



THE THEKWINI FUND 8 (PROPRIETARY) LIMITED

(Incorporated in South Africa with limited liability under registration number 2007/033225/07)

R350 000 000 Class A1 Secured Floating Rate Notes due 18 April 2036

Indicative rating of Aaa.za(sf) by Moody's

Issue Price 100%

R277 000 000 Class A2 Secured Floating Rate Notes due 18 April 2036

Indicative rating of Aaa.za(sf) by Moody's

Issue Price 100%

R845 000 000 Class A3 Secured Floating Rate Notes due 18 April 2036

Indicative rating of Aaa.za(sf) by Moody's

Issue Price 100%

R92 400 000 Class B Secured Floating Rate Notes due 18 April 2036

Indicative rating of Aa3.za(sf) by Moody's

Issue Price 100%

R69 300 000 Class C Secured Floating Rate Notes due 18 April 2036

Indicative rating of A3.za(sf) by Moody's

Issue Price 100%

R16 500 000 Class D Secured Floating Rate Notes due 18 April 2036

Unrated

Issue Price 100%

The Notes listed above will be issued by The Thekwini Fund 8 (Proprietary) Limited (the "Issuer") subject to the terms and conditions of the Notes (the "Conditions") contained in this Offering Circular.

For as long as the Notes are in issue, interest on the Notes is payable quarterly in arrears on the 18th 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 as defined below and ending on (but excluding) 18 January 2011. Interest on the Notes will be calculated on the basis of a floating rate determined in accordance with Condition 8 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 (as defined in the Conditions). 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 18 April 2036.

Arranger, Manager and Bookrunner

The Standard Bank of South Africa Limited

1 December 2010

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 The Thekwini Fund 8 Security SPV (Proprietary) Limited (the "Security SPV") will execute the limited recourse Security SPV Guarantee in favour of, among others, the Noteholders. All payments to be made to Noteholders and certain 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 an understanding of the security structure relating to the Notes.

The application for the Class A1 Notes, the Class A2 Notes and the Class A3 Notes (collectively referred to as the "Class A Notes"), the Class B Notes, the Class C Notes and the Class D Notes to be listed on the Interest Rate Market of the JSE Limited, a licensed financial exchange in terms of the Securities Services Act (the "JSE") under stock code numbers THE8A1, THE8A2, THE8A3, THE8B1, THE8C1 and THE8D1, respectively, was granted with effect from 1 December 2010. The Notes may be traded by or through members of the JSE from 1 December 2010 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 The Standard Bank of South Africa Limited ("SBSA", which is the "Arranger", "Bookrunner", "Manager", "Standby Servicer", "Redraw Facility Provider" and "Settlement Agent"), SA Home Loans (Proprietary) Limited ("SAHL", which is the "Servicer"), SAHL Investment Holdings (Proprietary) Limited ("SAHL IH", which is the "Start-up Loan Provider" and the "Preference Shareholder"), Main Street 65 (Proprietary) Limited (a "Seller"), The Thekwini Warehousing Conduit (Proprietary) Limited (a "Seller"), the JSE or, save to the extent of the amount recovered from the Issuer in terms of the Issuer Indemnity, 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 SAHL, SAHL IH, SBSA, the Arranger, the Manager, the Bookrunner, the Servicer, the Start-Up Loan Provider, the Preference Shareholder, the Standby Servicer, the Settlement Agent, the Redraw Facility Provider, the Sellers, the JSE or, save to the extent of the amount recovered from the Issuer in terms of the Issuer Indemnity, the Security SPV.

The Class A Notes are expected, on issue, to be assigned an Aaa.za(sf) / Aa2(sf) rating by Moody's Investors Service Limited ("Moody's") (the "Rating Agency").

The Class B Notes are expected, on issue, to be assigned an Aa3.za(sf) / A3(sf) rating by Moody's.

The Class C Notes are expected, on issue, to be assigned a A3.za(sf) / Baa3(sf) rating by Moody's.

The Class D Notes will not be assigned a rating by Moody's.

A credit rating is not a recommendation to 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 "Investment Considerations".

The Issuer accepts full responsibility for the information contained in this Offering Circular except as is otherwise stated. To the best of its knowledge and belief having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all material information which is necessary in the context of the issue and offering of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any information or expression of any such opinions or intentions misleading in any material respect.

Information contained in this Offering Circular with respect to the Arranger, the Servicer, the Sellers, the Standby Servicer, the Redraw Facility Provider and the Security SPV has been obtained from each of them for information purposes only. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of the Arranger, the Servicer, the Sellers, the Standby Servicer, the Redraw Facility Provider and 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 Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV or the JSE, 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 herein is correct at any time subsequent to the date of this Offering Circular. The Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV, the JSE and their respective affiliates or advisers have not separately verified the information contained in this Offering Circular. Accordingly, neither the Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV nor the JSE, 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. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV or the JSE, or 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 Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV or the JSE, 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. The Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV, the JSE, and their respective affiliates or advisers 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 Arranger, the Issuer, the Sellers, SAHL, SAHL IH, the Servicer, SBSA, the Security SPV or the JSE, or any of their respective affiliates or advisers.

This Offering Circular does not constitute an offer or an invitation by or on behalf of the Issuer, SAHL, SAHL IH, the Security SPV, the Sellers, SBSA, the Arranger, the Redraw Facility Provider, the Servicer, the Start-Up Loan Provider, the Preference Shareholder or the Standby Servicer to any person to subscribe for or purchase any of the Notes. 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 Issuer, SAHL, SAHL IH, the Security SPV, the Sellers, SBSA, the Arranger, the Redraw Facility Provider, the Servicer, the Start-Up Loan Provider, the Preference Shareholder or the Standby Servicer 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, save for obtaining the approval of this Offering Circular as listing particulars by the JSE, no action has been taken by the Issuer, SAHL, SAHL IH, the Security SPV, the Sellers, SBSA, the Arranger, the Redraw Facility Provider, the Servicer, the Start-Up Loan Provider, the Preference Shareholder or the Standby Servicer 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 and the Arranger 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 "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. It is the responsibility of any such person wishing to subscribe for the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction. 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 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. 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

The information set out below is a summary of the principal features of the transaction. This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Transaction Overview" shall bear the same meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Transaction steps:

- SAHL carries on the business of originating Home Loans for, *inter alia*, the Sellers, against the security of, *inter alia*, Indemnity Bonds registered over the Properties of Borrowers in favour of the Guarantee Trust.
- The Sellers, in terms of the Home Loan Sale Agreement, will sell Home Loans (each complying with the Eligibility Criteria), together with the benefit of all Related Security, on a non-recourse basis to a newly created, insolvency remote Issuer during the Pre-Funding Period.
- The Issuer will fund the purchase of eligible Home Loans during the Pre-Funding Period through the issuance of the Class A Notes, Class B Notes, Class C Notes and Class D Notes.
- SAHL, as Servicer to the Issuer, will continue to perform the administration, servicing and management of the Home Loans on behalf of the Issuer. Should an event of default occur under the Servicing Agreement and not be waived by Noteholders, SBSA as Standby Servicer is contractually committed to continuing the functions of the Servicer.
- As one of the forms of credit enhancement available to the Notes, SAHL IH will, on the Issue Date, fund the Reserve Fund in an amount equal to 2.1% of the Principal Amount Outstanding of the Notes on the Issue Date.
- In the event that the Issue Date does not fall on a Mortgage Reset Date, SAHL IH will also advance to the Issuer an amount sufficient to fund the difference, if any, in cash flows resulting from the JIBAR rate in respect of Notes which was set for the first Interest Period subsequent to such Issue Date being higher than the JIBAR rate in respect of the Home Loans which was set on the Mortgage Reset Date immediately preceding such Issue Date.
- Additional credit enhancement is provided for the Notes by the Issuer trapping cash in the Arrears Reserve in terms of the Priority of Payments, if certain delinquency levels are triggered.
- SBSA will provide a Redraw Facility, among other things, to fund Further Advances, Further Loans and the purchase of the right to repayment of Redraws, provided that immediately following a drawdown under such facility, the Asset Quality Test is satisfied.
- SAHL IH, as Preference Shareholder, will be entitled to receive dividends in respect of the Preference Share.
- The Security SPV has been incorporated for the purposes of holding and realising security for the benefit of Secured Creditors, including Noteholders, subject to the Priority of Payments. The Security SPV will execute a Security SPV Guarantee in favour of the Noteholders and other Secured Creditors, payments in terms of which will be subject to the Priority of Payments.
- The Issuer will indemnify the Security SPV in terms of an Issuer Indemnity in respect of claims that may be made against it arising out of the Security SPV Guarantee.

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. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Summary" shall bear the same meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Arranger and Manager:	The Standard Bank of South Africa Limited.
Arrears Reserve:	Should aggregate arrears on Home Loans exceed certain levels, as described below in the section " <i>Credit Structure</i> ", the Issuer will be required to credit an amount, from available funds, to an Arrears Reserve, available, if necessary, to meet certain expenses in the Priority of Payments.
Blocked Rand:	Blocked Rand may be used to purchase Notes subject to South African Exchange Control Regulations.
Conditions:	The terms and conditions of the Notes set out below in this Offering Circular under the section " <i>Terms and Conditions of the Notes</i> ".
Coupon Rate and Interest Payment Dates:	<p>From and including the Issue Date up to but excluding the Coupon Step-Up Date, interest will be payable quarterly in arrears on the 18th 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 as follows:</p> <ul style="list-style-type: none"> i. Class A1 Notes: 0.75% above 3 month JIBAR; ii. Class A2 Notes: 1.20% above 3 month JIBAR; iii. Class A3 Notes: 1.50% above 3 month JIBAR; iv. Class B Notes: 2.10% above 3 month JIBAR; v. Class C Notes: 2.50% above 3 month JIBAR; vi. Class D Notes: 6.74% above 3 month JIBAR; <p>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) 18 January 2011.</p> <p>From and including the Coupon Step-Up Date up to but excluding the Final Redemption Date, interest will be payable quarterly in arrears on the 18th day of January, April, July and October of each year as follows:</p> <ul style="list-style-type: none"> i. Class A1 Notes: 0.75% above 3 month JIBAR; ii. Class A2 Notes: 1.60% above 3 month JIBAR; iii. Class A3 Notes: 2.00% above 3 month JIBAR; iv. Class B Notes: 2.90% above 3 month JIBAR; v. Class C Notes: 2.50% above 3 month JIBAR; vi. Class D Notes: 6.74% above 3 month JIBAR. <p>The Servicer will notify Noteholders, the Central Securities Depository and the JSE of the new rate of interest on the floating rate Notes on the day each new Interest Period commences.</p>

Credit Criteria:	The lending policy guidelines applicable to the Home Loans, to the advance of Further Loans and, to the extent applicable, to the advance of Redraws and Further Advances, are described below under the section " <i>The Home Loan Pool</i> ".
Credit Rating:	Moody's is expected, on issue, to assign a long-term national scale credit rating of Aaa.za(sf) / Aa2(sf) to the Class A Notes, Aa3.za(sf) / A3(sf) to the Class B Notes and A3.za(sf) / Baa3(sf) to the Class C Notes. The Class D Notes will not be assigned a Rating.
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.
Estimated Average Lives of the Notes:	The average lives of the Notes cannot be accurately predicted, as the actual repayment of the Home Loans and a number of other relevant factors are unknown. Calculations of the estimated average lives can be made based on certain assumptions, as described in the section " <i>Estimated Average Lives of the Notes</i> ". Based on such assumptions, the average life of the Class A1 Notes is estimated to range from 0.41 years to 1.23 years, the average life of the Class A2 Notes is estimated to range from 1.47 years to 3.62 years, the average life of the Class A3 Notes is estimated to range from 3.55 years to 4.00 years, the average life of the Class B Notes is estimated to range from 3.92 years to 4.00 years, the average life of the Class C Notes is estimated to range from 3.92 years to 4.00 years and the average life of the Class D Notes is estimated to range from 3.92 years to 4.00 years.
Final Redemption:	Unless redeemed at a prior date, or purchased by the Issuer and cancelled, the Issuer shall redeem the Notes at their Principal Amount Outstanding (together with accrued interest) on the Interest Payment Date falling on 18 April 2036.
Guarantee Trust:	The South African Home Loans Guarantee Trust, a trust established and registered in accordance with the laws of South Africa with Masters' Reference Number IT 10713/00, for the purpose of guaranteeing the obligations of Borrowers to home loan lenders including, <i>inter alia</i> , the Sellers in terms of the relevant Home Loan Agreements concluded in relation to the Home Loans granted to such Borrowers. The Borrowers, in turn, indemnify the Guarantee Trust or its assigns against any loss it may incur as a result of the Guarantees being called up by the Sellers. As security for a Borrower's obligations to the Guarantee Trust under an Indemnity, an Indemnity Bond is registered over such Borrower's Property in favour of the Guarantee Trust or its assigns.
Form of Notes:	The Notes will be issued in registered form as described below in the section " <i>Form of the Notes</i> ".
Further Advances:	A Further Advance is a re-advance to the relevant Borrower by the Issuer, in terms of the Home Loan Agreement concluded by such Borrower, after the application of the relevant Credit Criteria, of a portion of the principal of such Borrower's Home Loan, which principal has previously been repaid by such Borrower (i.e. a re-advance of Repayments but excluding Prepayments) and which has not already been re-advanced to that Borrower before the time of such Further Advance. Up until the Coupon Step-Up Date, the Issuer, at its discretion, may advance Further Advances to Borrowers on any date, subject to the satisfaction of certain conditions, principally the availability of funds for that purpose, as described under the section " <i>Credit Structure</i> ".
Further Loans:	Further Loans are: (1) additional principal advances (in excess of Repayments and Prepayments) advanced to a Borrower by the Issuer, in terms of the Home Loan Agreement concluded by such Borrower, after the application of the Credit Criteria, to a maximum of the difference between the capital amount reflected in the Indemnity Bond(s) relating to the relevant Home Loan (excluding any additional sum) and the capital amount lent and advanced in terms of the Home Loan Agreement; or (2) additional principal advances (in excess of Repayments and

Prepayments) advanced to a Borrower by the Issuer, after the application of the Credit Criteria, in an amount in excess of the capital amount reflected in the Indemnity Bond relating to the relevant Home Loan (excluding any additional sum), provided that a further Indemnity Bond is registered in favour of the Guarantee Trust over the relevant Property, which secures the full amount of the additional principal advance. Up until the expiry of the Further Loan Period, the Issuer, at its discretion, may advance Further Loans to Borrowers on any date, subject to the satisfaction of certain conditions, principally the availability of funds for that purpose, as described under the section "*Credit Structure*".

Governing Law:	The Notes will be governed by and construed in accordance with the laws of South Africa.
Issue Price:	The price to be paid on the Settlement Date shall be 100% of the Principal Amount for the Class A1 Notes, 100% of the Principal Amount for the Class A2 Notes, 100% of the Principal Amount for the Class A3 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 for the Class D Notes.
Issuer:	The Thekwini Fund 8 (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2007/033225/07 and its successors-in-title or assigns.
Listing and Trading:	An application was made to the JSE for the listing of the Class A1 Notes, the Class A2 Notes, Class A3 Notes, the Class B Notes, the Class C Notes and the Class D Notes under stock code numbers THE8A1, THE8A2, THE8A3, THE8B1, THE8C1 and THE8D1, respectively. The application was granted with effect from 1 December 2010 and the Notes may be traded by and through members of the JSE from 1 December 2010.
Mandatory Redemption in part:	<p>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 (see Condition 7.2). The mandatory redemption in part will be an amount calculated in accordance with the provisions set out in Condition 7.2 of the Notes.</p> <p>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 18 April 2036.</p>
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.
Negative Pledge and other undertakings of the Issuer:	Condition 6 of the 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, dividends, distributions, borrowings, mergers and amendments to the Transaction Documents.
Notes:	The Notes to be issued by the Issuer, comprising R350 000 000 Class A1 Secured Floating Rate Notes, R277 000 000 Class A2 Secured Floating Rate Notes, R845 000 000 Class A3 Secured Floating Rate Notes, R92 400 000 Class B Secured Floating Rate Notes, R69 300 000 Class C Secured Floating Rate Notes and R16 500 000 Class D Secured Floating Rate Notes.

Optional Redemption:

The Issuer may redeem all, but not some only, of the Notes, in full but not in part, early at their Principal Amount Outstanding (together with accrued interest) upon not more than 30 nor less than 20 days' irrevocable notice:

- (i) on the Interest Payment Date falling on 18 January 2015 or on any Interest Payment Date falling thereafter; or
- (ii) on any Interest Payment Date on which the aggregate Principal Amount Outstanding of Notes is equal to or less than 20% of the aggregate Principal Amount Outstanding of the Notes at the Issue Date, as described in Condition 7.3.2; or
- (iii) for tax reasons, as described in Condition 7.4.

Owner Trust:

The Thekwini Fund 8 Owner Trust, the trust established in accordance with the laws of South Africa with Masters' Reference Number IT 114/2008/PMB, solely to own as beneficial shareholder the entire issued ordinary share capital of the Issuer, to stand surety to the Security SPV for the due, proper and punctual performance by the Issuer of its obligations to the Security SPV under the Issuer Indemnity, and to pledge the shares in the Issuer as security for the Owner Trust Suretyship.

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.

Permitted Investments:

The Servicer will be entitled to invest cash from time to time standing to the credit of the Issuer's bank accounts in various Rand-denominated investments with the Highest Short-Term Credit Rating or wholly and unconditionally guaranteed by an entity with the Highest Short-Term Credit Rating as described below under the section "*Credit Structure*".

Pool Stratification:

On the Cut-Off Date, the portfolio of Home Loans identified for acquisition by the Issuer had the characteristics shown below:

Category

Aggregate Current Portfolio Balance (ZAR)	1,499,142,251
Number of Loans	3,195
Weighted Average Original Loan Amount (ZAR)	483,059
Weighted Average Current Loan Amount (ZAR)	469,215
Weighted Average Original LTV (%)	63.37%
Weighted Average Current LTV (%)	62.21%
Weighted Average Interest Margin over Jibar (%)	2.71%
Remaining Term (months)	226
Seasoning (months)	10
PTI Ratio	18.65%

Preference Shareholder:	SAHL Investment Holdings (Proprietary) Limited, a company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1998/004570/07, which is the holder of the Preference Share.
Pre-Funding:	The net proceeds of the Notes issued on the Issue Date may exceed the amount paid by the Issuer to the Sellers in respect of the purchase consideration for the Home Loans purchased on the Issue Date. After the Issue Date, the Issuer may acquire Pre-Funded Home Loans up to an amount equal to the Pre-Funding Amount, at any time up to the expiry of the Pre-Funding Period in respect of such Pre-Funding Amount. Any part of the Pre-Funding Amount not applied in acquiring Pre-Funded Home Loans during the Pre-Funding Period shall be treated as Repayments and shall be applied in redeeming the Notes in terms of the Priority of Payments (and not for any other items in terms of the Priority of Payments).
Principal Amount:	The face value of each Note.
Priority of Payments:	<p>The Priority of Payments is the sequence in which the Issuer will, out of the funds available in the Transaction Account and, in certain circumstances the Reserve Fund and the Arrears Reserve, make payments to creditors of the Issuer.</p> <p>The Issuer shall contract with the Secured Creditors on the basis that payments due to them shall be made on an Interest Payment Date to the extent to which funds are available in the Transaction Account, and, in certain circumstances in the Reserve Fund and the Arrears Reserve, strictly in the sequence set out in the Priority of Payments so that a Secured Creditor who ranks subsequent to any other creditors in the Priority of Payments will not be paid unless and until all the creditors which rank prior to it in the Priority of Payments have been paid all the amounts then due and payable to them by the Issuer.</p> <p>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 Servicing Agreement, both as described under the section "<i>Priority of Payments</i>".</p>
Purchase of Notes:	The Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes shall be cancelled.
Rating Agency:	Moody's Investors Service Limited.
Redraw Facility:	<p>The Issuer will enter into a revolving credit facility with the Redraw Facility Provider. The Redraw Facility may be utilised by the Issuer for the purposes described under the section "<i>Credit Structure</i>". For purposes of compliance with the Securitisation Notice, the Redraw Facility may not be used to the extent that the Asset Quality Test is not satisfied or as a permanent revolving facility in order to provide credit enhancement or cover losses sustained in respect of the Securitisation Scheme.</p> <p>The Redraw Facility is R57 757 000, representing an amount equal to 3.5% of the Principal Amount Outstanding of the Notes on the Issue Date.</p> <p>The commitment of the Redraw Facility Provider under the Redraw Facility will expire at the end of the then current Commitment Period, or such earlier date that the Notes are redeemed or enforcement of the Security occurs. Prior to the expiry of the Redraw Facility, the Issuer will renew the Redraw Facility or fully draw-down on the existing Redraw Facility until it has arranged for a substitute bank to provide a replacement Redraw Facility.</p>

Redraws:

Redraws are readvances to a Borrower of a portion of such Borrower's Home Loan, provided that the amount of such Redraw is limited to Prepayments, that is principal which has previously been repaid by such Borrower in excess of minimum scheduled instalments. The Issuer has transferred to SAHL the obligation of the Issuer to advance Redraws to Borrowers. SAHL is obliged to advance Redraws to Borrowers on any date, subject to the satisfaction of certain conditions, including that the Borrower is not then in unremedied default of any of such Borrower's obligations in terms of the Home Loan Agreement and that the Redraw will be repaid within the original duration of the Home Loan Agreement. Up until the Coupon Step-Up Date, the Issuer is obliged to purchase the right to repayment of Redraws from SAHL subject to the satisfaction of certain conditions, principally the availability of funds for that purpose, as described under the section "*Credit Structure*".

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 Class A Noteholders, Class B Noteholders, Class C Noteholders and Class D Noteholders entitled to receive payments.

Reserve Fund:

The Reserve Fund provides credit enhancement for the Notes. On each Interest Payment Date, in the event of a shortfall in available funds to meet senior expenses in the Priority of Payments, amounts in the Reserve Fund are added to available funds and are applied in accordance with the Priority of Payments usually to pay interest on the Notes (and the Reserve Fund is then replenished). On the Final Redemption Date or following the delivery of an Enforcement Notice, amounts in the Reserve Fund are also available to pay principal on the Notes (and the Reserve Fund balance is reduced to zero). The Reserve Fund will initially be R34 654 200, representing an amount equal to 2.1% of the Principal Amount Outstanding of the Notes on the Issue Date.

