7
84 - 90 months	29 157 088	4
90 - 96 months	4 870 642	1
> 102 months	68 812 761	8

Property Type Concentration		OMV	%
Prime Industrial	I1	861 500 000	16.0%
Other Industrial	I2	9 400 000	0.2%
Mixed	M1	417 860 000	7.8%
Mixed Residential/Commercial	M2	100 200 000	1.9%
Multi-Family	MF	2 600 000	0.0%
Office_CBD	O1	1 693 088 000	31.4%
Shopping Mall	SM	74 600 000	1.4%
Unanchored Retail	U1	1 060 548 000	19.7%
Anchored Retail	A1	69 200 000	1.3%
Warehouse	WA	1 097 750 000	20.4%
		5 386 746 000	100.0%

Appendix 2

REPORT OF THE INDEPENDENT AUDITOR OF THE ISSUER

The following is the text of the letter to the Registrar of Banks by the auditors appointed by the Issuer for the purpose of furnishing a regulatory compliance report, confirming that the issue of the Notes complies in all respects with the provisions of the Securitisation Notice promulgated in Government Gazette No. 2 (Government Gazette 30628 of 1 January 2008) pursuant to the provisions of the Banks Act, 1990:

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF PRECINCT FUNDING 1 (RF) LIMITED ON COMPLIANCE OF THE PROPOSED ISSUE BY PRECINCT FUNDING 1 (RF) LIMITED OF R2.5 BILLION SECURED LISTED NOTES AS DESCRIBED IN THE OFFERING CIRCULAR, WITH THE RELEVANT PROVISIONS OF THE SECURITISATION REGULATIONS (GOVERNMENT NOTICE 2, GOVERNMENT GAZETTE 30628 OF 1 JANUARY 2008) ISSUED BY THE REGISTRAR OF BANKS, AS REQUIRED BY PARAGRAPHS 15(1)(a)(ii) and 16(2)(a)(vii) OF THE SAID NOTICE.

Introduction

As required by paragraphs 15(1)(a)(ii) and 16(2)(a)(vii) of the Securitisation Regulations (Government Notice 2, Government Gazette 30628 of 1 January 2008) issued by the Registrar of Banks (the "Securitisation Regulations"), we have reviewed whether or not the issue of R2.5 billion secured listed Notes (the "Notes") by Precinct Funding 1 (RF) Limited (the "Issuer") pursuant to the Commercial Mortgage Backed Securities Issue (the "Issue"), as documented in the Offering Circular dated 20 March 2013 and other such documents as deemed necessary (collectively the "Issue Documents"), will be compliant with the relevant provisions of the Securitisation Regulations.

We conducted our work in accordance with the International Standard on Assurance Engagements ISAE 3000 *(Assurance engagements other than audits or reviews of historical financial information (Revised)*).

Compliance with the relevant provisions of the Securitisation Regulations is the responsibility of the Issuer. Our responsibility is to report on such compliance.

Scope

Our work was generally limited to an examination of the Issue Documents, with regard to compliance with the relevant provisions of the Securitisation Regulations.

It should be recognised that our work did not constitute an audit or a review and may not necessarily have revealed all material facts.

Findings

Based on our work described above, nothing has come to our attention which indicates that the Issuer will not be in compliance, in all material respects, with the relevant provisions of the Securitisation Regulations with regard to the proposed issue of the Notes pursuant to the Programme and the conduct of the scheme as described in the Issue Documents.

Our report is presented solely for the purpose set out in the first paragraph of the report and is not to be used for any other purpose.

Yours faithfully

Deloitte & Touche
Registered Auditors
Per André Pottas

Partner