Securities TransferTax:

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. Notes will be obligations of the Issuer only.

Security for the Notes:

The Security SPV will bind itself under a Security SPV Guarantee to each Secured Creditor including Noteholders. Pursuant to such Security SPV 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 Security SPV Guarantee will, however, be limited in the aggregate to the amount recovered by the Security SPV from the Issuer arising out of the Issuer Indemnity referred to below. Payment of amounts due by the Security SPV pursuant to the Security SPV 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 Issuer Indemnity to the Security SPV in respect of the claims that may be made against the Security SPV arising out of the Security SPV Guarantee. The obligations of the Issuer in terms of this Issuer Indemnity are secured by a security cession over certain assets of the Issuer, as described under the section "*Security*".

The Notes will share the same security but in the event of the Security being enforced, the Class D Notes will be subordinated to the Class C Notes, the Class C Notes will be subordinated to the Class B Notes and the Class B Notes will be subordinated to the Class A Notes. The Class A3 Notes, the Class A2 Notes and the Class A1 Notes will rank *pari passu* among themselves.

Security SPV:	The Thekwini Fund 8 Security SPV (Proprietary) Limited, a company with limited liability registered in accordance with the laws of South Africa under registration number 2007/033428/07 (and its successors-in-title or assigns), which has been incorporated to hold and realise security for the benefit of Secured Creditors, subject to the Security SPV Guarantee and the Priority of Payments.
Sellers:	Main Street 65 (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2001/004041/07 and its successors-in-title or assigns and The Thekwini Warehousing Conduit (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2005/007604/07 and its successors-in-title or assigns.
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 and South Africa. Persons who come into possession of this Offering Circular must inform themselves about and observe any such restrictions.
Servicer:	SA Home Loans (Proprietary) Limited, a company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2006/035436/07, which will be appointed under the terms of the Servicing Agreement as agent for the Issuer, <i>inter alia</i> , to administer the Home Loans, including the collection of payments under the Home Loans and the operation of the collections, arrears and foreclosure procedures. The Servicer is obliged under the Servicing Agreement to report on a quarterly basis to the Security SPV and the Issuer on the Home Loans and the administration of the Home Loans.
Settlement Dates:	The respective dates determined by the Issuer and the Arranger as the date on which subscribers for each Class of Notes, respectively, shall be obliged to pay the subscription price for the Notes concerned.
Stabilisation:	In connection with this issue, the Arranger may, to the extent permitted by applicable laws and regulations, 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. However, there is no obligation on the Arranger to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.
Standby Servicer:	<p>The Standard Bank of South Africa Limited, a company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1962/000738/06, which will be appointed under the Servicing Agreement to act as Standby Servicer, such that, if the appointment of SAHL as Servicer is terminated, the Standby Servicer will assume such servicing functions.</p> <p>Any reference to the Servicer in this Offering Circular shall also be taken to include SBSA or any other replacement Servicer to the extent that SBSA or any other replacement Servicer is actually required to perform the primary servicing function at any time.</p>
Start-Up Loan:	The Start-Up Loan Provider will lend and advance R34 654 200 to the Issuer on the Issue Date to provide funding for the Reserve Fund, equal to 2.1% of the Principal Amount Outstanding of the Notes. Furthermore, on the Issue Date, in the event that the Issue Date does not fall on a Mortgage Reset Date, the Start-Up Loan Provider will advance to the Issuer an amount sufficient to fund the difference, if any, in cash flows resulting from the JIBAR rate in respect of the Notes which was set for the first Interest Period being higher than the JIBAR rate in respect of the Home Loans which was set on the Mortgage Reset Date in October 2010, as described in the section " <i>Investment Considerations</i> ". On the first Interest Payment Date, should any amount of the latter advance not be utilised by the Issuer, then the Issuer shall repay such amount to the Start-Up Loan Provider in accordance with the Priority of Payments. If the Reserve Fund is not funded at the Reserve Fund

Required Amount, the Further Loan Period shall terminate (without limiting any other circumstance which causes the Further Loan Period to terminate).

Status of the Notes:

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 certain other creditors of the Issuer in accordance with the Priority of Payments. The Notes of each Class rank *pari passu* among themselves, other than the Class A Notes, in respect of which (a) prior to the delivery of an Enforcement Notice (i) the Class A2 Notes and the Class A3 Notes will be subordinated to the Class A1 Notes (in respect of principal only) and (ii) the Class A3 Notes will be subordinated to the Class A2 Notes in respect of principal only and (b) after delivery of an Enforcement Notice, the Class A1 Notes, the Class A2 Notes and the Class A3 Notes will rank *pari passu* among themselves (whether in respect of interest, principal or otherwise).

Tax Status:

A summary of applicable current South African Tax legislation appears in the section "*South African Taxation*". The section does not constitute tax advice and investors should consult their professional advisers.

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.

Investment Considerations

The following is a summary of certain aspects of the issue of the Notes about which prospective Noteholders should be aware. This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Investment Considerations" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Ratings of the Notes

It is a condition of the issuance of the Notes that the Class A Notes are rated Aaa.za(sf) / Aa2(sf) by Moody's, the Class B Notes are rated Aa3.za(sf) / A3(sf) by Moody's and the Class C Notes are rated A3.za(sf) / Baa3(sf) by Moody's. The Class D Notes will not be assigned a Rating by Moody's. The rating is not a recommendation to 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 ratings of the Notes address the expected loss posed to investors by the legal final maturity. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed but may have a significant effect on the yield to investors. 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, withdrawn or suspended entirely by the Rating Agency if in its judgment circumstances in the future so warrant. Each rating is given on a national scale or in the absence of a national scale credit rating, the equivalent global scale rating. 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 Home Loans, and each will rely instead on the warranties given by Main Street 65, SAHL (in respect of The Thekwini Warehousing Conduit, Main Street 65 and itself) and SAHL IH (in respect of The Thekwini Warehousing Conduit, SAHL, Main Street 65 and itself) in the Home Loan 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 SAHL IH, SAHL or Main Street 65, as the case may be, pays the Issuer such damages as it may have suffered arising from the breach of warranty or that SAHL purchases, or procures the purchase of (for cash or the substitution of a similar Home Loan), any Home Loan which is the subject of any breach and pays such damages as the Issuer may have suffered arising from the breach of warranty to the extent to which those damages have not been extinguished by that purchase. This shall not limit any other remedies available to the Issuer and/or the Security SPV if damages are not paid or if SAHL fails to purchase a Home Loan when obliged to do so. There can be no assurance that SAHL IH, SAHL, Main Street 65 or The Thekwini Warehousing Conduit, as the case may be, will have the financial resources to honour their obligations under the Home Loan Sale Agreement. Such obligations are not guaranteed by, nor will they be the responsibility of, any person other than SAHL IH, SAHL or Main Street 65, as the case may be, and neither the Issuer nor the Security SPV shall have any contractual recourse to any other person in the event that SAHL IH, SAHL or Main Street 65 for whatever reason, fail 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 Manager, the Bookrunner, SBSA, SAHL, SAHL IH, the Sellers, the Servicer, the Standby Servicer, the Start-Up Loan Provider, the Preference Shareholder, the Redraw Facility Provider, or, save to the extent of the amount recovered from the Issuer in terms of the Issuer Indemnity, the Security SPV. The Issuer will rely solely on payments in respect of amounts due under the Home Loans, and in the Reserve Fund, the Arrears Reserve, the Transaction Account and Permitted Investments to enable it to make payments in respect of the Notes.

Upon enforcement of the security for the Notes and enforcement of a claim under the Issuer Indemnity, the Security SPV will have recourse only to the Home Loans, Borrowers, Sureties for Borrowers and any other assets of the Issuer then in existence, including amounts standing to the credit of the Transaction Account, the Reserve Fund, the Arrears Reserve and the Permitted Investments. The Issuer and the Security SPV will have no recourse to the Arranger, the Manager, the Joint Bookrunner, or, other than as provided in the Transaction Documents, the Sellers, the Servicer, the Standby Servicer, the Start-Up Loan Provider, the Preference Shareholder, the Redraw Facility Provider or any other entity.

If, upon default by Borrowers and after the exercise by the Servicer of all available remedies in respect of the Home Loans, 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 face value of their Notes and the Issuer may be unable to pay in full or in part interest due on the Notes.

Collectability of Home Loans

The collectability of amounts due under the Home Loans 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 are advanced Redraws under their Home Loans, and other similar factors. Other factors (which may not affect property values) may have an impact on the ability of Borrowers to repay Home Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and insolvency applications by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay Home Loans.

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 Home Loan 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 of mainly the Issuer's interest in the Home Loans. 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 Home Loans. If the residential 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 securing the Home Loans 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 housing markets than will other regions and, consequently, will experience higher rates of loss and delinquency on Home Loans generally. There are concentrations of properties within certain regional areas which may present risk considerations different from those without such concentrations. See "The Home Loan Pool – Historical Data" below.

Homeowners' Policies

In relation to all Home Loans, each Borrower, or in the case of sectional title units, the relevant body corporate, is required to take out and maintain short-term homeowners' insurance in respect of the buildings, erections and permanent improvements which are or at any time prior to the expiry of the Home Loan Agreement may be erected on or become attached to the Property against risk of loss and/or damage by fire, lightning, explosion, storm and such other perils as the Home Loan Lender may require from time to time, on terms and with an insurer acceptable to the Home Loan Lender for the replacement value from time to time of the improvements on the Property or, if the Property is a sectional title unit, to the replacement value from time to time of the Property and all improvements thereon. Such Homeowners' Policies are taken out:

- in the name of the Borrower with the interest of SAHL endorsed or otherwise noted thereon as agent for the Issuer as undisclosed principal; or
- in the case of a sectional title Property, in the name of the body corporate, with the interest of SAHL endorsed or otherwise noted thereon as agent for the Issuer as undisclosed principal (where such endorsement or noting has been effected).

Insurance premiums on Homeowners' Policies in respect of sectional title Properties are not paid by debit order through the Servicer and accordingly the Servicer will not be aware of any failure to pay such premiums and thus may have no knowledge of a potential cancellation of the relevant Homeowners' Policies.

Yield and Prepayment Considerations

The yield to maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including Prepayments, Repayments, Redraws purchased, Further Advances and Further Loans made and the sale proceeds arising on enforcement of a Home Loan, and repurchases or substitutions of Home Loans by the Sellers and/or SAHL due to, *inter alia*, breaches of the warranties) on the Home Loans and the price paid by the Noteholders. Such yield

may be adversely affected by higher or lower than anticipated rates of Prepayments and Repayments and the amount of Redraws and Further Advances and Further Loans by Borrowers.

It will also be affected by the fact that the Home Loan Agreements provide the relevant Borrower with the option, subject to various conditions, to redraw all or a portion of the principal of his Home Loan. The Issuer has transferred such Redraw obligation to SAHL but, up until the Coupon Step-Up Date, the Issuer is obliged, subject to the satisfaction of certain conditions, in particular monies being available for this purpose, to purchase the right to repayment of Redraws. To the extent that the Issuer funds the acquisition of the right to repayment of Redraws utilising Repayments and Prepayments, principal repayments to Noteholders will be delayed accordingly.

The yield to maturity of the Notes of each Class will also be affected by the fact that the Home Loan Agreements provide the relevant Borrower with the option to switch to another home loan product offered by SAHL.

Repayments before the end of a Home Loan term may result from refinancings, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Home Loans, as well as the receipt of proceeds from homeowners' insurance and life insurance policies. In addition, repurchases of Home Loans required to be made under the Home Loan Sale Agreement will have the same effect as early repayment of such Home Loans.

The rates of Repayment and Prepayment and the amount of Redraws, Further Advances and Further Loans cannot be predicted and are influenced by a wide variety of economic, social and other factors, including prevailing Home Loan market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Therefore, no assurance can be given as to the level of Prepayments, Repayments, Further Advances, Further Loans and Redraws that the Home Loan Pool will experience. See "*Estimated Average Lives of the Notes*" below.

Although it is anticipated that the Issuer will exercise the option to redeem all of the Notes in full, and not in part only, at the Coupon Step-Up Date or the Clean-Up Call Date, as the case may be, no guarantee is given that such option will be exercised.

The Secured Creditors have agreed to waive their rights of set-off against the Issuer.

Defaults under the Home Loans

If a sufficient number of Borrowers default, the Servicer will be unable to pay the Secured Creditors (including the Noteholders) on behalf of the Issuer. The claims of Class D Noteholders are subordinated to those of Class C Noteholders, the claims of Class C Noteholders are subordinated to those of Class B Noteholders and the claims of Class B Noteholders are subordinated to those of Class A Noteholders. Prior to the delivery of an Enforcement Notice, the claims of Class A3 Noteholders (in respect of principal only) are subordinated to those of Class A2 Noteholders (in respect of principal only) and the claims of Class A2 Noteholders and Class A3 Noteholders (in respect of principal only) are subordinated to those of Class A1 Noteholders (in respect of principal only). After delivery of an Enforcement Notice, the claims of Class A3 Noteholders, Class A2 Noteholders and Class A1 Noteholders (whether in respect of interest, principal or otherwise) rank *pari passu* among themselves. Accordingly, this risk will be borne first by Class D Noteholders, thereafter Class C Noteholders, thereafter by Class B Noteholders, thereafter by Class A3 Noteholders (in respect of principal only prior to the delivery of an Enforcement Notice), thereafter by Class A2 Noteholders (in respect of principal only prior to the delivery of an Enforcement Notice) and thereafter by Class A1 Noteholders (in respect of principal only prior to the delivery of an Enforcement Notice). To reduce the risk of default, the Servicer on behalf of the Sellers or the Issuer, as the case may be, has applied and shall continue to apply certain Credit Criteria in granting Further Advances and Further Loans. The purpose of the Credit Criteria is, amongst others, to maintain the quality of the existing portfolio and to limit the Issuer's exposure to certain lower quality assets. The Servicer, on behalf of the Issuer, has ensured and shall continue to ensure that the Portfolio Covenants are satisfied immediately after the acquisition of each Initial Home Loan or Substitute Home Loan and immediately after the advance of each Further Loan under the Home Loan Sale Agreement.

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

National Credit Act, 34 of 2005 (the "National Credit Act")

Transactions which occur in respect of the Home Loan Agreements may fall within the provisions of the National Credit Act and, prior to the effective date of such Act being 1 June 2007, may have fallen within the provisions of the Usury Act 73 of 1968 (the "Usury Act"). Despite the repeal of the Usury Act, rights enjoyed and obligations imposed in terms of such previous Act are preserved, subject to certain transitional provisions of the National Credit Act. In addition, certain provisions of the National Credit Act apply to agreements concluded prior to the effective date of the National Credit Act.

In terms of the Home Loan Sale Agreement, if a Home Loan Agreement purchased by the Issuer is unenforceable due to non-compliance with any Applicable Law, including the National Credit Act and the Usury Act, the Issuer is entitled to enforce the remedies set out in such Sale Agreement for breach of warranty by Main Street 65, SAHL (in respect of The Thekwini Warehousing Conduit, Main Street 65 and itself) and SAHL IH (in respect of The Thekwini Warehousing Conduit, SAHL, Main Street 65 and itself). The Issuer is further indemnified by each Seller against any damages which the Issuer may suffer as a result of any non-compliance by the Sellers, or any one of them, with any Applicable Law.

The Issuer is registered as a credit provider in terms of section 40 of the National Credit Act, under National Credit Regulator registration number NCRCP2595.

Priority of Payments

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

The Priority of Payments may be disturbed by claims of creditors who are not Secured Creditors. However, as described below in the paragraph "*Liquidation of the Issuer*", the Issuer is structured as an insolvency remote, ring-fenced special purpose vehicle which limits the risk of external creditors who are not bound into the Priority of Payments.

Limited Liquidity 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 5 day period that the Register is closed prior to each Interest Payment Date, will need to reconcile any amounts payable on the following Interest Payment Date pursuant to a partial redemption of the Notes. As a result secondary market liquidity of the Notes may reduce during this period.

Counterparty Risk

The Redraw Facility Agreement involves the Issuer entering into a contract with a counterparty. Pursuant to such contract, the counterparty agrees to make payments to the Issuer under certain circumstances as described in such agreement. The Issuer will be exposed to the credit risk of the counterparty with respect to such payments. The Transaction Documents requires such counterparty to have the Highest Short-Term Credit Rating from the Rating Agency or, if such counterparty is not rated by the Rating Agency, then, following prior written notice to the Rating Agency by the Issuer or the Servicer of the Issuer's proposed entry into any contract with such counterparty, the Issuer or the Servicer is not notified that the Issuer's proposed entry into any contract with such counterparty may adversely affect the then current Rating of the Notes, the Issuer may enter into such contract with such counterparty. If such rating is not maintained, the Transaction Documents make provision for such counterparty to be replaced with a counterparty that has the required rating.

Security SPV Guarantee and Issuer Indemnity

The Security SPV will grant a Security SPV Guarantee to Secured Creditors and will enter into the Issuer Indemnity with the Issuer. The Issuer has received a legal opinion stating that the entry into the Security SPV Guarantee and Issuer Indemnity will enable the security structure in favour of the Secured Creditors to be held 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 indemnity structure is not enforceable, then Secured Creditors shall be entitled but not obliged to take action themselves to enforce claims directly against the Issuer should an Event of Default occur. If a Secured Creditor elects to do so, then the security held by the Security SPV will be bypassed and thus no longer be effective as a means of achieving distribution of the Issuer's assets in accordance with the Priority of Payments.

Security SPV

The interests of the Secured Creditors will be represented by the Security SPV. In terms of the Transaction Documents and the Conditions, the Security SPV is required to enforce the Security on behalf of the Secured Creditors in certain circumstances. Secured Creditors will not be able to enforce the Security themselves nor to take action against the Issuer to

enforce claims against the Issuer except through the Security SPV unless the guarantee and indemnity structure is not enforceable or the Security SPV is wound-up, liquidated or placed under judicial management or supervision by a business rescue practitioner or fails to act within a reasonable time of being called upon to do so.

Insolvency of the Security SPV

It is possible for the Security SPV itself to be wound-up, liquidated or placed under judicial management or supervision by a business rescue practitioner, which would adversely affect the rights of the Secured Creditors and the enforcement of the Security granted to the Security SPV.

The liabilities of the Security SPV consist of the Security SPV Guarantee given to the Secured Creditors, which cannot in the aggregate exceed the amount recovered pursuant to the Issuer Indemnity. Accordingly, it is improbable that the Security SPV itself will be insolvent or financially distressed (and therefore be wound-up, liquidated or placed under judicial management or supervision by a business rescue practitioner) unless there was, for example, dishonesty or negligent or fraudulent conduct or a breach of contract on the part of the Security SPV, for instance by entering into unauthorised transactions on behalf of the Security SPV.

If the Security SPV fails to enforce its claim against the Issuer pursuant to the Issuer Indemnity within 60 Business Days of being called upon by any Secured Creditor to do so, or is wound-up, liquidated, de-registered or placed under judicial management or supervision by a business rescue practitioner, 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 be by passed and thus no longer be effective as a means of achieving distribution of the Issuer's assets in accordance with the Priority of Payments.

Liquidation of the Issuer

The Issuer has been structured as an insolvency remote, ring-fenced special purpose vehicle, a structure which limits the risk of external creditors who are not bound into the Priority of Payments. The Security SPV represents most creditors of the Issuer and those not tied into the contractual waterfall are in any event creditors at the top of the Priority of Payments, including the tax authorities and administrative creditors. Secured Creditors contract with the Issuer on the basis that they will have no claim against the Issuer to the extent that there are no funds available to pay them 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 all the other Transaction Documents, 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 contractual waterfall.

If, notwithstanding the ring-fenced structure, there is an external creditor not bound into the Priority of Payments, and there are any assets of the Issuer that are not properly secured by the Security Cessions, then 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 such assets of the Issuer that are not properly secured by the Security Cessions.

Security

The claims of the Issuer against Borrowers are secured by Guarantee Trust Guarantees (which are in turn secured by Indemnities and Indemnity Bonds registered over the Properties financed in terms of the Home Loan in favour of the Guarantee Trust or its assigns).

The security structure in the form of the Security SPV Guarantees from the Security SPV, backed-up by the Issuer Indemnity provides Secured Creditors, through the Security SPV, with contractual recourse to the Issuer and its security from Borrowers but does not provide any direct security over the Properties.

Servicer

The Standby Servicer is contractually bound to provide the services set out in the Servicing Agreement should SAHL's appointment as Servicer be terminated. The Servicing Agreement also makes provision for the back-up of data and the appointment of a disaster recovery agent. There is, however, an operational risk that the continuity of services will be interrupted should the Standby 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 Home Loans can be maintained by the Standby Servicer.

In terms of the Servicing Agreement, SAHL will, amongst its various duties, perform cash management duties and act as custodian of various documentation. On an insolvency of SAHL, the Issuer, as principal, will be entitled to vindicate all property which it can identify among the assets of SAHL, as agent, as being vested in it as owner.

In relation to cash deposits in respect of payments of loans, there is a co-mingling risk. Certain regular monthly payments are paid into an account in the name of the Issuer but once-off payments, such as Prepayments and payments by employers that operate Employee Benefit Schemes on behalf of employees who are Borrowers, are paid into bank accounts in the name of SAHL. The Servicing Agreement attempts to mitigate any co-mingling risk by providing for monies to be swept from the bank account in the name of SAHL to bank accounts in the name of the Issuer by the end of the Business Day following the Business Day on which such amounts are received by SAHL and SAHL has been notified of such payment. In respect of payments in respect of loans operating under Employee Benefit Schemes, such amounts, together with amounts collected by SAHL on behalf of other lenders for whom SAHL renders collection services, shall be paid from the SAHL Subsidy Account into the Suspense Account. Once the relevant employer has furnished SAHL with a breakdown of individual payments, a reconciliation will be performed by the Servicer within 3 Business Days and the reconciliation amount paid from the Suspense Account to the Issuer or to the relevant third party lender to whom such monies are owing.

There are also risks on insolvency of SAHL in respect of details of the Home Loans that are kept electronically on SAHL'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. SAHL proprietary software would, however, fall into its insolvent estate and its liquidator would elect whether or not to abide by the licence granted to the Standby Servicer in the Servicing Agreement to use such software.

Shareholding, Office-Bearers and Staff

JPM International Consumer Holding Inc. and Standard Bank Group Limited currently own shares in the issued share capital of SAHL IH. SAHL IH currently holds the entire issued share capital of SAHL.

JPM International Consumer Holding Inc. and Standard Bank Group Limited each have a right to appoint four directors to SAHL IH's board of directors. As at the date of this Offering Circular, JPM International Consumer Holding Inc. has appointed three directors to SAHL IH's board of directors and Standard Bank Group Limited has appointed two directors to SAHL IH's board of directors.

One employee of JPMorgan Chase Bank Johannesburg is a director of the Issuer.

One director of Maitland Trustees (Proprietary) Limited, the initial trustee of the Owner Trust, is a director of the Issuer. This director is also a director of The Thekwini Warehousing Conduit.

The third director of the Issuer is independent.

The board of directors of the Issuer is independent of JPMorgan Chase Bank Johannesburg, SBSA, SAHL, SAHL IH, Main Street 65 and The Thekwini Warehousing Conduit as contemplated in paragraph 4(2)(q) of the Securitisation Notice.

An employee of SAHL will occupy the position of company secretary of the Issuer. The functions of company secretary will be carried out by SAHL as Servicer.

Guarantee Trust

SAHL has received legal advice that a special purpose trust formed for the sole objective of giving guarantees and holding security is likely to be regarded as a valid trust, in light of the extensive use of business trusts in everyday commerce in South Africa which are not limited to the holding, preserving and administering of property. No assurance can be given that a court would reach the same conclusion as that furnished in the legal advice to SAHL.

Guarantee Trust Guarantee, Indemnity and Indemnity Bond structure

Whilst the Guarantee Trust Guarantee, Indemnity and Indemnity Bond structure retain the security of a real right in the Properties, the Issuer does not have the real right directly: the real right is registered in the name of the Guarantee Trust and the Issuer's claim against the Guarantee Trust is thus contractual. The Issuer has received legal advice that provided care is taken to ensure that the Indemnity and Indemnity Bond are not separated at any time (in the sense that the holder of the Indemnity should always be the holder of the Indemnity Bond) the structure should create valid and enforceable obligations, and the holder of the Indemnity and the Indemnity Bond will, in the appropriate circumstances, be able to proceed against the mortgagor and, if necessary, repossess the Property to enforce its rights following a default under the Home Loan. No assurance can be given that a court would reach the same conclusion as that furnished in the legal advice to the Issuer.

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.

Credit Structure

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Credit Structure" shall bear the same meanings as used in the Conditions, and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

1. Redraws

- 1.1 The Issuer has transferred to SAHL the Issuer's obligation to advance Redraws to Borrowers pursuant to provisions in the Servicing Agreement. Pursuant to this agreement, SAHL is obliged to advance Redraws to Borrowers on any date, subject to the satisfaction of certain conditions, including that the Borrower is not then in unremedied default of any of such Borrower's obligations in terms of the Home Loan Agreement and that the Redraw will be repaid within the original duration of the Home Loan Agreement.
- 1.2 Up until the Coupon Step-Up Date, the Issuer is obliged to purchase the right to repayment of Redraws from SAHL, for a purchase price equal to the aggregate principal amount of such Redraws and any accrued but unpaid interest, provided that:
 - 1.2.1 if those rights are acquired between Interest Payment Dates, the Redraw Facility is still in place and the Issuer uses:
 - 1.2.1.1 Available External Redraw Funds (and the Redraw Facility Provider advances the funds drawn down for this purpose); or
 - 1.2.1.2 subject to the Redraw Facility Provider not being downgraded, Available Internal Redraw Funds;

and the sum of the Available External Redraw Funds used and the Available Internal Redraw Funds used since the previous Interest Payment Date does not exceed the undrawn amount of the Redraw Facility as at the previous Interest Payment Date;
 - 1.2.2 the Reserve Fund is funded at the Reserve Fund Required Amount;
 - 1.2.3 a Stop Purchase Trigger Event is not continuing;
 - 1.2.4 the Principal Deficiency (on that date) does not exceed zero;
 - 1.2.5 no Enforcement Notice has been given by the Security SPV which remains in effect;
 - 1.2.6 Class A Notes are outstanding;
 - 1.2.7 each relevant Redraw, together with the balance outstanding under the relevant Home Loan Agreement immediately prior to the purchase of the right to repayment of such Redraw, does not exceed the capital amount secured by the Indemnity Bond(s) in respect of such Home Loan registered in favour of the Guarantee Trust (excluding any additional sum); and
 - 1.2.8 the Issuer has not received notice that the purchase of such Redraws will cause the then current Rating of the Notes to be downgraded, withdrawn or suspended.
- 1.3 If during an Interest Period the Redraw Facility Provider no longer has the Required Redraw Facility Provider Rating or the Redraw Facility is cancelled or not renewed, then:
 - 1.3.1 the Issuer may no longer use Available Internal Redraw Funds to purchase the right to repayment of Redraws or to make Further Advances or Further Loans between Interest Payment Dates; and

- 1.3.2 the Issuer must make immediate drawings under the Redraw Facility in an amount equal to the Available Internal Redraw Funds used since the previous Interest Payment Date to purchase the right to repayment of Redraws and to make Further Advances or Further Loans.
- 1.4 If the Issuer is unable to purchase the right to repayment of Redraws due to a lack of available funds (calculated as set out above), the Issuer shall make such acquisition as soon as it does have available funds.
- 1.5 Alternatively, in such circumstances, SAHL has an option to purchase from the Issuer the Home Loans of those Borrowers to which SAHL has advanced Redraws and the right to repayment of which is not purchased by the Issuer from time to time, for a purchase price equal to the Principal Balances of such Home Loans, together with Accrued Interest and other amounts charged to the relevant Borrowers' accounts and not yet paid.
- 1.6 The obligation of SAHL to advance Redraws to Borrowers (subject to any applicable conditions in the Home Loan Agreements) is not conditional upon the purchase by the Issuer of the right to repayment of such Redraws. SAHL has warranted to the Issuer that it is solvent and that there is no fact or circumstance which could prevent it from fulfilling its obligations under the assumption of the Redraw obligations.
- 1.7 A Stop Purchase Trigger Event shall occur on any Determination Date where the aggregate Principal Balances of Home Loans in respect of which there are arrears of an amount greater than 3 months' instalments (including Home Loans where Employee Benefit Schemes are in operation) exceeds 2.5% of the aggregate Principal Balances of the Home Loans in the Initial Home Loan Pool.

2. Redraw Facility

- 2.1 The Issuer will enter into a revolving credit facility with the Redraw Facility Provider. The Redraw Facility may be utilised by the Issuer on any date to fund: (a) the purchase of SAHL's right to repayment of Redraws, (b) the advance of Further Advances and Further Loans with respect to Home Loans owned by the Issuer, (c) items 1 to 12, 14 and, to the extent applicable to Further Loans, item 15 in the Pre-Enforcement Priority of Payments up to an amount equal to the lowest of: (i) the amount required to provide for a shortfall in monies available to meet such items in the Priority of Payments; (ii) the Available Internal Redraw Funds used, since the last Interest Payment Date, to purchase the right to repayment of Redraws and to make Further Advances and Further Loans, and (iii) the undrawn portion of the Redraw Facility, up to an amount equal to the difference between the Redraw Facility Limit and the aggregate amount of advances outstanding under the Redraw Facility, and (d) liquidity shortfalls in respect of Technical Arrears. The Redraw Facility Limit may be used as to 3.5% of the Principal Amount Outstanding under the Notes at the Issue Date for the purposes set out in sub-paragraphs (a) to (c) above and as to 0.4% of the Principal Amount Outstanding under the Notes at the Issue Date for the purpose set out in paragraph (d) above. The Redraw Facility is R57 757 000, representing an amount equal to 3.5% of the Principal Amount Outstanding under the Notes at the Issue Date which limit may be varied on any day by agreement between the Redraw Facility Provider and the Servicer (as agent of the Issuer) as long as, following at least 5 Business Days' prior written notice to the Rating Agency by the Servicer of the proposed variation, the Servicer is not notified that such proposed variation may adversely affect the then current Rating of the Notes. The Redraw Facility Provider will not be obliged to advance funds beyond such initial maximum aggregate amount.
- 2.2 For purposes of compliance with the Securitisation Notice, the Redraw Facility may not be used to the extent that the Asset Quality Test is not satisfied or as a permanent revolving facility in order to provide credit enhancement or cover losses sustained in respect of the Securitisation Scheme.
- 2.3 The commitment of the Redraw Facility Provider under the Redraw Facility will expire at the end of the then current Commitment Period or such earlier date as the Notes are redeemed or enforcement of the Security occurs. A commitment fee is payable by the Issuer to the Redraw Facility Provider in accordance with the Priority of Payments. Prior to the expiry of the Redraw Facility, the Issuer will renew the Redraw Facility or fully draw-down on the existing Redraw Facility until it has arranged for a substitute bank to provide a replacement Redraw Facility.
- 2.4 Principal and interest amounts outstanding under the Redraw Facility will be repayable in accordance with the Priority of Payments.
- 2.5 If the Redraw Facility Provider ceases to have the Required Redraw Facility Provider Rating then the Redraw Facility Provider shall notify the Issuer of this fact promptly upon becoming aware of the same and the Issuer shall have a period of 60 Business Days from the date of receipt of such notice on which such downgrade, withdrawal or suspension is notified to the Issuer to arrange for another entity with the Required Redraw Facility Provider Rating to guarantee the obligations of the Redraw Facility Provider or to provide a Redraw Facility to the Issuer, provided that the Rating Agency is furnished with at least 5 Business Days' prior written notice of the proposed new terms and the

Issuer has not received notice that the then current Rating of the Notes will be downgraded, withdrawn or suspended and further provided that the Issuer shall not be obliged to incur costs thereby. If a suitable guarantor or replacement with the Required Redraw Facility Provider Rating is not appointed within 60 Business Days, the Reserve Fund Required Amount on such day will be increased by the amount equal to the Available Facility under the Redraw Facility at such time and the Available Facility shall be fully drawn down by the Issuer (and may be subsequently fully re-drawn) until a substitute Redraw Facility Provider has been appointed. The unutilised cash so drawn down shall be invested in Permitted Investments. The Reserve Fund Required Amount shall subsequently be reduced by such amount on the day a guarantor or a replacement Redraw Facility Provider, having the Required Redraw Facility Provider Rating, is appointed or the existing Redraw Facility Provider is upgraded again to the Required Redraw Facility Provider Rating.

- 2.6 The Issuer has the right to cancel the Redraw Facility provided that, following prior written notice to the Rating Agency by the Servicer of the proposed cancellation, the Issuer and the Servicer are not notified that such cancellation may adversely affect the then current Rating of the Notes and the Security SPV consents to such cancellation.
- 2.7 In the event that the Principal Balances of the Home Loans that are Fully Performing are no longer sufficient to repay the Outstandings under the Redraw Facility, then with effect from the following Interest Payment Date, the Redraw Facility shall be cancelled and the Outstandings under the Redraw Facility shall become immediately due and payable, subject to the Priority of Payments.
- 2.8 In the event that the Principal Balances of the Home Loans that are Fully Performing fall to an amount lower than the Commitment of the Redraw Facility Provider, then the Redraw Facility Limit (and thus the Commitment) shall be reduced to an amount that does not exceed the Principal Balances from time to time of the Home Loans that are Fully Performing, so that after such reduction there is a sufficient level of Fully Performing Home Loans to cover any new or existing utilisation in terms of the Redraw Facility.
- 2.9 The obligations of the Redraw Facility Provider do not significantly extend beyond the salient features of the Redraw Facility Agreement as disclosed in this Offering Circular and the Redraw Facility Provider will not support the Securitisation Scheme beyond such obligations within the meaning of the Securitisation Notice. The Redraw 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. Further Advances

- 3.1 Up until the Coupon Step-Up Date, the Issuer may, in its discretion, advance Further Advances to Borrowers on any given day in accordance with the provisions of the relevant Home Loan Agreements, provided that:
 - 3.1.1 if Further Advances are advanced between Interest Payment Dates, the Issuer uses:
 - 3.1.1.1 Available External Redraw Funds (and the Redraw Facility Provider advances the funds drawn down for this purpose); or
 - 3.1.1.2 subject to the Redraw Facility Provider not being downgraded, Available Internal Redraw Funds,
- and the sum of the Available External Redraw Funds used and the Available Internal Redraw Funds used since the previous Interest Payment Date does not exceed the undrawn amount of the Redraw Facility as at the previous Interest Payment Date;
- 3.2.2 the weighted average LTV Ratio of the Home Loan Pool following the advance of such Further Advance does not exceed the weighted average LTV Ratio of the Initial Home Loan Pool by more than 0.5%;
- 3.2.3 the weighted average PTI Ratio of the Home Loan Pool following the advance of such Further Advance does not exceed the weighted average PTI Ratio of the Initial Home Loan Pool by more than 0.5%;
- 3.2.4 the Reserve Fund is funded at the Reserve Fund Required Amount;
- 3.2.5 a Stop Purchase Trigger Event has not occurred and is not continuing;
- 3.2.6 Class A Notes are outstanding;

- 3.2.7 the Principal Deficiency (on that date) does not exceed zero;
- 3.2.8 no Enforcement Notice has been given by the Security SPV which remains in effect; and
- 3.2.9 each relevant Further Advance, together with the balance outstanding under the relevant Home Loan Agreement (with the Borrower in respect of whom such Further Advance is made) immediately prior to the making of such Further Advance, does not exceed the capital amount secured by the Indemnity Bond(s) registered in favour of the Guarantee Trust (excluding any additional sum).
- 3.3 If the Issuer elects not to advance a Further Advance, SAHL has an option to purchase the Home Loan, the Home Loan Agreement and the Related Security of the relevant Borrower for a purchase price equal to the Principal Balance of such Home Loan, together with Accrued Interest and other amounts charged to the relevant Borrower's account and not yet paid.

4. Further Loans

- 4.1 Up until the expiry of the Further Loan Period, the Issuer may, in its discretion, advance Further Loans to Borrowers on any given day in accordance with the provisions of the relevant Home Loan Agreements (including the application of all Credit Criteria), provided that:
 - 4.1.1 if Further Loans are advanced between Interest Payment Dates, the Issuer uses:
 - 4.1.1.1 Available External Redraw Funds (and the Redraw Facility Provider advances the funds drawn down for this purpose); or
 - 4.1.1.2 subject to the Redraw Facility Provider not being downgraded, Available Internal Redraw Funds, and the sum of the Available External Redraw Funds used and the Available Internal Redraw Funds used since the previous Interest Payment Date does not exceed the undrawn amount of the Redraw Facility as at the previous Interest Payment Date;
 - 4.1.2 the Further Loan is originated by SAHL and does not have a final repayment date of later than the Interest Payment Date falling 2 years prior to the Final Redemption Date;
 - 4.1.3 the weighted average LTV Ratio of the Home Loan Pool following the advance of such Further Loans does not exceed the weighted average LTV Ratio of the Initial Home Loan Pool by more than 0.5%;
 - 4.1.4 the weighted average PTI Ratio of the Home Loan Pool following the advance of such Further Loans does not exceed the weighted average PTI Ratio of the Initial Home Loan Pool by more than 0.5%;
 - 4.1.5 following the advance of Further Loans, the percentage of the aggregate Principal Balance of Home Loans in the Home Loan Pool secured by non-owner occupied Properties does not exceed 8% of the aggregate Principal Balance of Home Loans in the Home Loan Pool;
 - 4.1.6 following the advance of Further Loans, the percentage of the aggregate Principal Balance of Home Loans in the Home Loan Pool advanced to self-employed Borrowers does not exceed 17.5% of the aggregate Principal Balance of Home Loans in the Home Loan Pool;
 - 4.1.7 following the advance of Further Loans, the Weighted Average Yield of the Home Loan Pool is at least 2.65% above JIBAR;
 - 4.1.8 no drawing has been made on the Reserve Fund in the previous month and the Reserve Fund is funded at the Reserve Fund Required Amount;
 - 4.1.9 the Principal Deficiency calculated on the Determination Date immediately preceding the date on which such Further Loans are advanced does not exceed zero;
 - 4.1.10 Class A Notes are outstanding;
 - 4.1.11 no Enforcement Notice has been given by the Security SPV which remains in effect;

- 5.1.8 the aggregate principal amount of Redraws the right to repayment of which has been purchased since the last Collection Period and is expected to be purchased up to the immediately succeeding Interest Payment Date; plus
- 5.1.9 the aggregate principal amount of Further Advances and Further Loans advanced since the previous Collection Period and expected to be made up to the immediately succeeding Interest Payment Date,

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

6. The Class B Notes, the Class C Notes and the Class D Notes

- 6.1 Holders of the Class B Notes, Class C Notes and Class D Notes will not be entitled to receive any payment of principal where a Class B Principal Lock-Out applies.
- 6.2 Holders of the Class C Notes and Class D Notes will not be entitled to receive any payment of principal where a Class C Principal Lock-Out applies.
- 6.3 Holders of the Class D Notes will not be entitled to receive any payment of principal where a Class D Principal Lock-Out applies.
- 6.4 The Notes will share the same security although, upon enforcement, the Class D Notes will be subordinated to the Class C Notes, the Class C Notes will be subordinated to the Class B Notes, the Class B Notes will be subordinated to the Class A Notes and the Class A3 Notes, the Class A2 Notes and the Class A1 Notes will rank *pari passu* among themselves.
- 6.5 If on the Final Redemption Date or on any prior date after the assets of the Issuer have been exhausted, there is a Principal Deficiency having taken account of any credit balance in the Reserve Fund and the Arrears Reserve, then the aggregate principal amount payable on redemption of the Notes shall be their aggregate Principal Amount Outstanding less the Adjusted Principal Deficiency, which Adjusted Principal Deficiency shall first be written off against the Class D Notes, then the Class C Notes, then the Class B Notes, then pro rata against the Class A3 Notes, the Class A2 Notes and the Class A1 Notes.

7. Collections Accounts

Prepayments and regular payments by employers on behalf of employees under Employee Benefit Schemes in respect of amounts due under the Home Loans will be made to bank accounts in the name of SAHL, namely the SAHL Prepayment Account and the SAHL Subsidy Account at SBSA.

8. Transaction Account and Suspense Account

- 8.1 Direct debit payments and all other payments in respect of amounts due under the Home Loans not referred to under Collections Accounts above will be made to an account in the name of the Issuer at the Account Bank. Payments in respect of amounts due and amounts received under the Home Loans which are credited to the SAHL Prepayment Account will be transferred to the Transaction Account at the end of the Business Day following the Business Day on which they are identified in the SAHL Prepayment Account. In respect of payments in respect of loans operating under Employee Benefit Schemes, such amounts, together with amounts collected by the Servicer on behalf of other lenders for whom the Servicer renders collection services, shall be paid from the SAHL Subsidy Account into the Suspense Account. Once the relevant employer has furnished the Servicer with a breakdown of individual payments, a reconciliation will be performed by the Servicer within 3 Business Days and the reconciliation amount paid from the Suspense Account to the Issuer or to the relevant third party lender to whom such monies are owing. Amounts standing to the credit of the Transaction Account may be invested in Permitted Investments.
- 8.2 Following delivery of a Payment Notice by the Standby Servicer to Borrowers and employers of Borrowers under Employee Benefit Schemes upon the occurrence of a Notification Trigger Event, Borrowers will be required to make Prepayments into the Transaction Account and employers of Borrowers under Employee Benefit Schemes will be required to make payment of all amounts due under the Home Loans into the Suspense Account.

9. Bank Accounts

The Bank Accounts comprises the Transaction Account. If the short-term national scale credit rating of the Account Bank assigned by the Rating Agency falls below the Highest Short-Term Credit Rating, whether solicited or unsolicited, or, if such institution is not rated by the Rating Agency, then the Issuer shall, in consultation with the Security SPV, appoint a successor Account Bank with the Highest Short-Term Credit Rating; provided that, following prior written notice to the Rating Agency by the Issuer of the proposed appointment, the Issuer is not notified that such appointment may adversely affect the then current Rating of the Notes.

10. Start-Up Loan

Under the Start-Up Loan Agreement, the Start-Up Loan Provider will lend and advance R34 654 200 to the Issuer on the Issue Date to provide funding for the Reserve Fund, equal to 2.1% of the Principal Amount Outstanding of the Notes. Furthermore, on the Issue Date, in the event that the Issue Date does not fall on a Mortgage Reset Date, the Start-Up Loan Provider will advance to the Issuer an amount sufficient to fund the difference, if any, in cash flows resulting from the JIBAR rate in respect of the Notes which was set for the first Interest Period being higher than the JIBAR rate in respect of the Home Loans which was set on the Mortgage Reset Date in October 2010. In such event, the amount advanced by the Start-Up Loan Provider shall be equal to the difference in rates multiplied by the total Principal Amount Outstanding of the Notes, as at the Issue Date, multiplied by the number of days between the Issue Date and the first Interest Payment Date, being 18 January 2011 divided by 365. The Issuer shall repay the unutilised portion of such advance to the Start-Up Loan Provider on the first Interest Payment Date in accordance with the Priority of Payments. If the Reserve Fund is not funded at the Reserve Fund Required Amount, the Further Loan Period shall terminate (without limiting any other circumstance which causes the Further Loan Period to terminate).

11. Reserve Fund

- 11.1 The following amounts shall be paid into the Reserve Fund and credited to the Reserve Ledger:
- 11.1.1 on the Issue Date, R34 654 200, equal to 2.1% of the Principal Amount Outstanding of the Notes on the Issue Date; and
 - 11.1.2 on any Interest Payment Date following the Issue Date, amounts paid from available funds pursuant to item 10 of the Pre-Enforcement Priority of Payments up to the Reserve Fund Required Amount.
- 11.2 The Reserve Fund provides credit enhancement for the Notes. The Issuer will be obliged to maintain the Reserve Fund at the level of the Reserve Fund Required Amount. The Reserve Fund will be available to meet items 1 to 10 of the Pre-Enforcement Priority of Payments if there are Class A Notes outstanding. The Reserve Fund will be available to meet items 1 to 10 and 21 of the Pre-Enforcement Priority of Payments if there are no Class A Notes outstanding but there are Class B Notes outstanding. The Reserve Fund will be available to meet items 1 to 10 and 22 of the Pre-Enforcement Priority of Payments if there are no Class B Notes outstanding but there are Class C Notes outstanding. The Reserve Fund will be available to meet items 1 to 10 and 23 of the Pre-Enforcement Priority of Payments if there are no Class C Notes outstanding but there are Class D Notes outstanding. In each case the Reserve Fund shall be used to the extent that there are insufficient available funds in the Transaction Account to meet such expenses.
- 11.3 If there are no Notes outstanding, the Reserve Fund will be available to pay all amounts due and payable to the Start-Up Loan Provider under the Start-Up Loan Agreement.
- 11.4 If at any time the amount standing to the credit of the Reserve Fund exceeds the Reserve Fund Required Amount, the amount of such excess shall be debited from the Reserve Fund and credited to the Transaction Account for application in accordance with the Pre-Enforcement Priority of Payments.
- 11.5 If an Enforcement Notice is delivered, all monies standing to the credit of the Reserve Fund will be applied in accordance with the Post-Enforcement Priority of Payments.

12. Arrears Reserve

- 12.1 The Arrears Reserve provides credit enhancement for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. If an Arrears Reserve Trigger Event occurs and is continuing on any Determination Date, the Issuer will be obliged to pay an amount into the Arrears Reserve from available funds up to the Arrears

Reserve Required Amount on the following Interest Payment Date pursuant to item 9 of the Pre-Enforcement Priority of Payments.

- 12.2 If an Enforcement Notice is delivered, all monies standing to the credit of the Arrears Reserve will be applied in accordance with the Post-Enforcement Priority of Payments.

13. Permitted Investments

The Servicer will be entitled to invest cash from time to time standing to the credit of the Bank Accounts, the Reserve Fund and the Arrears Reserve in various Rand-denominated investments with the Highest Short-Term Credit Rating or wholly and unconditionally guaranteed by an entity with the Highest Short-Term Credit Rating. If an investment or entity is not rated by the Rating Agency on a short-term national scale basis then provided that, following prior written notice to the Rating Agency by the Servicer of the proposed investment, the Servicer is not notified that such investment or entity may adversely affect the then current Rating of the Notes, the Servicer may invest in such investment or entity.

14. Pre-Funding Amount

The net proceeds of the Notes issued on the Issue Date may exceed the amount paid by the Issuer to the Sellers in respect of the purchase consideration for the Home Loans purchased on the Issue Date. After the Issue Date, the Issuer may acquire Pre-Funded Home Loans up to an amount equal to the Pre-Funding Amount, at any time up to the expiry of the Pre-Funding Period in respect of such Pre-Funding Amount. Any part of the Pre-Funding Amount not applied acquiring Pre-Funded Home Loans during the Pre-Funding Period shall be treated as Repayments and shall be applied in redeeming the Notes in terms of the Priority of Payments (and not for any other items in terms of the Priority of Payments).

Form of the Notes

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Form of the Notes" shall bear the same meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

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) Individual Certificates, 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, FirstRand 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 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 Individual Certificates will not be issuable in bearer form. The Notes represented by Individual Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders maintained by the Transfer Secretary. 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 Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

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

Individual Certificates

The Notes represented by Individual 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 Individual Certificates will be made in accordance with Condition 9 to the person reflected as the registered holder of such Individual Certificates in the Register at 17h00 (Johannesburg time) on the Record Date, 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 which will be incorporated by reference into each Certificate.

1. Interpretation

In these Conditions, unless inconsistent with the context, the following expressions shall have the following meanings:

1.1	"Account Bank"	SBSA, or such other bank appointed in terms of the Bank Agreement;
1.2	"Account Monies"	all monies held from time to time in all bank accounts (existing and future) in the name of or on behalf of the Issuer, including monies in the Bank Accounts;
1.3	"Accredited Attorney"	any of those firms of attorneys listed in schedule 13 to the Servicing Agreement, as amended by written agreement between the parties to the Servicing Agreement from time to time;
1.4	"Accredited Insurer"	any of those insurers listed in schedule 14 to the Servicing Agreement, as amended by written agreement between the parties to the Servicing Agreement from time to time;
1.5	"Accredited Valuer"	any of those property valuers listed in schedule 15 to the Servicing Agreement, as amended by written agreement between the parties to the Servicing Agreement from time to time;
1.6	"Accrued Interest"	in respect of each Home Loan, the amount constituting the aggregate amount of gross interest accrued but not paid relative to such Home Loan up to the relevant Transfer Date;
1.7	"Actual Redemption Amount"	in respect of any Note, the principal amount redeemed in respect of such Note on an Interest Payment Date;
1.8	"Adjusted Principal Deficiency"	the Principal Deficiency having taken account of any credit balance in the Reserve Fund and the Arrears Reserve;
1.9	"Advance" or "Drawdown"	the amount advanced from time to time by the Redraw Facility Provider to the Issuer pursuant to a Drawdown Notice and on the fulfilment of the Drawdown Conditions;
1.10	"Affected Home Loan"	any Home Loan in respect of which there has been a breach of warranty under clause 8 of the Home Loan Sale Agreement;
1.11	"Applicable Procedures"	the rules and operating procedures for the time being of the Central Securities Depository, Participants and the JSE, as the case may be;
1.12	"Arranger"	SBSA;
1.13	"Arrears Procedures"	the arrears procedures from time to time of the Servicer as set out in schedule 4 to the Servicing Agreement, as amended from time to time by the parties to the Servicing Agreement;
1.14	"Arrears Reserve"	a reserve established to be available, if necessary, to meet certain expenses in the Priority of Payments as specified in the Servicing Agreement;
1.15	"Arrears Reserve Ledger"	a ledger established to record the amounts standing to the credit of the Arrears Reserve from time to time;

1.16	"Arrears Reserve Required Amount"	on any Interest Payment Date on which an Arrears Reserve Trigger Event has occurred and is continuing an amount equal to the aggregate Principal Balances of the Home Loans in respect of which there are arrears of an amount greater than 3 months' instalments (including Home Loans where Employee Benefit Schemes are in operation), plus Accrued Interest on such arrears Home Loans, less 60% of the values of the Properties in respect of such Home Loans based on the lower of the original valuation by an Accredited Valuer and, if applicable, a subsequent valuation by an Accredited Valuer;
1.17	"Arrears Reserve Trigger Event"	shall occur on any Determination Date where the aggregate Principal Balances of Home Loans in respect of which there are arrears of an amount greater than 3 months' instalments (including Home Loans where Employee Benefit Schemes are in operation) exceeds 1.5% of the aggregate Principal Balances of the Home Loans in the Initial Home Loan Pool and shall cease when such percentage reduces to 1%. For the purposes of this definition, Technical Arrears will be disregarded in determining whether a Home Loan is in arrear or not, to the extent to which the Issuer is entitled, in accordance with the provisions of the Redraw Facility Agreement, to utilise drawings under the Redraw Facility Agreement to fund liquidity shortfalls in respect of such Technical Arrears without exceeding the Available Facility (in respect of such liquidity shortfalls);
1.18	"Asset Quality Test"	the aggregate Principal Balances of Home Loans that are Performing Loans is sufficient to repay the Outstandings under the Redraw Facility Agreement;
1.19	"Available External Redraw Funds"	on any day during an Interest Period, the undrawn amount of the Redraw Facility as at the previous Interest Payment Date less all the Redraws, the right to repayment of which has been purchased by the Issuer, since that Interest Payment Date and all Further Advances and Further Loans made since that Interest Payment Date;
1.20	"Available Facility"	in relation to the Redraw Facility, on any given date an amount calculated as the difference between the Redraw Facility Limit and the aggregate amount of advances outstanding under the Redraw Facility;
1.21	"Available Internal Redraw Funds"	on any day during an Interest Period, those monies received in respect of Home Loans since the last Interest Payment Date, including Repayments, Prepayments and interest payments, which exceed by more than 20% the expected amounts payable in respect of items 1 to 12, 14 and, to the extent applicable to Further Loans, item 15 in the Pre-Enforcement Priority of Payments, payable on the next Interest Payment Date, multiplied by the ratio calculated as the number of days elapsed in the Interest Period divided by the total number of days in the Interest Period; provided that to the extent that anticipated expenses in the Priority of Payments cannot be accurately predicted, such expenses will be assumed to be equal to the amounts payable on the previous Interest Payment Date;
1.22	"Bank Accounts"	the Transaction Account;
1.23	"Bank Agreement"	the agreement entered into between the Servicer, the Issuer, the Security SPV and the Account Bank;
1.24	"Beneficial Interest"	in relation to a Note, an interest as co-owner of an undivided share in a Note held in uncertificated form, in accordance with the Securities Services Act;

1.25	"BESA"	the Bond Exchange of South Africa Limited (registration number 2007/034441/06), which was a duly licensed financial exchange in terms of the Securities Services Act, prior to its merger, on 1 July 2009, with the JSE;
1.26	"Bookrunner"	SBSA;
1.27	"Borrower"	in relation to each Home Loan, the person or persons defined as such in the relevant Home Loan Agreement;
1.28	"Breakage Costs"	collectively all:
1.28.1		direct fees, expenses and costs incurred by or for the account of the Redraw Facility Provider; and
1.28.2		loss of profits incurred by the Redraw Facility Provider in the form of lost interest margin;
		as a result of the prepayment of the Redraw Facility or any part thereof on any day which is not an Interest Payment Date, but excluding any consequential damages (other than loss of profit referred to above) arising from such prepayment;
1.29	"Business Day"	a day (other than a Saturday, Sunday or statutory public holiday) on which commercial banks settle payments in Rand in Johannesburg;
1.30	"Business Proceeds"	any proceeds of or arising in connection with the disposal by the Issuer of the whole or any part of its business or assets;
1.31	"Capital Reserve"	part of the monies standing to the credit of the Transaction Account available to fund the purchase of the right to repayment of Redraws and the advance of Further Advances and Further Loans;
1.32	"Central Securities Depository"	Strate Limited (registration number 1998/022242/06), or its nominee, a central securities depository operating in terms of the Securities Services Act, or any additional or alternate depository approved by the Issuer, the Servicer, the Security SPV and the JSE;
1.33	"Central Securities Depository's Nominee"	any wholly owned subsidiary (as defined in the Companies Act) of the Central Securities Depository approved by the Registrar (as defined in the Securities Services Act) for purposes of, and as contemplated in, section 40 of the Securities Services Act and any reference to "Central Securities Depository's Nominee" shall, whenever the context permits, be deemed to include a reference to its successor operating in terms of the Securities Services Act;
1.34	"Certificate"	an Individual Certificate;
1.35	"Class"	each Class of Notes;
1.36	"Class A Notes"	the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
1.37	"Class A Redemption Amount"	if there are Class A Notes outstanding:
1.37.1		on each Interest Payment Date falling during a Class B Principal Lock-Out, an amount equal to the Redemption Amount; or
1.37.2		on each Interest Payment Date where no Class B Principal Lock-Out applies, an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of

the Class A Notes and the denominator of which is the sum of the aggregate Principal Amount Outstanding of all the Notes, such that the allocation of the Redemption Amount will maintain the ratio of the aggregate Principal Amount Outstanding of the Class A Notes to the aggregate Principal Amount Outstanding of all the Notes, as such ratio existed immediately prior to such application of funds; or

1.37.3 on the Final Redemption Date or on any prior date after the assets of the Issuer have been exhausted where there is a Principal Deficiency having taken account of any credit balance in the Reserve Fund and the Arrears Reserve then the aggregate Principal Amount payable on redemption of the Class A Notes shall be the aggregate Principal Amount Outstanding of the Class A Notes less the Adjusted Principal Deficiency (to the extent that such Adjusted Principal Deficiency has not been written off against the Class D Notes, the Class C Notes and the Class B Notes);

1.38 **"Class B Interest Deferral Event"** the calculation by the Servicer that, as at an Interest Payment Date on which there are Class A Notes outstanding, the application of funds in accordance with the Pre-Enforcement Priority of Payments will give rise to a Principal Deficiency which exceeds the then aggregate Principal Amount Outstanding of the Class B, Class C and the Class D Notes on such Interest Payment Date;

1.39 **Class B Principal Lock-Out"** shall occur on any Interest Payment Date on which there are Class A Notes outstanding, as determined on the immediately preceding Determination Date:

1.39.1 where, after the allocation of the Redemption Amount in accordance with the Priority of Payments, the sum of the aggregate Principal Amount Outstanding of the Class B Notes, the Class C Notes and the Class D Notes as a percentage of the sum of the aggregate Principal Amount Outstanding of all the Notes is not at least twice that same percentage as at the Issue Date; or

1.39.2 where a Principal Deficiency exists on such Interest Payment Date; or

1.39.3 where the aggregate Principal Balances of Home Loans in respect of which there are arrears of an amount greater than 2.5 months' instalments exceeds 3.5% of the then aggregate Principal Balances of the Home Loans comprised in the Home Loan Pool, in each case as at the immediately preceding Determination Date; or

1.39.4 where the aggregate Principal Amount Outstanding of the Class B Notes, the Class C Notes and the Class D Notes is less than 2 times the Principal Balance of the largest Home Loan or group of Home Loans in the name of a single Borrower as at the immediately preceding Determination Date; or

1.39.5 where the Rating Agency has notified the Issuer in writing that the Rating of the Notes will be downgraded, withdrawn or suspended if principal is paid on the Class B Notes on that Interest Payment Date; or

1.39.6 where the Reserve Fund is not funded at the Reserve Fund Required Amount;

1.40 **"Class B Redemption Amount"** if there are Class B Notes outstanding:

1.40.1 on each Interest Payment Date falling during a Class B Principal Lock-Out, zero; or

- 1.40.2 on each Interest Payment Date where no Class B Principal Lock-Out applies, if there are Class A Notes outstanding:
- 1.40.2.1 and if a Class C Principal Lock-Out applies, an amount equal to the Redemption Amount less the Class A Redemption Amount; or
- 1.40.2.2 and no Class C Principal Lock-Out applies and no Class D Principal Lock-Out applies, an amount equal to the Redemption Amount less the Class A Redemption Amount, which amount shall be allocated as between the Class B Notes, the Class C Notes and the Class D Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class B Notes to the aggregate Principal Amount Outstanding of the Class C Notes and the Class D Notes, as such ratio existed immediately prior to such application of funds; or
- 1.40.2.3 and no Class C Principal Lock-Out applies but a Class D Principal Lock-Out applies, an amount equal to the Redemption Amount less the Class A Redemption Amount, which amount shall be allocated as between the Class B Notes and the Class C Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class B Notes to the aggregate Principal Amount Outstanding of the Class C Notes and the Class D Notes, as such ratio existed immediately prior to such application of funds; or
- 1.40.3 on each Interest Payment Date where no Class B Principal Lock-Out applies, if there are no Class A Notes outstanding:
- 1.40.3.1 and a Class C Principal Lock-Out applies, an amount equal to the Redemption Amount; or
- 1.40.3.2 and no Class C Principal Lock-Out applies and no Class D Principal Lock-Out applies, an amount equal to the Redemption Amount, which amount shall be allocated as between the Class B Notes, the Class C Notes and the Class D Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class B Notes to the aggregate Principal Amount Outstanding of the Class C Notes and the Class D Notes, as such ratio existed immediately prior to such application of funds; or
- 1.40.3.3 and no Class C Principal Lock-Out applies but a Class D Principal Lock-Out applies, an amount equal to the Redemption Amount which amount shall be allocated as between the Class B Notes and the Class C Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class B Notes to the aggregate Principal Amount Outstanding of the Class C Notes and the Class D Notes, as such ratio existed immediately prior to such application of funds; and
- 1.40.4 on the Final Redemption Date or on any prior date after the assets of the Issuer have been exhausted where there is a Principal Deficiency having taken account of any credit balance in the Reserve Fund and the Arrears Reserve then the aggregate principal amount payable on redemption of the Class B Notes shall be the aggregate Principal Amount Outstanding of the Class B Notes less the Adjusted Principal Deficiency (to the extent that such Adjusted Principal Deficiency has not been written off against the Class D Notes and the Class C Notes);
- 1.41 "Class C Interest Deferral Event" the calculation by the Servicer that, as at an Interest Payment Date on which there are Class B Notes outstanding, the application of funds in

accordance with the Pre-Enforcement Priority of Payments will give rise to a Principal Deficiency which exceeds the then aggregate Principal Amount Outstanding of the Class C Notes and the Class D Notes on such Interest Payment Date;

1.42	"Class C Principal Lock-Out"	shall occur on any Interest Payment Date on which there are Class B Notes outstanding, as determined on the immediately preceding Determination Date:
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1.42.1 where, after the allocation of the Redemption Amount in accordance with the Priority of Payments, the Principal Amount Outstanding of the Class C Notes and the Class D Notes as a percentage of the aggregate Principal Amount Outstanding of the Class B Notes, the aggregate Principal Amount Outstanding of the Class C Notes and the aggregate Principal Amount Outstanding of the Class D Notes is not at least twice that same percentage as at the Issue Date; or

1.42.2 where a Principal Deficiency exists on such Interest Payment Date; or

1.42.3 where the aggregate Principal Balances of Home Loans in respect of which there are arrears of an amount greater than 2.5 months' instalments exceeds 3.0% of the then aggregate Principal Balances of the Home Loans comprised in the Home Loan Pool, in each case as at the immediately preceding Determination Date; or

1.42.4 where the Principal Amount Outstanding of the Class C Notes is less than 1.5 times the Principal Balance of the largest Home Loan or group of Home Loans in the name of a single Borrower as at the immediately preceding Determination Date; or

1.42.5 where the Rating Agency has notified the Issuer in writing that the Rating of the Notes will be downgraded, withdrawn or suspended if principal is paid on the Class C Notes on that Interest Payment Date; or

1.42.6 where the Reserve Fund is not funded at the Reserve Fund Required Amount;

1.43 **"Class C Redemption Amount"** if there are Class C Notes outstanding:

1.43.1 on each Interest Payment Date falling during a Class C Principal Lock-Out, zero; or

1.43.2 on each Interest Payment Date where no Class C Principal Lock-Out applies, if there are Class B Notes outstanding:

1.43.2.1 and if a Class D Principal Lock-Out applies, an amount equal to the Redemption Amount less any Class A Redemption Amount less the Class B Redemption Amount; or

1.43.2.2 and no Class D Principal Lock-Out applies, an amount equal to the Redemption Amount less any Class A Redemption Amount less the Class B Redemption Amount, which amount shall be allocated as between the Class C Notes and the Class D Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class C Notes to the aggregate Principal Amount Outstanding of the Class D Notes, as such ratio existed immediately prior to such application of funds; or

1.43.3 on each Interest Payment Date where no Class C Principal Lock-Out applies, if there are no Class B Notes outstanding:

- 1.43.3.1 and a Class D Principal Lock-Out applies, an amount equal to the Redemption Amount; or
- 1.43.3.2 and no Class D Principal Lock-Out applies, an amount equal to the Redemption Amount, which amount shall be allocated as between the Class C Notes and the Class D Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class C Notes to the aggregate Principal Amount Outstanding of the Class D Notes, as such ratio existed immediately prior to such application of funds; and
- 1.43.4 on the Final Redemption Date or on any prior date after the assets of the Issuer have been exhausted where there is a Principal Deficiency having taken account of any credit balance in the Reserve Fund and the Arrears Reserve then the aggregate principal amount payable on redemption of the Class B Notes shall be the aggregate Principal Amount Outstanding of the Class B Notes less the Adjusted Principal Deficiency (to the extent that such Adjusted Principal Deficiency has not been written off against the Class D Notes);
- 1.44 **"Class D Interest Referral Event"** the calculation by the Servicer that, as at an Interest Payment Date on which there are Class C Notes outstanding, the application of funds in accordance with the Pre-Enforcement Priority of Payments will give rise to a Principal Deficiency which exceeds the then aggregate Principal Amount Outstanding of the Class D Notes on such Interest Payment Date;
- 1.45 **"Class D Principal Lock-Out"** shall occur on any Interest Payment Date on which there are Class C Notes outstanding, as determined on the immediately preceding Determination Date:
- 1.45.1 where, after the allocation of the Redemption Amount in accordance with the Priority of Payments, the Principal Amount Outstanding of the Class D Notes as a percentage of the aggregate Principal Amount Outstanding of the Class C Notes and the aggregate Principal Amount Outstanding of the Class D Notes is not at least twice that same percentage as at the Issue Date; or
- 1.45.2 where a Principal Deficiency exists on such Interest Payment Date; or
- 1.45.3 where the aggregate Principal Balances of Home Loans in respect of which there are arrears of an amount greater than 2.5 months' instalments exceeds 2.50% of the then aggregate Principal Balances of the Home Loans comprised in the Home Loan Pool, in each case as at the immediately preceding Determination Date; or
- 1.45.4 where the Principal Amount Outstanding of the Class D Notes is less than 1.5 times the Principal Balance of the largest Home Loan or group of Home Loans in the name of a single Borrower as at the immediately preceding Determination Date; or
- 1.45.5 where the Rating Agency has notified the Issuer in writing that the Rating of the Notes will be downgraded, withdrawn or suspended if principal is paid on the Class D Notes on that Interest Payment Date; or
- 1.45.6 where the Reserve Fund is not funded at the Reserve Fund Required Amount;
- 1.46 **"Class D Redemption Amount"** if there are Class D Notes outstanding:
- 1.46.1 on each Interest Payment Date falling during a Class D Principal Lock-Out, zero; or

1.46.2		on each Interest Payment Date where no Class D Principal Lock-Out applies, if there are Class C Notes outstanding, an amount equal to the Redemption Amount less any Class A Redemption Amount less any Class B Redemption Amount less the Class C Redemption Amount;
1.46.3		if there are no Class C Notes outstanding, an amount equal to the Redemption Amount; and
1.46.4		on the Final Redemption Date or on any prior date after the assets of the Issuer have been exhausted where there is a Principal Deficiency having taken account of any credit balance in the Reserve Fund and the Arrears Reserve then the aggregate principal amount payable on redemption of the Class D Notes shall be the aggregate Principal Amount Outstanding of the Class D Notes less the Adjusted Principal Deficiency;
1.47	"Clearing System"	Strate Limited (registration Number 1998/022242/06) acting as the approved electronic clearing house, carrying on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE;
1.48	"Closing Discs"	the computer discs to be provided by the Sellers to the Issuer on each Transfer Date, and containing in respect of each relevant Home Loan the details set out in schedule 2 to the Home Loan Sale Agreement;
1.49	"Collection Period"	each period beginning on (and including) a Determination Date (save for the first Collection Period which shall begin on (and include) the Issue Date) and ending on (and including) the day immediately preceding the following Determination Date;
1.50	"Collections Accounts"	the SAHL Subsidy Account and the SAHL Prepayment Account;
1.51	"Commitment"	(subject to any increase, decrease or cancellation of the Commitment as may be made pursuant in terms of the Redraw Facility Agreement) the commitment of the Redraw Facility Provider to make Advances from time to time up to the Redraw Facility Limit;
1.52	"Commitment Period"	the period from and including the Issue Date up to and including the day 364 days thereafter, provided that if the Redraw Facility Agreement is renewed in accordance with its terms then the Commitment Period shall be extended to include the period from and including the expiry of the previous 364 day period up to and including the day 364 days thereafter; and further provided that if the Notes have been redeemed earlier or if enforcement of the Security in accordance with the Conditions has occurred on an earlier date, then the Commitment Period shall expire on such earlier date;
1.53	"Common Terms Agreement"	the agreement between the Arranger, Manager, Bookrunner, the Issuer, the Servicer, the Standby Servicer, the Sellers, The Thekwini Warehousing Conduit Security SPV (Proprietary) Limited, the Redraw Facility Provider, the Start-Up Loan Provider, the Preference Shareholder, the Account Bank, the Security SPV, the trustee of the Security SPV Owner Trust and the Owner Trustee;
1.54	"Common Terms Guarantee Agreement"	the agreement entered between the trustee for the time being of the Guarantee Trust and Main Street 65 or its assigns dated 5 October 2001;
1.55	"Companies Act"	the Companies Act, 61 of 1973;

1.56	"Conditions"	the terms and conditions of the Notes incorporated in this Offering Circular under the section headed <i>"Terms and Conditions of the Notes"</i> and in accordance with which the Notes are issued, as amended, novated and/or substituted from time to time in accordance with their terms, and reference in the Transaction Documents to a particular numbered Condition shall be construed as a reference to the corresponding condition in this Offering Circular;
1.57	"Controlling Class"	the Class A Notes, for so long as any of such Class A Notes are outstanding and after such Class A Notes are no longer outstanding, each succeeding Class of Notes, (in reducing order of rank) for so long as each such succeeding Class is outstanding;
1.58	"Core Facility Documents"	the standard forms of Home Loan Agreements, Guarantee Trust Guarantees, Indemnities and Indemnity Bonds, pursuant to which Home Loans sold in terms of the Home Loan Sale Agreement have been, or will be, granted;
1.59	"Coupon Rate"	from the Issue Date up to but excluding the Coupon Step-Up Date, the rate of interest from time to time applicable to the Notes pursuant to the Conditions, as follows:
1.59.1		Class A1 Notes: 0.75% above 3 month JIBAR;
1.59.2		Class A2 Notes: 1.20% above 3 month JIBAR;
1.59.3		Class A3 Notes: 1.50% above 3 month JIBAR;
1.59.4		Class B Notes: 2.10% above 3 month JIBAR;
1.59.5		Class C Notes: 2.50% above 3 month JIBAR;
1.59.6		Class D Notes: 6.74% above 3 month JIBAR;
1.60	"Coupon Step-Up Date"	the Interest Payment Date falling on 18 January 2015;
1.61	"Coupon Step-Up Rate"	on and from the Coupon Step-Up Date to but excluding the Final Redemption Date, the rate of interest from time to time applicable to the Notes pursuant to the Conditions, as follows:
1.61.1		Class A1 Notes: 0.75% above 3 month JIBAR;
1.61.2		Class A2 Notes: 1.60% above 3 month JIBAR;
1.61.3		Class A3 Notes: 2.00% above 3 month JIBAR;
1.61.4		Class B Notes: 2.90% above 3 month JIBAR;
1.61.5		Class C Notes: 2.50% above 3 month JIBAR;
1.61.6		Class D Notes 6.74% above 3 month JIBAR;
1.62	"Credit Criteria"	the criteria to be complied with by a Borrower prior to the grant of any Home Loan to such Borrower, and/or prior to the grant of any Further Loan or Redraw (to the extent applicable) or Further Advance (to the extent applicable) to such Borrower under a Home Loan Agreement, as the case may be, as set out in Schedule 7 to the Servicing Agreement, as amended by the parties to the Servicing Agreement from time to time and subject to the Rating Agency, following prior written notice to the Rating Agency by the

Servicer of the proposed amendment, not notifying the Issuer in writing that any change in the Credit Criteria will cause the Rating Agency to downgrade or withdraw the then current Rating of the Notes;

1.63	"Cumulative Loss Trigger Event"	shall occur on any Determination Date where the cumulative losses in the Home Loan Pool are equal to or greater than 0.2% of the Principal Amount Outstanding of the Notes on the Issue Date;
1.64	"Cut-Off Date"	9 November 2010;
1.65	"Date of Signature"	the date of signature of a Transaction Document by the signatory which signs it last;
1.66	"Determination Date"	the Business Day which is 8 Business Days preceding an Interest Payment Date;
1.67	"Directors"	the directors of the Issuer;
1.68	"Dividend Payment Date"	the same date as the Interest Payment Date;
1.69	"Drawdown" or "Advance"	the amount advanced from time to time by the Redraw Facility Provider to the Issuer pursuant to a Drawdown Notice and on the fulfilment of the Drawdown Conditions;
1.70	"Drawdown Conditions"	the conditions to be fulfilled by the Issuer prior to the Redraw Facility Provider being obliged to advance any amounts pursuant to a Drawdown Notice as set out in the Redraw Facility Agreement;
1.71	"Drawdown Date"	in relation to any Advance, the date for the making of such Advance, as specified in the Drawdown Notice relating to such Advance;
1.72	"Drawdown Notice"	a written notice of intention to draw down under the Redraw Facility Agreement, delivered by the Issuer to the Redraw Facility Provider;
1.73	"Due Date"	in relation to any Advance under the Redraw Facility, the last day of the Term of such Advance;
1.74	"Eligibility Criteria"	the criteria that a Home Loan must satisfy to be acquired by the Issuer, as set out in Schedule 4 to the Home Loan Sale Agreement, as amended or varied by the parties to the Home Loan Sale Agreement with prior written notice to the Rating Agency of such amendment or variation;
1.75	"Employee Benefit Scheme"	a scheme whereby the whole or part of the employees' monthly home loan instalments is paid in bulk by the employer to the employees' home loan finance provider;
1.76	"Encumbrance"	includes any mortgage bond, notarial bond, pledge, lien, hypothecation, assignment, <i>cession-in-securitatem debiti</i> , deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest or preferential treatment to a person over another person's assets (including set-off, title retention or reciprocal fee arrangements) or any agreement or arrangement to give any form of security or preferential treatment to a person over another person's assets, but excluding statutory preferences;
1.77	"Enforcement Notice"	a notice served by the Security SPV on the Issuer pursuant to the Conditions following an Event of Default under the Notes;

1.78	"Event of Default"	any of the events specified as such in the Conditions and in relation to any other Transaction Document, a failure by the Issuer duly to perform or observe any obligation binding on it under any such Transaction Document which breach gives rise to a claim by a Secured Creditor against the Issuer;
1.79	"Excluded Items"	means:
1.79.1		certain monies which properly belong to third parties (such as monies owing to any party in respect of reimbursement for direct debit recalls);
1.79.2		amounts payable to the relevant Seller under the Home Loan Sale Agreement in respect of reconciliations of the amounts paid in respect of the purchase of the Home Loans on any Transfer Date;
1.79.3		up until the Coupon Step-Up Date only, amounts corresponding to the aggregate Redraws the right to repayment of which are purchased by the Issuer on any day during an Interest Period, in accordance with the terms and conditions of the Servicing Agreement;
1.79.4		up until the Coupon Step-Up Date only, amounts corresponding to the aggregate Further Advances which are advanced by the Issuer to Borrowers on any day during an Interest Period, in accordance with the terms and conditions of the Servicing Agreement;
1.79.5		up until the expiry of the Further Loan Period only, amounts corresponding to the aggregate Further Loans which are advanced by the Issuer to Borrowers on any day during an Interest Period, in accordance with the terms and conditions of the Servicing Agreement;
1.79.6		the repayment to the Redraw Facility Provider, upon the Coupon Step-Up Date or any earlier date that the Issuer's conditional obligation to purchase the right to repayment of Redraws terminates, of the unutilised portion of the Redraw Facility drawn-down and invested in Permitted Investments (which draw-down occurs in the event of the Redraw Facility Provider being downgraded below the Required Redraw Facility Provider Rating or the Redraw Facility not being renewed or replaced on an annual basis);
1.79.7		any amounts paid by the Servicer into the Transaction Account in terms of the Servicing Agreement in respect of instalments owing under a Home Loan but unpaid on any Determination Date for non credit-related reasons, which instalments have subsequently been received by the Issuer;
1.79.8		up until the end of the Pre-Funding Period, amounts paid by the Issuer to the Sellers in respect of the Purchase Price for Pre-Funded Home Loans, provided that the aggregate of such amounts do not exceed the Pre-Funding Amount;
		all of which items rank above all other items in the Priority of Payments, and the payment of which is not restricted to Interest Payment Dates;
1.80	"Final Redemption Date"	the date of final redemption of the Notes (assuming they have not previously been redeemed) being the Interest Payment Date falling on 18 April 2036;
1.81	"Fully Performing"	means:
1.81.1		in respect of all Home Loans, other than Home Loans where 1.81.2 is applicable, a Home Loan where a full month's payment has been received within the last 38 calendar days and based on scheduled payments for the previous 12 months or, where the Home Loan was

granted within the last 12 months, then for the period since payments were scheduled to commence, as at the date of any month end calculation, none of the following criteria with regard to such Home Loan has occurred during such period:

- 1.81.1.1 the ratio of the Arrears Balance to the then monthly instalment is more than 1; or
- 1.81.1.2 no scheduled payments or Repayments have been made for more than 38 calendar days in circumstances where a Borrower has no Arrears Credit; or
- 1.81.2 in respect of Home Loans where Employee Benefit Schemes are in operation, a Home Loan where the Issuer is scheduled to receive the entire monthly payment from the Borrower's employer (and no amount of the scheduled monthly payment is required to be paid by the Borrower) and the last month's payment has been received and, based on scheduled payments for the previous 12 months or, where the loan was granted within the last 12 months, then for the period since the Servicer began receiving payments from the employer on behalf of the Borrower, as of any month end calculation, none of the following criteria with regard to such Home Loan has occurred during such period:
 - 1.81.2.1 the ratio of the Arrears Balance to the then monthly instalment is more than 1; or
 - 1.81.2.2 no scheduled payments or Repayments have been made for more than 38 calendar days in circumstances where the Borrower has no Arrears Credit; and
 - 1.81.3 a Home Loan which does not have a zero or negative balance and where the Arrears Balance is not greater than zero.

For the purposes of this definition, "Arrears Balance" means in respect of a Home Loan, that based on scheduled payments for the previous 12 months or, where the loan was granted within the last 12 months, then for the period since payments were scheduled to commence or, in the case of Home Loans where Employee Benefit Schemes are in operation, for the period since the Servicer began receiving payments from the employer on behalf of the Borrower, the amount by which the total debited to the applicable Borrower's Home Loan account over that period, including interest, arrear interest and homeowners' insurance premiums, plus instalments of principal due, exceeds payments credited to the applicable Borrower's Home Loan account over the same period. "Arrears Credit" means in respect of a Home Loan, that payments credited to the applicable Borrower's Home Loan account over the previous 12 months or, where the loan was granted within the last 12 months, then for the period since payments were scheduled to commence or, in the case of Home Loans where Employee Benefit Schemes are in operation, for the period since the Servicer began receiving payments from the employer on behalf of the Borrower, exceed payments scheduled, including principal due, interest, arrear interest, homeowners' insurance premium, to be made in that period;

- 1.82 "Further Advance" in respect of a Home Loan, a re-advance to the relevant Borrower by the Issuer, in terms of the Home Loan Agreement concluded by such Borrower, after the application of the relevant Credit Criteria, of a portion of the principal of such Borrower's Home Loan, which principal has previously been repaid by such Borrower (i.e. a re-advance of Repayments but excluding Prepayments) and which has not already been re-advanced to that Borrower before the time of such Further Advance;

1.83	"Further Loan"	in respect of a Home Loan:
1.83.1		additional principal advances (in excess of Repayments and Prepayments) advanced to a Borrower by the Issuer, in terms of the Home Loan Agreement concluded by such Borrower, after the application of the Credit Criteria, to a maximum of the difference between the capital amount reflected in the Indemnity Bond(s) relating to the relevant Home Loan (excluding any additional sum) and the capital amount lent and advanced in terms of the Home Loan Agreement; or
1.83.2		additional principal advances (in excess of Repayments and Prepayments) advanced to a Borrower by the Issuer, after the application of the Credit Criteria, in an amount in excess of the capital amount reflected in the Indemnity Bond relating to the relevant Home Loan (excluding any additional sum), provided that a further Indemnity Bond is registered in favour of the Guarantee Trust over the relevant Property, which secures the full amount of the additional principal advance;
1.84	"Further Loan Period"	the period commencing on (and including) the Issue Date and ending on (but excluding) the earlier of:
1.84.1		the Coupon Step-Up Date;
1.84.2		enforcement of the Security in accordance with the provisions of the Security Agreements;
1.84.3		the removal of SAHL as Servicer;
1.84.4		the date on which the Notes are redeemed in full; or
1.84.5		any Determination Date on which there is a lack of available funds, in terms of the Pre-Enforcement Priority of Payments, to credit the Reserve Fund up to the Reserve Fund Required Amount;
		unless the Issuer elects to shorten the Further Loan Period by giving at least 5 Business Days' notice to the Security SPV, the Noteholders and the Servicer in which case the Further Loan Period will end on the date on which such notice expires;
1.85	"Guarantee Conditions"	any conditions specified or contemplated in the Security SPV Guarantee;
1.86	"Guarantee Event"	a guarantee event contemplated in the Security SPV Guarantee;
1.87	"Guarantee Trust"	the South African Home Loans Guarantee Trust, a trust established and registered in accordance with the laws of South Africa with Masters' Reference Number IT 10713/00, in terms of the Guarantee Trust Deed and which acts through the Guarantee Trustee;
1.88	"Guarantee Trust Deed"	the trust deed setting out the rights and obligations of the Guarantee Trustee as trustee and as holder of the Indemnity and Indemnity Bond, as amended, novated and/or substituted from time to time in accordance with its terms;
1.89	"Guarantee Trustee"	the trustee for the time being of the Guarantee Trust;
1.90	"Guarantee Trust Guarantee"	a written guarantee executed or to be executed by the Guarantee Trust in favour of the relevant Seller (whether originally or as permitted assignee) guaranteeing a Borrower's obligations to the relevant Seller (whether originally or as permitted assignee) in terms of the Home Loan Agreement

concluded in relation to the Home Loan granted to such Borrower, which Guarantee shall be in the form of Annexure A to the Common Terms Guarantee Agreement, and which shall be ceded to the Issuer upon purchase of such Home Loan in terms of the Home Loan Sale Agreement where the relevant Seller (whether originally or as permitted assignee) is the holder of the guarantee;

1.91 **"Highest Short-Term Credit Rating"**

the highest credit rating that the Rating Agency may assign to an entity or instrument in South Africa at any point in time, which at the Issue Date is in respect of Moody's, Prime-1 on a short-term local currency global scale;

1.92 **"Home Loan"**

means:

1.92.1

a loan comprising the aggregate of all advances, including Redraws (the right to repayment of which has been purchased by the Issuer), Further Advances and Further Loans, less Prepayments and Repayments, made by a Home Loan Lender to a Borrower and from time to time outstanding (including all capital sums), which are secured by a Guarantee Trust Guarantee and other collateral securities; and

1.92.2

where the context so requires and where the indebtedness of the Borrower to the Issuer under more than one Home Loan has been consolidated into one instrument of debt, such consolidated indebtedness;

1.93 **"Home Loan Agreement"**

means:

1.93.1

the written loan agreement entered into between SAHL as agent on behalf of the relevant Seller (whether originally or as permitted assignee) and a Borrower in relation to a Home Loan, including all documents incorporated or deemed to be incorporated into such loan agreement, assigned to the Issuer pursuant to the Home Loan Sale Agreement; and

1.93.2

where the context so requires and where the indebtedness of the Borrower to the Issuer under more than one Home Loan has been consolidated into one instrument of debt, such instrument of debt;

1.94 **"Home Loan Documents"**

in relation to each Home Loan:

1.94.1

the Home Loan application, together with all other information provided or completed by the Borrower, where there is such application or information;

1.94.2

the Home Loan Agreement;

1.94.3

the debit order authority signed by the Borrower, where applicable;

1.94.4

the certificate issued by the Accredited Valuer or if such certificates were received from the Accredited Valuer in electronic format, a printed copy thereof, indicating the appraised value of the Property concerned;

1.94.5

the correspondence with Accredited Insurers or other insurers, in relation to the noting (where such noting has been effected) or endorsement of the Insurance Contracts, where applicable;

1.94.6

any written Redraw or Further Advance or Further Loan requests relating to such Home Loan;

1.95	"Home Loan Lender"	in relation to each Home Loan Agreement, means the relevant Seller (whether originally or as permitted assignee) and, following the sale and transfer of any Home Loans to the Issuer in accordance with the provisions of the Home Loan Sale Agreement, the Issuer;
1.96	"Home Loan Payment Date"	in relation to each Home Loan, the date on which the Borrower is obliged to pay the amount of interest or principal or a combination of both and insurance premium (if applicable);
1.97	"Home Loan Pool"	the portfolio of Home Loans owned by the Issuer from time to time;
1.98	"Home Loan Rate"	with respect to any Home Loan, the rate of interest from time to time applicable to such Home Loan and payable by the relevant Borrower in accordance with the terms of such Borrower's Home Loan Agreement;
1.99	"Home Loan Sale Agreement"	the agreement between the Issuer, Main Street 65, The Thekwini Warehousing Conduit, The Thekwini Warehousing Conduit Security SPV (Proprietary) Limited, SAHL, SAHL IH and the Security SPV in relation to the sale and transfer of Home Loans from the Sellers to the Issuer;
1.100	"Home Loan Term"	with respect to any Home Loan, the period from and including the date of the original advance under such Home Loan up to and including the date on which all principal, interest and other monies connected with such Home Loan are to be repaid;
1.101	"Homeowners' Policies"	any short-term homeowners' insurance policies in relation to a Property insuring the buildings, erections and improvements on such Property against the risk of loss and/or damage;
1.102	"Indemnity"	a written indemnity given by a Borrower to the Guarantee Trust in relation to the Home Loan granted to such Borrower, on terms acceptable to the Guarantee Trust and the Home Loan Lender, in terms of which the Borrower indemnifies the Guarantee Trust against any loss, liability, damage, claim, cost or expense which the Guarantee Trust may incur in terms of the Guarantee Trust Guarantee, and which Indemnity shall be secured by an Indemnity Bond;
1.103	"Indemnity Bond"	an indemnity bond (including a sectional title indemnity bond) on terms acceptable to the Guarantee Trust and the Home Loan Lender, registered over the Property of the relevant Borrower in favour of the Guarantee Trust as security for the Borrower's obligations to the Guarantee Trust in terms of the Indemnity;
1.104	"Individual Certificate"	a Note in the definitive registered form of a single certificate, registered in the name of the relevant Noteholder;
1.105	"Initial Home Loan"	a Home Loan owned by a Seller on the Cut-Off Date that complies with the Eligibility Criteria and is sold to the Issuer as part of the Initial Home Loan Pool pursuant to the provisions of the Home Loan Sale Agreement;
1.106	"Initial Home Loan Pool"	the portfolio of Home Loans acquired by the Issuer from the Sellers during the Pre-Funding Period pursuant to the provisions of the Home Loan Sale Agreement;
1.107	"Insurance Companies"	any of the insurance companies which have issued, or may issue in the future, any of the Insurance Contracts;
1.108	"Insurance Contracts"	the Homeowners' Policies and any other or additional policies, which may be taken out at any time in the future in relation to the Home Loans;
1.109	"Insurance Proceeds"	the proceeds of any claim under any of the Insurance Contracts;

1.110	"Interest Amount"	the interest payable on each Class of Notes on each Interest Payment Date as determined in accordance with the Conditions;
1.111	"Interest Deferral Event"	a Class B Interest Deferral Event, a Class C Interest Deferral Event or a Class D Interest Deferral Event;
1.112	"Interest Payment Date"	the 18 th day of January, April, July and October of each calendar year or, if such day is not a Business Day, the immediately succeeding Business Day, provided that the first Interest Payment Date shall be 18 January 2011;
1.113	"Interest Period"	each 3 month period commencing on and including the day of any Interest Payment Date and ending on but excluding the next following Interest Payment Date, provided that the first Interest Period shall be from and including the Issue Date to but excluding 18 January 2011;
1.114	"Interest Rate Market of the JSE"	the separate platform or sub-market of the JSE designated as the <i>"Interest Rate Market"</i> and on which (i) securities which were listed on BESA, prior to its merger with the JSE on 1 July 2009, may continue to be listed and (ii) debt securities (as defined in the JSE Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all applicable laws;
1.115	"Issue Date"	1 December 2010;
1.116	"Issuer"	The Thekwini Fund 8 (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2007/033225/07 and its successors-in-title or assigns;
1.117	"Issuer Indemnity"	the written indemnity given by the Issuer to the Security SPV indemnifying the Security SPV against claims by Secured Creditors in terms of the Security SPV Guarantee;
1.118	"Issuer Insolvency Event"	the occurrence of any of the following events in relation to the Issuer:
1.118.1		the Issuer being wound up, liquidated or subject to an offer of compromise in terms of section 311 of the Companies Act (other than one the terms of which have been approved by the Security SPV or by a Special Resolution of the Noteholders and where the Issuer is solvent);
1.118.2		the Issuer being wound-up, liquidated, deregistered or placed under judicial management or supervision by a business rescue practitioner, in any such event whether provisionally or finally and whether voluntarily or compulsorily;
1.118.3		the Issuer compromising or attempting to compromise with, or deferring or attempting to defer payment of debts owing by it to, its creditors generally or any significant class of creditors (except a deferral provided for in the Transaction Documents as a result of lack of funds available for that purpose in terms of the Priority of Payments);
1.118.4		the Issuer committing an act which would be an act of insolvency, in terms of the Insolvency Act, 1936, were the Issuer a natural person (other than any deferral of payments in terms of the Priority of Payments);

1.118.5		the Issuer being deemed to be unable to pay its debts in terms of the Companies Act (except where such is as a result of a lack of available funds for that purpose in terms of the Priority of Payments); or
1.118.6		the members or creditors of the Issuer meeting in order to pass a resolution providing for the Issuer to be wound up, liquidated, deregistered or placed under judicial management or supervision by a business rescue practitioner, or any resolution being passed to this effect;
1.119	"JIBAR"	means:
1.119.1		the mid-market rate for 3 month deposits in Rand for the relevant Interest Period which appears on the Reuters screen SAFEY page under caption "Yield" (or on the SAFEX nominated successor screen for JIBAR) as of approximately 11h00, Johannesburg time, on the relevant Mortgage Reset Date or Note Reset Date, as the case may be, rounded to the third decimal point; or
1.119.2		if such rate does not appear on the Reuters screen SAFEY page (or on the SAFEX nominated successor screen for JIBAR) for the relevant Interest Period for any reason whatsoever, the rate determined on the basis of the mid-market 3 month deposit rates for Rand quoted by at least 2 of the Reference Banks at approximately 11h00, Johannesburg time, on the Mortgage Reset Date or Note Reset Date, as the case may be. (The requesting party will request the principal Johannesburg office of each of the Reference Banks to provide a quotation of such rate. If at least 2 quotations are provided, the rate for that date will be the arithmetic mean of those quotations); or
1.119.3		if on any Mortgage Reset Date or Note Reset Date, as the case may be, on which the previous sub-paragraph applies, fewer than 2 quotations are provided by the Reference Banks, the rate for that date will be determined by the Servicer, acting in good faith and in a commercially reasonable manner, using a representative rate which in its opinion is as close as possible to 3 month JIBAR, and the reasonableness of the selection of such rate will be reported on by the Issuer's auditor. If such auditor regards such selection as unreasonable, the Servicer shall repeat the process until the auditor is satisfied as to the reasonableness of the selection of such rate;
1.120	"the JSE"	the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE;
1.121	"JSE Debt Listings Requirements"	means all listings requirements promulgated by the JSE from time to time for the Interest Rate Market of the JSE;
1.122	"JPMorgan Chase Bank Johannesburg"	JPMorgan Chase Bank, National Association (acting through its Johannesburg branch), an external company and registered bank incorporated in accordance with the laws of South Africa under registration number 2001/016069/10;
1.123	"LTV Ratio"	the loan to value ratio, being the ratio of the total amount committed, being the current principal amount outstanding plus Prepayments less Redraws, under the Home Loan Agreement to the value placed on the Property by an Accredited Valuer;

1.124	"Main Street 65"	Main Street 65 (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2001/004041/07;
1.125	"Manager"	SBSA;
1.126	"Material Adverse Effect"	an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a materially adverse effect on the assets, business or financial condition or trading prospects of the Issuer or the Servicer as a whole, to such an extent that their ability to perform their respective obligations in terms of the Transaction Documents is, or is reasonably likely to be, impaired;
1.127	"Management Fee"	the fee payable quarterly in arrears to the Standby Servicer in accordance with the Servicing Agreement;
1.128	"Moody's"	Moody's Investors Service Limited;
1.129	"Mortgage Interest Period"	in relation to the calculation of interest on the Home Loans, each 3 month period commencing on and including the day of any Mortgage Reset Date and ending on but excluding the next following Mortgage Reset Date;
1.130	"Mortgage Reset Date"	the 18 th day of January, April, July and October of each calendar year or such other reset dates as may be specified in the relevant Home Loan Agreement, as the case may be, or, if such day is not a Business Day, the immediately succeeding Business Day;
1.131	"Noteholder"	in relation to a Note:
1.131.1		means the holder of the Note as recorded in the Register as far as voting and the receipt of payment of principal and interest on the Notes is concerned; and
1.131.2		for all other purposes, means:
1.131.2.1		the holder of a Beneficial Interest; and
1.131.2.2		the holder of an Individual Certificate;
1.132	"Note Reset Date"	the Issue Date and thereafter the 18 th day of January, April, July and October of each calendar year or, if such day is not a Business Day, the immediately succeeding Business Day;
1.133	"Notes"	the following Notes, with a minimum initial denomination of R1 000 000 each, issued by the Issuer in terms of the Conditions:
1.133.1		R350 000 000 in aggregate Principal Amount of Class A1 Secured Floating Rate Notes;
1.133.2		R277 000 000 in aggregate Principal Amount of Class A2 Secured Floating Rate Notes;
1.133.3		R845 000 000 in aggregate Principal Amount of Class A3 Secured Floating Rate Notes;
1.133.4		R92 400 000 in aggregate Principal Amount of Class B Secured Floating Rate Notes;

1.133.5		R69 300 000 in aggregate Principal Amount of Class C Secured Floating Rate Notes; and
1.133.6		R16 500 000 in aggregate Principal Amount of Class D Secured Floating Rate Notes;
1.134	"Notification Trigger Event"	the occurrence of any of the events set out in paragraph 19.3 of the Servicing Agreement, in relation to SAHL;
1.135	"Offering Circular"	this final offering circular to be issued by the Issuer providing information about the Issuer, the listing of the Notes and incorporating the Conditions;
1.136	"Ordinary Resolution"	a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, upon a show of hands, by majority of the Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy and voting at the meeting, or, if a poll is duly demanded, by majority of the votes cast at such poll by Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy;
1.137	"Outstandings"	the total amount owing by the Issuer to the Redraw Facility Provider at any point in time in terms of the Redraw Facility Agreement, including the aggregate of all Advances, plus any interest accrued or capitalised on such Advances, plus any fees or other costs owing to the Redraw Facility Provider in terms of the Redraw Facility Agreement which have not been repaid or prepaid, irrevocably, unconditionally and in full;
1.138	"Owner Trust"	The Thekwini Fund 8 Owner Trust, a trust established and registered in accordance with the laws of South Africa with Masters' Reference Number IT 114/2008/PMB, which beneficially owns all the ordinary shares in the issued share capital of the Issuer;
1.139	"Owner Trustee"	the trustee for the time being of the Owner Trust;
1.140	"Owner Trust Suretyship"	a deed of suretyship executed by the Owner Trustee in favour of the Security SPV which deed of suretyship secures the obligations of the Issuer to the Security SPV in respect of the Issuer Indemnity;
1.141	"Participant"	a person that holds securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of section 34 of the Securities Services Act;
1.142	"Payment Notice"	following the occurrence of a Notification Trigger Event, a notice served by the Standby Servicer on each Borrower and, in the case of Home Loans under Employment Benefit Schemes, each Borrower's employer, notifying each Borrower and, if applicable, each Borrower's employer of the transfer of all right, title and interest in and to the relevant Home Loan to the Issuer and advising the Borrower and, if applicable, the Borrower's employer to make payment of all amounts due and payable to the Issuer under the Home Loan into the Transaction Account (in the case of the Borrower) and into the Suspense Account (in the case of the Borrower's employer);
1.143	"Payment Schedule"	a schedule in the form of schedule 8 to the Servicing Agreement setting out the information required to calculate the Pre-Enforcement Priority of Payments and the amounts payable under each item of the Pre-Enforcement Priority of Payments;
1.144	"Performing Loan" / Performing Home Loan"	a Home Loan that is not in arrears in accordance with the provisions of the Home Loan Agreement;

1.145	"Permitted Investments"	investments in which the Servicer is entitled to invest cash from time to time standing to the credit of the Bank Accounts, namely investments with, or wholly and unconditionally guaranteed by an entity with, the Highest Short-Term Credit Rating from the Rating Agency or such other institution as has been notified in writing by the Servicer to the Rating Agency provided that following such notice the Servicer does not receive notice that such investment with such other institution may adversely affect the then current Rating of the Notes, that mature two Business Days prior to the next Interest Payment Date, are in the same currency as that of the cash used to make such investments and are purchased at or below face value;
1.146	"Pledge"	the pledge and cession by the Owner Trustee, as shareholder of the Issuer, of its shares in the Issuer to the Security SPV as security for the obligations of the Owner Trustee in terms of the Owner Trust Suretyship;
1.147	"Portfolio Covenants"	the criteria that the aggregate portfolio of Home Loans owned by the Issuer must satisfy, immediately after the acquisition of each Home Loan or Substitute Home Loan or immediately after the advance of each Further Loan under the Home Loan Sale Agreement, as set out in Schedule 5 to the Home Loan Sale Agreement;
1.148	"Post-Enforcement Priority of Payments"	the order in which payments shall be made from, <i>inter alia</i> , the Transaction Account and the Reserve Fund and the Arrears Reserve after delivery of an Enforcement Notice pursuant to an Event of Default, as set out in the Servicing Agreement;
1.149	"Potential Event of Default"	any event or the existence of any circumstances which, with the giving of notice and the expiry of any applicable notice period, any determination of materiality, the satisfaction or non-satisfaction of any applicable condition, or any combination of them would bring about an Event of Default;
1.150	"Potential Redemption Amount"	an amount determined on each Determination Date as follows:
1.150.1		Principal Collections; plus
1.150.2		a positive amount equal to principal losses realised upon completion of the enforcement and recovery process in relation to defaulting Home Loans during the immediately preceding Collection Period; plus
1.150.3		a positive amount equal to the Principal Deficiency recorded on the previous Determination Date; less
1.150.4		Repayments and Prepayments used to purchase the right to repayment of Redraws and to advance Further Advances and Further Loans during the immediately preceding Collection Period; plus
1.150.5		the increase, if any, in the principal amount outstanding under the Redraw Facility during the immediately preceding Collection Period;
		provided that the Potential Redemption Amount shall never be less than zero. For the purposes of this definition, losses comprise:
		(1) actual losses incurred in that a Property has been sold in execution and Related Security has been enforced and less than the amount owing in respect of the Home Loan has been recovered; or
		(2) the full Principal Balances of all Home Loans in respect of which there are arrears of 10 months' instalments or more excluding Technical Arrears;

1.151	"Potential Redraw Amount"	in respect of each Home Loan Agreement at any time, the amount which is capable of being redrawn by the Borrower at such time in accordance with the provisions of the Home Loan Agreement concluded by such Borrower;
1.152	"Pre-Enforcement Priority of Payments"	the order in which payments shall be made from, <i>inter alia</i> , the Transaction Account and the Reserve Fund and the Arrears Reserve prior to delivery of an Enforcement Notice pursuant to an Event of Default as set out in the Servicing Agreement;
1.153	"Preference Share"	the cumulative redeemable preference share with a nominal value of one Rand in the issued share capital of the Issuer;
1.154	"Preference Shareholder"	the registered holder from time to time of the Preference Share, initially being SAHL IH;
1.155	"Preference Share Subscription Agreement"	the agreement entered into between the Preference Shareholder and the Issuer relating to the subscription for the Preference Share;
1.156	"Pre-Funded Home Loans"	Home Loans that are transferred from the Sellers to the Issuer after the Issue Date, complying with Eligibility Criteria and that are acquired by the Issuer as soon as practical after the Issue Date but no later than the expiry of the Pre-Funding Period and which shall be funded utilising the Pre-Funding Amount;
1.157	"Pre-Funding Amount"	an amount equal to the difference between the proceeds of the Notes received by the Issuer on the Issue Date and the Purchase Price of the Home Loans purchased by and transferred to the Issuer on the Issue Date;
1.158	"Pre-Funding Period"	the period beginning on (and including) the Issue Date and ending on (but excluding) the Determination Date falling on 5 January 2011;
1.159	"Prepayments"	principal repayments received under a Home Loan Agreement in excess of the minimum scheduled instalments which a Borrower is obliged to pay;
1.160	"Prime Rate"	the publicly quoted annual prime lending rate of interest from time to time levied by SBSA on unsecured overdrawn current accounts (as certified by any manager of that bank whose authority and/or appointment need not be proved), nominal annual compounded monthly in arrear;
1.161	"Principal Amount"	in relation to a Note, the nominal value of the Note;
1.162	"Principal Amount Outstanding"	of any Note, means the Principal Amount of the Note less the aggregate amount of all Actual Redemption Amounts in respect of that Note;
1.163	"Principal Balance"	at any time means, in respect of a Home Loan, the aggregate (excluding Accrued Interest) of:
1.163.1		the original principal amount advanced to the Borrower; plus
1.163.2		any advance of further monies to the Borrower (including Redraws, the right to repayment of which has been purchased by the Issuer, and Further Advances and Further Loans) and any other amounts due under the terms of the Home Loan Agreement that remain outstanding; less
1.163.3		any Repayments and Prepayments of amounts falling in the previous 2 sub-paragraphs above;

- 1.164 **"Principal Collections"** at any time, the aggregate amount of Repayments, Prepayments, enforcement proceeds, recoveries, Insurance Proceeds (to the extent they relate to principal) and amounts retained in the Capital Reserve in terms of the Priority of Payments on the immediately preceding Interest Payment Date received during the immediately preceding Collection Period in respect of the Home Loans;
- 1.165 **"Principal Deficiency"** on any Determination Date an amount equal to the "Liabilities" expected to exist, after having made all payments in accordance with the Priority of Payments, as at close of business on the immediately succeeding Interest Payment Date less the "Assets" expected to exist, after having made all payments in accordance with the Priority of Payments, as at close of business on the immediately succeeding Interest Payment Date, where "Liabilities" means:
- 1.165.1 the aggregate Principal Amount Outstanding of the Notes on the last day of the immediately preceding Collection Period; less
- 1.165.2 the amount allocated in the Pre-Enforcement Priority of Payments for the redemption of the Notes, under item 16 if there are Class A Notes outstanding or under item 18 if there are no Class A Notes outstanding but there are Class B Notes outstanding or under item 20 if there are no Class B Notes outstanding but there are Class C Notes outstanding or under item 24 if there are no Class C Notes outstanding but there are Class D Notes outstanding, on the immediately succeeding Interest Payment Date; plus
- 1.165.3 the aggregate principal amount outstanding under the Redraw Facility on the last day of the immediately preceding Collection Period; plus
- 1.165.4 the amount by which the aggregate principal amount outstanding under the Redraw Facility has increased since the last day of the immediately preceding Collection Period plus the amount by which it is expected to have increased further on the immediately succeeding Interest Payment Date as a result of the purchase of the right to repayment of Redraws and any other permitted drawings under the Redraw Facility; less
- 1.165.5 the amount allocated in the Priority of Payments to repayment of principal amounts outstanding under the Redraw Facility under item 13 on the immediately succeeding Interest Payment Date;
- and "Assets" means:
- 1.165.6 the aggregate Principal Balances of the Home Loans on the last day of the immediately preceding Collection Period, (excluding any amounts which have been written-off under the Home Loans); plus
- 1.165.7 the amount allocated under items 12, 14 and 15 of the Pre-Enforcement Priority of Payments to purchase Redraws, make Further Advances, make Further Loans and pay into the Capital Reserve, respectively, on the immediately succeeding Interest Payment Date; plus
- 1.165.8 the aggregate principal amount of Redraws the right to repayment of which has been purchased since the previous Collection Period and expected to be purchased up to the immediately succeeding Interest Payment Date; plus
- 1.165.9 the aggregate principal amount of Further Advances and Further Loans advanced since the previous Collection Period and expected to be made up to the immediately succeeding Interest Payment Date;

		provided that the Principal Deficiency shall never be less than zero;
1.166	"Principal Deficiency Ledger"	the ledger maintained to record the Principal Deficiency on each Determination Date;
1.167	"Priority of Payments"	the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as the case may be;
1.168	"Property"	in relation to each Home Loan, the fixed immovable residential property (including sectional title property) situated in South Africa owned by the Borrower, over which an Indemnity Bond is or will be registered;
1.169	"PTI Ratio"	in relation to a Home Loan, the payment to monthly income ratio, being the ratio of the minimum required instalment payable under a Home Loan, as calculated at the later of the date of original loan approval or approval of a Further Loan, to the most recently proved combined gross monthly income of the Borrower concerned and such Borrower's spouse and/or live-in partner and/or any Surety for such Borrower (which income comprises cost to company as indicated on the proof of income presented (a self-employed person's income is the drawings and/or remuneration that he/she derives from his/her business(es)) and other earnings such as maintenance in terms of a divorce court order, annuity and investment income, 75% of the average of the last three months' commission and/or overtime pay, for wage earners, 4.33 multiplied by one week's wages to equate monthly wage, 75% of rental income on properties financed by SAHL where there are signed leases (excluding granny flats, rental rooms, etc) and proof of rental receipts and net rental income (ie gross rental income less bond instalment, less 15% of the rental (for rates, levy, etc) from property (other than the property to be financed) where the rental property is situated in areas 1 to 4, in accordance with the Credit Criteria;
1.170	"Purchase Date"	the date of purchase by SAHL of any Home Loan under the Home Loan Sale Agreement;
1.171	"Purchase Price"	in respect of each Home Loan, an amount equal to:
1.171.1		the Principal Balance of such Home Loan Agreement on the relevant Transfer Date; plus
1.171.2		the uncapitalised Accrued Interest on such Home Loan on the relevant Transfer Date; plus
1.171.3		any amounts charged in respect of such Home Loan to the Borrower's account but unpaid on the relevant Transfer Date;
1.172	"R" or "Rand"	the lawful currency of South Africa;
1.173	"Rate of Interest"	the rate of interest from time to time payable on each Class of the Notes as determined by the Servicer in terms of the Conditions;
1.174	"Rating"	in relation to the Notes, a rating granted by the Rating Agency, which Rating shall be a long-term, Rand, national scale credit rating by the Rating Agency or in the absence of a long-term national currency, national scale credit rating, the equivalent long-term local currency global scale rating of such Rating Agency;
1.175	"Rating Agency"	Moody's and/or such other rating agency as may be appointed by the Issuer from time to time with the prior written consent of the Security SPV and after consultation with the Servicer;

1.176	"Reconciliation Amount"	the amount payable by or to the Issuer in respect of any over or underpayment for the Home Loans, the Home Loan Agreements and the Related Security as determined in accordance with the provisions of the Home Loan Sale Agreement;
1.177	"Record Date"	the Business Day immediately preceding the first day during which the Register is closed in accordance with Condition 15;
1.178	"Redemption Amount"	the amount allocated for redemption of the Notes under the Priority of Payments;
1.179	"Redemption Date"	each Interest Payment Date until the final redemption of the Notes;
1.180	"Redraw"	a re-advance to the relevant Borrower, in terms of a Home Loan Agreement, of a portion of the principal of such Borrower's Home Loan provided that the amount of such re-advance is limited to principal which has previously been repaid by such Borrower in excess of the minimum scheduled instalments (ie, a re-advance of Prepayments), and which has not already been re-advanced to such Borrower before the time of such Redraw;
1.181	"Redraw Facility"	a committed Rand denominated revolving credit facility, provided by the Redraw Facility Provider in terms of the Redraw Facility Agreement, (and includes any extended or replacement facility);
1.182	"Redraw Facility Agreement"	the agreement between the Issuer, the Security SPV, the Servicer and the Redraw Facility Provider setting out the terms of the Redraw Facility;
1.183	"Redraw Facility Limit"	3.5% of the Principal Amount Outstanding of the Notes on the Issue Date, being the maximum aggregate amount that can be drawn at any time under the Redraw Facility as may be varied by agreement between the Security SPV, the Redraw Facility Provider and the Servicer (as agent of the Issuer) provided that, following prior written notice to the Rating Agency by the Servicer of the proposed variation, the Issuer does not receive notice that such variation may adversely affect the then current Rating of the Notes;
1.184	"Redraw Facility Provider"	SBSA and its successors-in-title, in its capacity as lender under the Redraw Facility Agreement, or such other person as may be appointed as lender in accordance with the provisions of the Redraw Facility Agreement;
1.185	"Reference Banks"	SBSA, FirstRand Bank Limited, Nedbank Limited, Absa Bank Limited and Investec Bank Limited and each of their successors;
1.186	"Register"	the register of Noteholders maintained by the Transfer Secretary;
1.187	"Related Security"	all security documents in relation to a Home Loan, including any Guarantee Trust Guarantee, cession or endorsement or right to payment in respect of Insurance Contracts, suretyships, guarantees, indemnities, pledges, cessions of rights (including claims, rights of action, receivables, insurance policies) and any other collateral security for a Borrower's obligations under a Home Loan Agreement;
1.188	"Repayments"	repayments of principal received under a Home Loan Agreement, being scheduled instalments received, less interest owing during the immediately preceding Mortgage Interest Period;
1.189	"Required Credit Rating"	in relation to all other investments or entities, in respect of Moody's, Prime-1 on a short-term local currency global scale, if such a rating has been assigned by the Rating Agency, (whether solicited or unsolicited) or such other rating, if any, which does not cause the Issuer to be notified that the then current rating of the Notes will be adversely affected, or, in the case of an international bank, the global scale long-term credit rating for both local

		and foreign currency assigned by the Rating Agency, provided that such rating is not lower than the long-term rating assigned to South Africa;
1.190	"Required Redraw Facility Provider Rating"	the Required Credit Rating (whether solicited or unsolicited) (provided that such rating is not required if the Rating Agency confirms in writing that any downgrade in the rating of the Redraw Facility Provider would not cause it to downgrade or withdraw the then current Rating of the Notes);
1.191	"Reserve Fund"	a reserve established to be available, if necessary, to meet certain expenses in the Priority of Payments as specified in the Servicing Agreement;
1.192	"Reserve Fund Required Amount"	from the Issue Date, R34 654 200, equal to 2.1% of the Principal Amount Outstanding of the Notes on the Issue Date;
1.193	"Reserve Ledger"	a ledger established to record the amount standing to the credit of the Reserve Fund from time to time;
1.194	"SAFEX"	the South African Futures Exchange division of the JSE or any successor to such division;
1.195	"SAHL"	SA Home Loans (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2006/035436/07;
1.196	"SAHL IH"	SAHL Investment Holdings (Proprietary) Limited, a company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1998/004570/07;
1.197	"SAHL Prepayment Account"	an account in the name of the Servicer at the Account Bank to which Prepayments are paid;
1.198	"SAHL Subsidy Account"	an account in the name of the Servicer at the Account Bank to which payments in respect of Home Loans under Employee Benefit Schemes are paid;
1.199	"SBSA"	The Standard Bank of South Africa Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 1962/000738/06;
1.200	"Secured Property"	the property, assets, rights and undertakings for the time being subject to the Security granted pursuant to the Security Agreements;
1.201	"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;
1.202	"Secured Creditors"	each of the creditors of the Issuer set out in the Priority of Payments that is a party to a Transaction Document and contractually bound by the Priority of Payments;
1.203	"Securities Services Act"	the Securities Services Act, 36 of 2004;
1.204	"Securitisation Notice"	Government Notice 2, Government Gazette 30628 of 1 January 2008, issued by the Registrar of Banks under the Banks Act, 94 of 1990;
1.205	"Securitisation Scheme"	the scheme in terms of which the Issuer raises funds through the issue of Notes for the purposes of funding the acquisition of the Home Loans and Related Security, as described in this Offering Circular;

1.206	"Security"	the security created pursuant to the Security Agreements;
1.207	"Security Agreements"	the Pledge, Owner Trust Suretyship, the Security Cessions and the Issuer Indemnity furnished or procured by the Issuer to the Security SPV;
1.208	"Security Cessions"	the cessions by the Issuer in favour of the Security SPV, by way of a <i>cession-in-securitatem debiti</i> , of all the Issuer's right, title and interest in and to:
1.208.1		each Home Loan, Home Loan Agreement and the Related Security in respect of the portfolio of Home Loans owned by the Issuer from time to time; and
1.208.2		the Account Monies, Bank Accounts, Business Proceeds, Permitted Investments and Transaction Documents;
1.209	"Security Interest"	any mortgage, pledge, lien, equity option, Encumbrance, right of set-off, adverse right or interest whatsoever, howsoever created or arising;
1.210	"Security SPV"	The Thekwini Fund 8 Security SPV (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2007/033428/07 and its successors-in-title and assigns;
1.211	"Security SPV Owner Trust"	The Thekwini Fund 8 Security SPV Owner Trust, a trust established and registered in accordance with the laws of South Africa with Masters Reference Number IT 113/2008/PMB, which beneficially owns all the shares in the issued share capital of the Security SPV;
1.212	"Security SPV Guarantee"	the guarantee granted by the Security SPV to Secured Creditors;
1.213	"Sellers"	Main Street 65 and The Thekwini Warehousing Conduit;
1.214	"Senior Servicing Fee"	the fee payable quarterly in arrears to the Servicer and determined in accordance with of the Servicing Agreement;
1.215	"Servicer"	SAHL and its successors-in-title, in its capacity as Servicer under the Servicing Agreement, or such other person as may be appointed as Servicer under the terms of the Servicing Agreement;
1.216	"Services"	the Services to be provided by the Servicer to the Issuer and the Security SPV pursuant to the Servicing Agreement;
1.217	"Servicing Agreement"	the agreement between the Issuer, the Servicer, SAHL IH, the Standby Servicer and the Security SPV relating to the servicing of Home Loans and the management and administration of the Issuer's business in general;
1.218	"Servicing Fees"	the Senior Servicing Fee and the Subordinated Servicing Fee;
1.219	"Settlement Agent"	means those Participants which are approved by the JSE 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;
1.220	"Settlement Dates"	means the respective dates determined by the Issuer and the Manager as the date on which subscribers for each Class of Notes, respectively, shall be obliged to pay the subscription price for the Notes concerned;
1.221	"South Africa"	the Republic of South Africa;

1.222	"Special Resolution"	a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, upon a show of hands, by a majority consisting of not less than three-fourths of the Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy and voting at the meeting, or, if a poll is duly demanded, a majority consisting of not less than three-fourths of the votes cast at such poll by Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy;
1.223	"Standby Servicer"	SBBSA and its successors-in-title, in its capacity as Standby Servicer under the Servicing Agreement, or such other person as may be appointed as Standby Servicer under the terms of the Servicing Agreement;
1.224	"Standby Servicing Fee"	the quarterly standby servicing fee payable to the Standby Servicer and determined in accordance with the Servicing Agreement;
1.225	"Start-Up Loan"	the subordinated loan to be made available to the Issuer by the Start-Up Loan Provider pursuant to the Start-Up Loan Agreement;
1.226	"Start-Up Loan Agreement"	the loan agreement between the Issuer, SAHL, the Start-Up Loan Provider and the Security SPV whereby the Start-Up Loan Provider provides the Issuer with the Start-Up Loan;
1.227	"Start-Up Loan Provider"	SAHL IH, its successors-in-title and assigns, in its capacity as lender under the Start-Up Loan Agreement;
1.228	"Stop Purchase Trigger Event"	shall occur:
1.228.1		on any Determination Date where the aggregate Principal Balances of Home Loans in respect of which there are arrears of an amount greater than 3 months' instalments (including Home Loans where Employee Benefit Schemes are in operation) exceeds 2.5% of the aggregate Principal Balances of the Home Loans in the Initial Home Loan Pool;
1.228.2		on the Coupon Step-Up Date;
		For the purposes of this definition, Technical Arrears will be disregarded in determining whether a Home Loan is in arrear or not, to the extent to which the Issuer is entitled, in accordance with the provisions of the Redraw Facility Agreement, to utilise drawings under the Redraw Facility Agreement to fund liquidity shortfalls in respect of such Technical Arrears without exceeding the Available Facility (in respect of such liquidity shortfalls);
1.229	"Subordinated Servicing Fee"	the fee payable quarterly in arrears to the Servicer and determined in accordance with the Servicing Agreement;
1.230	"Subscription Agreement"	the note subscription agreement in respect of the Notes between SAHL, SAHL IH, the Issuer and SBBSA;
1.231	"Substitute Home Loan"	a Home Loan transferred by SAHL or an affiliate of SAHL, as the case may be, to the Issuer in terms of the Home Loan Sale Agreement as consideration for the purchase obligations of SAHL following an unremedied breach of warranty (where such breach is capable of remedy) by Main Street 65, SAHL and/or SAHL IH under the Home Loan Sale Agreement;
1.232	"Subsidiary"	is as defined in the Companies Act;
1.233	"Sureties"	the persons or entities who stand surety for, or guarantee the obligations of, a Borrower or provide any other collateral security for a Borrower's obligations in terms of a Home Loan Agreement;

1.234	"Suspense Account"	the bank account held at a Reference Bank, in the name of The Thekwini Fund 3 (Proprietary) Limited (registration number 2003/004691/07), into which;
1.234.1		monies are transferred from the SAHL Subsidy Account pending identification of the party to whom such monies are owing, which bank account is ceded in security to The Thekwini Fund 3 Security SPV (Proprietary) Limited (registration number 2003/020103/07); or
1.234.2		payments in respect of Home Loans under Employee Benefit Schemes will be made following delivery of a Payment Notice by SBSA to a Borrower's employer;
1.235	"Taxes"	all present and future taxes, levies, imports, 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;
1.236	"Technical Arrears"	an amount equal to any instalments due and payable on any Home Loan but unpaid prior to any Determination Date, but only if the Servicer confirms in writing in the relevant quarterly servicing report that the failure of the relevant Borrower to make timeous payment of the instalments is not due to a lack of funds or an invalid refusal on the part of the relevant Borrower to make that payment but is due to one of the following non credit-related reasons:
1.236.1		the Borrower has died and, in the Servicer's reasonable opinion, the amount owing under the relevant Home Loan will be paid from the Borrower's estate in due course; or
1.236.2		the Property has been sold and the Issuer has been furnished with a property guarantee, guaranteeing payment of the balance owing under the relevant Home Loan against transfer of the Property to the purchaser;
1.237	"Term"	in relation to any Advance means the period for which such Advance is borrowed as specified in the Drawdown Notice relating to such Advance, the last day of which shall be the next Interest Payment Date;
1.238	"this Agreement"	when used in a Transaction Document, refers to that Transaction Document in which it is used;
1.239	"The Thekwini Warehousing Conduit"	The Thekwini Warehousing Conduit (Proprietary) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2005/007604/07;
1.240	"Transaction Account"	the bank account held at the Account Bank, in the name of the Issuer, into which, <i>inter alia</i> , payments made by Borrowers by direct debit order are paid and into which payments which are credited to the Collections Accounts will be transferred in accordance with the terms of the Servicing Agreement and in which the Capital Reserve is held and which bank account is ceded to the Security SPV in accordance with the Security Cessions;
1.241	"Transaction Documents"	the Common Terms Agreement, the Security SPV Guarantee, the Servicing Agreement, the Redraw Facility Agreement, the trust deed of the Owner Trust, the trust deed of the Security SPV Owner Trust, the memorandum and articles of association of the Issuer and the Security SPV, the Bank Agreement, the Conditions, the Start-Up Loan Agreement, the Home Loan Sale Agreement, the Preference Share Subscription Agreement, the

		Subscription Agreement, the Security Agreements, the letters of appointment in respect of the directors of the Issuer and the Security SPV and the Notes;
1.242	"Transfer Date"	the effective date of a sale by a Seller of a Home Loan, the Home Loan Agreement and the Related Security to a purchaser of such Home Loan pursuant to the Home Loan Sale Agreement;
1.243	"Transfer Form"	in relation to the transfer of a Note as contemplated in the Conditions, means a form of transfer in the usual form or in such other form approved by the Transfer Secretary;
1.244	"Transfer Secretary"	SAHL;
1.245	"VAT"	value added tax imposed in terms of the Value-Added Tax Act, 1991, as amended or any similar tax imposed in place thereof from time to time;
1.246	"Weighted Average Yield"	in relation to the Home Loan Pool, the aggregate of the average yields of all Home Loans weighted against the current aggregate Principal Balances of Home Loans;
1.247	words denoting the singular number only shall include the plural number also and <i>vice versa</i> , words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and <i>vice versa</i> ; and	
1.248	any reference to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation as at the signing date and as amended or substituted from time to time; and	
1.249	any reference to an agreement shall be a reference to that agreement as at the Date of Signature and as amended, novated and/or substituted from time to time in accordance with the terms of that agreement.	

2. Issue

A total amount of R350 000 000 Class A1 Notes, a total amount of R277 000 000 Class A2 Notes, a total amount of R845 000 000 Class A3 Notes, a total amount of R92 400 000 Class B Notes, a total amount of R69 300 000 Class C Notes and a total amount of R16 500 000 Class D Notes will be issued.

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, subordinated 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.
- 378 Notes will be issued in the form of registered Notes, represented by (i) Individual 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.

- 3.8 Any reference in these Conditions to the Central Securities Depository shall, wherever the context permits, be deemed to include a reference to its successor in terms of the Securities Services Act (or any successor Act thereto), and any additional or alternate depository approved by the Issuer, the Servicer, the Security SPV and the JSE. Any reference in these Conditions to the JSE shall, wherever the context permits, be deemed to include any exchange which operates as a successor exchange to the JSE.

4. Title

- 4.1 Subject to what is set out below, title to the Notes will pass upon registration of transfer in accordance with Condition 14 in the Register. The Issuer and the Transfer Secretary 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 Notes held in uncertificated form, notwithstanding such transfers. While the Notes are held in the Central Securities Depository in uncertificated form, each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as holder of a Beneficial Interest in a particular nominal amount of such Notes (in which regard any 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) shall be treated by the Issuer, the Transfer Secretary and the relevant Participant as the holder of such nominal amount of such Notes for all purposes other than with respect to voting and the receipt of payment of principal or interest on the Notes, for which latter purpose the registered holder of the relevant Notes reflected in the Register shall be treated by the Issuer as the holder of such Notes in accordance with and subject to these Conditions (and the expression "Noteholder" and related expressions shall be construed accordingly).
- 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

- 5.1 The Notes constitute direct, limited recourse, secured obligations of the Issuer.
- 5.2 The claims of the Class D Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of the Class C Noteholders (whether in respect of principal, interest or otherwise). The claims of the Class C Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of the Class B Noteholders (whether in respect of principal, interest or otherwise). The claims of the Class B Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of the Class A Noteholders (whether in respect of principal, interest or otherwise). Prior to the delivery of an Enforcement Notice, (i) the claims of the Class A2 Noteholders and the Class A3 Noteholder (in respect of principal only) shall be subordinated to the claims of the Class A1 Noteholders (in respect of principal only), (ii) the claims of the Class A3 Noteholders (in respect of principal only) shall be subordinated to the claims of the Class A2 Noteholders (in respect of principal only), but will rank *pari passu* with the claims of the Class A2 Noteholders in respect of interest or otherwise. After delivery of an Enforcement Notice, the claims of the Class A3 Noteholders, the Class A2 Noteholders and the Class A1 Noteholders (whether in respect of principal, interest or otherwise) shall rank *pari passu* among themselves.
- 5.3 The claims of all Classes of Noteholders shall be subordinated to the claims of certain creditors in accordance with the Priority of Payments.
- 5.4 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 creditors that rank prior to them in the Priority of Payments have been paid, in full, any amounts due and payable to them by the Issuer on that date.
- 5.5 The Notes of each Class rank *pari passu* among themselves, other than the Class A Notes, in respect of which:

- 5.5.1 prior to the delivery of an Enforcement Notice, (i) the Class A2 Notes and the Class A3 Notes (each in respect of principal only) will be subordinated to the Class A1 Notes (in respect of principal only) and (ii) the Class A3 Notes (in respect of principal only) will be subordinated to the Class A2 Notes (in respect of principal only); and
- 5.5.2 after delivery of an Enforcement Notice, the Class A1 Notes, the Class A2 Notes and the Class A3 Notes will rank *pari passu* among themselves, whether in respect of interest, principal or otherwise.

6. Issuer's undertakings

- 6.1 Save with the prior written consent of the Security SPV or as provided in or envisaged by the Conditions or any of the Transaction Documents, the Issuer shall not, for so long as any Note remains outstanding:

6.1.1 negative pledge

create or permit to subsist any Encumbrance (unless arising by operation of law) upon the whole or any part of its assets or revenues, present or future, or its business;

6.1.2 restrictions on activities

- 6.1.2.1 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; or

- 6.1.2.2 have any Subsidiaries or employees or premises;

6.1.3 disposal of assets

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, right, title or benefit therein;

6.1.4 bank accounts

have an interest in any bank account, other than the bank accounts maintained pursuant to the Transaction Documents;

6.1.5 dividends or distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares or repurchase shares other than pursuant to the Priority of Payments;

6.1.6 borrowings

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any obligation of any person;

6.1.7 merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

6.1.8 memorandum and articles of association

amend its memorandum or articles of association whilst the Issuer has an obligation owing to Noteholders, unless the Rating Agency have been notified in writing of such amendment;

6.1.9 other

permit the validity or effectiveness of any of the Transaction Documents, the Insurance Contracts relating to the Home Loans owned by the Issuer or the priority of the Security Interests created thereby to be amended, terminated or discharged, or consent to any variation of, or exercise of, any powers of consent or waiver pursuant

to the terms of any of the Transaction Documents, or permit any party to any of the Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Home Loan, save as envisaged in the Transaction Documents.

- 6.2 In giving any consent to the foregoing, the Security SPV may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents 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.

7. Redemption and purchases

7.1 Maturity

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 Principal Amount Outstanding (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 part

The principal amount redeemable in respect of each Note on each Interest Payment Date following the Issue Date shall be the Redemption Amount allocated to the relevant Class of Notes in accordance with the Priority of Payments on such Interest Payment Date, allocated pro-rata to each Note of the relevant Class of Notes in the proportion which the Principal Amount Outstanding of each Note of the relevant Class of Notes bears to the Principal Amount Outstanding of all the Notes of the relevant Class of Notes, rounded to the nearest Rand, provided always that no such Actual Redemption Amount may exceed the Principal Amount Outstanding of the relevant Note. Following any such partial redemption of the Notes (or the relevant Class of Notes, as the case may be), the Principal Amount of the Notes redeemed cannot be re-issued or resold.

7.3 Optional redemption

- 7.3.1 On the Coupon Step-Up Date or on any Interest Payment Date falling thereafter and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders in accordance with Condition 17 (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Notes at their Principal Amount Outstanding (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.

- 7.3.2 On any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 20% of the aggregate Principal Amount Outstanding of the Notes at the Issue Date, and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders in accordance with Condition 17 (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Notes at their Principal Amount Outstanding (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 all the Notes as set out above.

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 (i) payments of principal or interest in respect of any of the Home Loans 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 Home Loans 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 subdivision 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 10, and such requirements cannot be avoided by the Issuer taking reasonable measures available to it,

then, on any Interest Payment Date, the Issuer may at its option, having given not more than 30 and not less than 20 days' notice to the Security SPV and Noteholders in accordance with Condition 17 (which notice shall be irrevocable), redeem all, but not some only of the Notes, at their Principal Amount Outstanding (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 Procedures for redemption

- 7.5.1 At least 6 days 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 Secretary the Certificates to be redeemed. This will enable the Transfer Secretary to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.

- 7.5.2 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 paid to the Security SPV to be retained by it 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.

- 7.5.3 Payments in respect of the redemption of Notes shall be made in accordance with Condition 9 and shall take place in accordance with the Applicable Procedures relating to the redemption of debt securities.

- 7.5.4 Documents required to be presented and/or surrendered to the Transfer Secretary in accordance with the Conditions will be so presented and/or surrendered at the specified office of the Transfer Secretary.

7.6 Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes shall be cancelled.

7.7 Cancellation

All Notes which are redeemed in full will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.6, shall be held by the Issuer and cannot be re-issued or resold. 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.

7.8 Notice of payments

The Issuer shall, in accordance with Condition 17, notify Noteholders, the Central Securities Depository and the JSE, on each Record Date of the Actual Redemption Amount payable on the following Interest Payment Date.

8. Interest

- 8.1 From and including the Issue Date to but excluding the Coupon Step-Up Date, the Notes shall bear interest at the Coupon Rate calculated and payable quarterly in arrear on each Interest Payment Date to the Noteholder appearing on the Register at 17h00 (Johannesburg time) on the Record Date preceding such Interest Payment Date.
- 8.2 From and including the Coupon Step-Up Date to but excluding the Final Redemption Date, the Notes shall bear interest at the Coupon Step-Up Rate calculated and payable quarterly in arrear on each Interest Payment Date to the Noteholder appearing on the Register at 17h00 (Johannesburg time) on the Record Date preceding such Interest Payment Date.
- 8.3 If any Interest Payment Date is not a Business Day, interest shall be paid on the immediately succeeding Business Day after that Interest Payment Date.
- 8.4 The amount of interest payable on each Note for each Interest Period shall be calculated by multiplying the applicable Coupon Rate or Coupon Step-Up Rate, as the case may be, by the Principal Amount Outstanding (for the time being) of such Note and by multiplying the product by the actual number of days elapsed in such Interest Period and then dividing that product by 365 irrespective of whether it is a leap year or not.
- 8.5 Each Note will cease to bear interest from the Final Redemption Date.
- 8.6 The Issuer shall, in accordance with Condition 17, notify Noteholders, the Central Securities Depository and the JSE, at the commencement of each Interest Period of the Coupon Rate or Coupon Step-Up Rate, as the case may be, applicable to such Interest Period and shall notify such parties on each Record Date of the amount of interest payable on each Class of Notes on the following Interest Payment Date.
- 8.7 Upon the occurrence of an Interest Deferral Event, interest will not accrue nor be paid on the amount of the deferred interest in respect of such Class of Notes.

9. Payments

- 9.1 The Principal Amount and interest on the Notes shall be paid by the Issuer in Rand. The Issuer shall not be obliged to make payment of, and Noteholders shall not be entitled to receive payment of, any amount due and payable under the Notes by the Issuer, except in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be, unless and until all sums required to be paid or provided for in terms of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be, in priority thereto have been paid or discharged in full. Should the Issuer fail to pay all or part of any interest or other amount then due and payable by it to the Noteholders on any Interest Payment Date as a result of lack of funds available for that purpose in terms of the Priority of Payments, the Issuer shall not be in default of its obligations under the Conditions (except in regard to a failure to pay interest due to Class A Noteholders), the unpaid amount shall not bear penalty interest and payment of the unpaid amount shall be deferred to the following Interest Payment Date that funds are available to make such payment in terms of the Priority of Payments applicable on such Interest Payment Date.
- 9.2 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 Central Securities Depository or the relevant Participant, as the case may be, for such person's 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 Individual Certificates shall be made to the person reflected as the registered holder of the Individual Certificate in the Register on the Record Date.
- 9.3 All monies payable on or in respect of each Note shall be paid by electronic funds transfer to the account of the relevant Noteholder as set forth in the Register at 17h00 (Johannesburg time) on the Record Date (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, provided that no payment in respect of the redemption of such Note shall be made by the Servicer on behalf of the Issuer until 6 days after the date on which the Individual Certificate in respect of the Note to be redeemed has been surrendered to the Transfer Secretary for endorsement or cancellation in terms of Condition 7.

- 9.4 If several persons are entered into the Register as joint Noteholders then, without affecting the provisions of Condition 9.3, 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.
- 9.5 Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

10. Taxation

All payments (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, South Africa or any political subdivision of, or any authority or agency in or of, South Africa having power to tax, unless (where applicable) the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall make such payments after such withholding or deduction has been made (where applicable) and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

11. Events of default

11.1 An Event of Default shall occur should:

- 11.1.1 the Issuer fail to pay any amount, whether in respect of interest, principal or otherwise, due and payable in respect of any of the Notes within 10 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
- 11.1.2 the Issuer fail duly to perform or observe any other obligation binding on it under the Notes, these Conditions or any of the other Transaction Documents (irrespective of the materiality of such breach or obligation), which breach is not remedied within 30 days after receiving written notice from either the Security SPV or the counterparty to the relevant agreement requiring such breach to be remedied and the Security SPV has certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders; or
- 11.1.3 the Issuer cease to be controlled by the Owner Trust without the prior written consent of the Security SPV; or
- 11.1.4 an Issuer Insolvency Event occur; or
- 11.1.5 the Issuer have any judgment or similar award ("judgment") awarded against it and fail to satisfy such judgment within 30 days after becoming aware thereof, or:
- 11.1.5.1 if such judgment is appealable, fail to appeal against such judgment within the time limits prescribed by law or fail to diligently prosecute such appeal thereafter or ultimately fail in such appeal and then fail to satisfy the judgment within 10 days; and/or
- 11.1.5.2 if such judgment is a default judgment, fail to apply for the rescission thereof within the time limits prescribed by law or fail to diligently prosecute such application thereafter or ultimately fail in such application and then fail to satisfy the judgment within 10 days; and/or
- 11.1.5.3 if such judgment is reviewable, fail to initiate proceedings for the review thereof within the time limits prescribed by law or fail to diligently prosecute such proceedings thereafter or ultimately fail in such proceedings and then fail to satisfy the judgment within 10 days; and/or
- 11.1.6 any procedural step be taken by the Issuer (including application, proposal or convening a meeting) with a view to a compromise or arrangement with any creditors generally or any significant class of creditors;

- 11.1.7 the Security Interests in favour of the Security SPV become unenforceable for any reason whatsoever (or be reasonably claimed by the Security SPV not to be in full force and effect) or cease to grant the Security SPV a first priority Security Interest or should the Security SPV Guarantee be or become unenforceable;
- 11.1.8 it be or become unlawful for the Issuer to perform any of its obligations under the Transaction Documents and the Security SPV has certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders;
- 11.1.9 any permit or authorisation required by the Issuer for the conduct of its business be revoked and such situation not be remedied within 14 days after the Issuer and/or Servicer have been given written notice requiring the applicable consent, licence, permit or authorisation to be obtained;
- 11.1.10 the Issuer alienate or Encumber any of its assets (other than in terms of the Transaction Documents) without the prior written consent of the Security SPV;
- 11.1.11 the Issuer cease to carry on its business in a normal and regular manner or materially change the nature of its business, or through an official act of the board of directors of the Issuer, threaten to cease to carry on business;
- 11.1.12 a court determine that the Issuer has an obligation to advance Redraws to Borrowers notwithstanding the delegation of the Redraw obligation to SAHL; or
- 11.1.13 any fact or circumstances giving rise to an event of default under clause 19.3 of the Servicing Agreement occur.
- 11.2 If an Event of Default occurs:
 - 11.2.1 the Servicer shall forthwith inform the Security SPV, the JSE and the Rating Agency thereof;
 - 11.2.2 the Security SPV shall, as soon as such Event of Default comes to its notice (whether as a result of having been informed by the Servicer thereof pursuant to the previous sub-clause or otherwise), forthwith call a meeting of the Controlling Class;
 - 11.2.3 all the Notes shall become immediately due and payable:
 - 11.2.3.1 if, at such meeting, the Controlling Class so decide, by Special Resolution; or
 - 11.2.3.2 if the Security SPV in its discretion so decides;
 - 11.2.4 if the Controlling Class decide that the Notes shall become immediately due and payable, such Noteholders shall notify the Issuer and the Security SPV accordingly.
 - 11.2.5 at the aforesaid meeting (and whether or not the Controlling Class so decide that the Notes shall become immediately due and payable), where the Event of Default arises pursuant to Condition 11.1.13 the Controlling Class shall, by Special Resolution:
 - 11.2.5.1 reinstate the Servicer to its rights, functions and duties, with immediate effect or after a specified period or the occurrence of a specified event; or
 - 11.2.5.2 dismiss the Servicer and appoint the Standby Servicer to assume the role of Servicer in accordance with the provisions of the Servicing Agreement.
- 11.3 If the Notes become immediately due and payable in terms of Condition 11.2.3, the Security SPV shall, 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 Principal Amount Outstanding of the Notes, together with accrued interest thereon, and the amounts owing under any other Transaction Document, to be forthwith 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 Conditions and the other Transaction Documents, subject always to the provisions of the Post-Enforcement Priority of Payments.

- 11.4 The Security SPV shall not be required to take any steps to ascertain whether any Event of Default has occurred and until the Security SPV has actual knowledge or has been served with express notice thereof it shall be entitled to assume that no such Event of Default has taken place.
- 11.5 If the Notes become redeemable as contemplated above, they will be redeemed strictly in accordance with the Post-Enforcement Priority of Payments. If the Issuer has insufficient funds to redeem all the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in full, those Notes shall be redeemed *pro rata* to their Principal Amount Outstanding. If, having redeemed the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in full, the Issuer has insufficient funds to redeem all the Class B Notes in full, those Notes shall be redeemed *pro rata* to their Principal Amount Outstanding. If, having redeemed the Class B Notes in full, the Issuer has insufficient funds to redeem all the Class C Notes in full, those Notes shall be redeemed *pro rata* to their Principal Amount Outstanding. If, having redeemed the Class C Notes in full, the Issuer has insufficient funds to redeem all the Class D Notes in full, those Notes shall be redeemed *pro rata* to their Principal Amount Outstanding.
- 11.6 It is recorded that as security for the due, proper and timeous fulfilment by the Issuer of all its obligations under these Notes, the Security SPV shall furnish Noteholders with the Security SPV Guarantee. Each Noteholder expressly accepts the benefits of the Security SPV Guarantee and acknowledges the limitations on its rights of recourse in terms of such Security SPV Guarantee.
- 11.7 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 the Notes (including not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement shall be exercised by lodging a claim under the Security SPV Guarantee, provided that:
- 11.7.1 if the Security SPV is entitled and obliged to enforce its claim against the Issuer pursuant to the Issuer Indemnity but fails to do so within 60 Business Days of being called upon to do so by a Special Resolution of the Controlling Class of Noteholders; or
- 11.7.2 if the Security SPV is wound-up, liquidated, de-registered or placed under judicial management or supervision by a business rescue practitioner (in each case whether voluntarily or compulsorily, provisionally or finally) or if the Security SPV Guarantee and Issuer 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, Noteholders and other Secured Creditors),
- then Noteholders shall be entitled to take action themselves to enforce their claims directly against the Issuer if an Event of Default occurs.
- 11.8 The Noteholders will not, until 2 years following the payment of all amounts outstanding and owing by the Issuer under the Notes and all 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, supervision by a business rescue practitioner or judicial management of, or any compromise or scheme of arrangement or related relief in respect of, or any other proceedings having a similar effect:
- 11.8.1 in respect of the Issuer or for the appointment of a liquidator, judicial administrator 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
- 11.8.2 in respect of the Security SPV or for the appointment of a liquidator, judicial administrator or similar officer of the Security SPV.
- 11.9 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 sums due to it by the Issuer and/or the Security SPV, the amount so paid shall be received and held by such Noteholder as agent for the Issuer and/or the Security SPV and shall be paid to the Issuer and/or the Security SPV immediately on demand.
- 11.10 The Security SPV acknowledges that it holds the Security created pursuant to the Security Agreements to be distributed, on enforcement, in accordance with the provisions of the Post-Enforcement Priority of Payments.
- 11.11 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 liability owed to it by the Issuer or the Security SPV, respectively.

- 11.12 Notwithstanding the provisions of the preceding sub-clauses, in the event of a liquidation or a winding-up of the Issuer or of the Issuer being placed under judicial management or supervision by a business rescue practitioner, Secured Creditors ranking prior to others in the Post-Enforcement Priority of Payments shall be entitled to receive payment in full of amounts due and payable to them, before other Secured Creditors that rank after them in the Post-Enforcement Priority of Payments receive any payment on account of amounts owing to them.
- 11.13 In order to ensure the fulfilment of the provisions regarding Post-Enforcement Priority of Payments, each Noteholder agrees that in the event of a liquidation or winding-up of the Issuer or of the Issuer being placed under judicial management or supervision by a business rescue practitioner, it will lodge a claim against the Security SPV arising out of the Security SPV Guarantee. The Security SPV will, in turn, make a claim in the winding-up, liquidation, business rescue or judicial management proceedings of the Issuer pursuant to the Issuer Indemnity and, out of any amount recovered in such proceedings, pay the Secured Creditors in accordance with the Post-Enforcement Priority of Payments.
- 11.14 In the event that the Security SPV fails, for whatever reason, to make a claim in the liquidation, winding-up, business rescue or judicial management proceedings of the Issuer pursuant to the Issuer Indemnity or should the liquidator, judicial manager or business rescue practitioner not accept a claim tendered for proof by the Security SPV pursuant to the Issuer Indemnity, then, in order to ensure the fulfilment of the provisions regarding Post-Enforcement Priority of Payments, each Noteholder shall be entitled to lodge such claims itself but each Noteholder agrees that:
- 11.14.1 any claim made or proved by a Noteholder in the liquidation, winding-up, business rescue proceedings or judicial management proceedings in respect of amounts owing to it by the Issuer shall be subject to the condition that no amount shall 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
- 11.14.2 if the liquidator, judicial manager or business rescue practitioner does not accept claims proved subject to the condition contained in the preceding sub-paragraph then each Secured Creditor shall be entitled to prove its claims against the Issuer in full, on the basis that any liquidation dividend payable to it is paid to the Security SPV for distribution in accordance with the Post-Enforcement Priority of Payments.

12. Prescription

Any claim for payment of principal and interest will prescribe 3 years after the date on which such payment first becomes due and payable in accordance with the Priority of Payments, except that in relation to monies payable to the Central Securities Depository in accordance with these Conditions, the claim in respect of any payment under the Notes will prescribe 3 years after the date on which (i) the full amount of such monies have been received by the Central Securities Depository, (ii) such monies are available for payment to the holders of Beneficial Interests, and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures.

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 an Individual 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 an Individual 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 Secretary that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Secretary will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual 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 Secretary; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual 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 Secretary at its specified office;

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

13.1.4 An Individual 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 Secretary; 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, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Conditions. Separate costs and expenses relating to the provision of Certificates or the transfer of Notes may be levied by other persons, such as the Participant, under the Applicable Procedures and such costs and expenses shall not be borne by either the Issuer or the Servicer. 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 Secretary 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 Secretary 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 Secretary 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 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 Notes. Beneficial Interests may be transferred only in accordance with these Conditions, and the Applicable Procedures.

14.4 In order for any transfer of Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Note:

- 14.4.1 must be pursuant to a written Transfer Form signed by the relevant Noteholder and the transferee, or any authorised representative of that registered Noteholder and/or transferee;
- 14.4.2 shall only be in respect of minimum denominations equal to or greater than R1 000 000; and
- 14.4.3 must be made by way of the delivery of the Transfer Form to the Transfer Secretary together with the Certificate in question for cancellation and registration of transfer of the Certificate (or the relevant part thereof).
- 14.5 Subject to the above, the Transfer Secretary will, within 3 Business Days of receipt by it of the request (or such longer period as may be required to comply with any applicable fiscal or other laws, regulations or the Applicable Procedures), authenticate and deliver at the Transfer Secretary's registered office to the transferee or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate of a like aggregate nominal amount to the Certificate (or the relevant part of the Certificate) transferred. In the case of the transfer of a part only of a Certificate, a new Certificate in respect of the balance of the certificate not transferred will be so authenticated and delivered or, at the risk of the transferor, sent to the transferor.
- 14.6 The transferor of any Notes represented by a Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 14.7 Before any transfer is registered, all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Transfer Secretary reasonably requires as to the identity of the transferor and the transferee.
- 14.8 No transfer will be registered while the Register is closed as contemplated in Condition 15. The last time for a Noteholder to register to qualify for payments of interest and principal is 16h00 (Johannesburg time) on the Record Date.
- 14.9 If a transfer is registered the Transfer Form and cancelled Certificate will be retained by the Transfer Secretary.

15. Register

- 15.1 The Register shall be kept at the office of the Transfer Secretary. The Register shall contain the name, address and bank account details of the registered Noteholders. The Register shall set out the Principal Amount of the Notes issued to any Noteholder and shall show the date of such issue and the date upon which the Noteholder became registered as such. The Register shall show the serial numbers of the Individual Certificates issued. The Register shall be open for inspection during the normal business hours of the Transfer Secretary to any Noteholder or any person of proven identity authorised in writing by any Noteholder. The Issuer and the Transfer Secretary shall 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 be closed during the 5 days preceding each Interest Payment Date from and including 13 January to but excluding 18 January, and from and including 13 April to but excluding 18 April, and from and including 13 July to but excluding 18 July, and from and including 13 October to but excluding 18 October of each year until the Final Redemption Date, in order to determine those Class A Noteholders, Class B Noteholders, Class C Noteholders and Class D Noteholders entitled to receive payments. 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.
- 15.3 The Transfer Secretary shall 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 17.

16. Listing

The application for 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 to be listed on the Interest Rate Market of the JSE, under stock code numbers THE8A1, THE8A2, THE8A3, THE8B1, THE8C1 and THE8D1, respectively, was granted with effect from 1 December 2010 and the Notes may be traded by and through members of the JSE from 1 December 2010.

17. Notices

- 17.1 All notices (including all demands or requests under the Conditions) to the Noteholders will be valid if:

- 17.1.1 mailed by registered post or hand delivered to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa; and
- 17.1.2 for so long as the Notes are listed on the Interest Rate Market of the JSE, published in a daily newspaper of general circulation in Johannesburg, which newspapers are, for the purposes of Conditions 17.1.1 and this Condition 17.1.2, respectively, expected to be the Business Day and The Star (or their respective successors);

Any such notice shall be deemed to have been given on the day of first publication or hand delivery or on the 14th day after the day on which it is mailed, as the case may be.

- 17.2 For so long as the Notes of any Class are held in their entirety by the Central Securities Depository, there may be substituted for publication as contemplated in Conditions 17.1.1 and 17.1.2 the delivery of the relevant notice to the Central Securities Depository, the Participants and the JSE for communication by them to the holders of Beneficial Interests in the Notes, in accordance with the Applicable Procedures.
- 17.3 Where any provision of these Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice shall be given *mutatis mutandis* as set out above, subject to compliance with any other time periods prescribed in the provision concerned.
- 17.4 Notices to be given by any Noteholder shall be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Certificate, to the registered office of the Issuer, the Security SPV and the Transfer Secretary, and marked for the attention of the chief executive, with a copy sent by hand or by registered post to the Servicer and marked for the attention of the chief executive. Whilst any of the Notes are held in uncertificated form, notice shall be given by any holder of a Beneficial Interest to the Issuer via the holder's relevant Participant in accordance with the Applicable Procedures.

18. Amendment of Terms and Conditions

- 18.1 Subject to Condition 18.6, the Issuer and the Security SPV may effect, without the consent of any Noteholder, any amendment to these 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 17 as soon as practicable thereafter.
- 18.2 The Issuer and the Security SPV may amend these Conditions and/or the Priority of Payments by written agreement, subject to the following provisions of this Condition 18.
- 18.3 Any amendment to these Conditions and/or the Priority of Payments which, in the reasonable opinion of the Security SPV, may materially prejudice the rights, under these Conditions and/or the Priority of Payments, 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 a Special Resolution of all of the Noteholders or a Special Resolution of that Class (or those Classes) of Noteholders, as the case may be.
- 18.4 Accordingly, if in the reasonable opinion of the Security SPV any proposed amendment to these Conditions and/or the Priority of Payments may materially prejudice the rights, under these Conditions and/or the Priority of Payments, 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 22 and no proposed amendment will be made to these Conditions and/or the Priority of Payments until such amendment has been approved by Special Resolution at such meeting or meetings.
- 18.5 If there is any conflict between the Special Resolution(s) passed or not passed, as the case may be, by any Class of Noteholders in terms of Condition 18.3, the Special Resolution(s) passed by the Controlling Class Noteholders will prevail.
- 18.6 Any amendment to these Conditions and/or the Priority of Payments which, in the reasonable opinion of the Security SPV, may materially prejudice the rights, under these Conditions and/or the Priority of Payments, of a Secured Creditor (other than a Noteholder) may be made only with the prior written consent of such Secured Creditor.
- 18.7 No amendment to these Conditions and/or any of the other Transaction Documents may be made unless the Security SPV grants its prior written approval for such amendment and the Rating Agency and the JSE (only in the case of an amendment to these Conditions) are furnished with at least 5 Business Days prior written notice of the

proposed amendment and the JSE does not notify the Issuer in writing within 5 Business Days that the proposed amendment contravenes the provisions of the JSE Debt Listings Requirements.

19. Liquidation of the Security SPV

The Noteholders shall not, until 2 years following the payment of all amounts outstanding and owing by the Issuer under the Notes and all the other Transaction Documents, be entitled, directly or indirectly, to institute, or join with any person in instituting, any proceedings for the winding-up, liquidation, de-registration, supervision by a business rescue practitioner or judicial management of the Security SPV or any compromise or scheme of arrangement or any related relief in respect of the Security SPV or for the appointment of a liquidator, judicial manager or similar officer of the Security SPV, in any court in South Africa or elsewhere.

20. No voting rights on Notes held by Issuer

The Issuer shall not have any voting rights on any Notes repurchased or otherwise held by it.

21. Governing law

The Notes and all rights and obligations relating to the Notes are governed by, and shall be construed in accordance with, the laws of South Africa.

22. Meetings of Noteholders

22.1 Convening of meetings

- 22.1.1 The Security SPV or the Issuer may at any time convene a meeting of Noteholders or separate meetings of each Class of Noteholders ("a meeting" or "the meeting").
- 22.1.2 The Security SPV shall convene a meeting upon the requisition in writing of the holders of at least 10% of the aggregate Principal Amount Outstanding of the Notes or Class of Notes, as the case may be, upon being given notice of the nature of the business for which the meeting is to be held.
- 22.1.3 Whenever the Issuer wishes to convene a meeting, it shall forthwith give notice in writing to the Security SPV of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting and the Security SPV shall give notice thereof to the Noteholders.
- 22.1.4 Whenever the Security SPV wishes or is obliged to convene a meeting it shall forthwith give notice in writing to the Noteholders and the Issuer in the manner prescribed in Condition 17, of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting.
- 22.1.5 All meetings of Noteholders shall be held in Johannesburg.

22.2 Requisition

- 22.2.1 A requisition notice referred to in Condition 22.1.2 shall state the nature of the business for which the meeting is to be held and shall be deposited at the office of the Security SPV.
- 22.2.2 The Security SPV shall notify the Issuer of the deposit of a requisition notice forthwith.
- 22.2.3 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

22.3 Convening of meetings by requisitionists

If the Security SPV does not proceed to cause a meeting to be held within 30 Business Days of the deposit of a requisition notice, requisitionists who together hold not less than 10% of the aggregate Principal Amount Outstanding of the Notes or the Class of Notes, as the case may be, for the time being, may themselves convene the meeting, but the meeting so convened shall be held within 90 Business Days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Security SPV. Notice of the meeting shall be required to be given to the Issuer and the Security SPV.

22.4 Notice of meeting

22.4.1 Unless the holders of at least 90% of the aggregate Principal Amount Outstanding of the Notes or the 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 and the nature of the business for which the meeting is to be held shall be given by the Security SPV to each Noteholder and to the Issuer.

22.4.2 The accidental omission to give such notice to any Noteholder or the Security SPV or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

22.5 Quorum

22.5.1 A quorum at a meeting shall:

22.5.1.1 for the purposes of considering an Ordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Notes or each Class of Notes, as the case may be;

22.5.1.2 for the purposes of considering a Special Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than a clear majority of the aggregate Principal Amount Outstanding of the Notes or each Class of Notes, as the case may be.

22.5.2 No business shall be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.

22.5.3 If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting shall stand adjourned to the same day in the third week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy shall constitute a quorum for the purpose of considering any resolution, including a Special Resolution.

22.6 Chairman

The Security SPV or its representative shall preside as chairman at a meeting. If the Security SPV or its representative is not present within 10 minutes of the time appointed for the holding of the meeting, the Noteholders then present shall choose one of their own number to preside as chairman.

22.7 Adjournment

22.7.1 Subject to the provisions of this Condition, the chairman may, with the consent of, and shall on the direction of, the meeting adjourn the meeting from time to time and from place to place.

22.7.2 No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

22.7.3 At least 14 days' written notice of the place, day and time of an adjourned meeting shall be given by the Security SPV to each Noteholder and the Issuer. In the case of a meeting adjourned in terms of Condition 23.5.3, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

22.8 How questions are decided

22.8.1 At a meeting, a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by any one of the Noteholders present in person or by proxy.

22.8.2 Unless a poll is demanded, a declaration by the chairman that on a show of hands a resolution has been carried, or carried by a particular majority, or lost, shall be conclusive evidence of that fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

22.8.3 A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.

22.8.4 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

22.9 Votes

On a show of hands every Noteholder present in person shall have one vote. On a poll every Noteholder, present in person or by proxy, shall have one vote for each R1 000 000 of the Principal Amount Outstanding of the Notes held by him. The joint holders of Notes shall have only one vote on a show of hands and one vote on a poll for each R1 000 000 of the Principal Amount Outstanding of the Notes of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the register of holders of Notes in the event that more than one of such joint holders is present in person or by proxy at the meeting. The Noteholder in respect of Notes held in the Central Securities Depository in uncertificated form shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the Central Securities Depository or its nominee from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.

22.10 Proxies and representatives

22.10.1 On a poll votes may be given either in person or by proxy. A proxy shall be authorised in writing under any usual common form of proxy under the hand of the Noteholder or of his authorised agent and, if the Noteholder is a company, other body corporate or association, signed by its authorised officer or agent.

22.10.2 A person appointed to act as proxy need not be a Noteholder.

22.10.3 The proxy form shall be deposited at the registered office of the Issuer or at the office where the Register of Noteholders is kept not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote, and in default, the proxy shall be invalid.

22.10.4 No proxy form shall be valid after the expiration of 6 months from the date named in it as the date of its execution.

22.10.5 A proxy shall have the right to demand or join in demanding a poll.

22.10.6 Notwithstanding Condition 22.10.4, a proxy form shall be valid for any adjourned meeting, unless the contrary is stated thereon.

22.10.7 A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the Transfer Secretary more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

22.10.8 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative in connection with any meeting or proposed meeting of Noteholders. Any reference in these Conditions to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

22.11 Minutes

22.11.1 The Security SPV shall cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be provided by the Issuer for that purpose.

22.11.2 Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders in

respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

22.12 General

- 22.12.1 The provisions of this Condition 22 will apply, *mutatis mutandis*, to any separate meetings of each Class of Noteholders.
- 22.12.2 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 shall not be entitled to vote, other than as a Noteholder or a proxy or duly authorised representative of a Noteholder.
- 22.12.3 Subject to Condition 18.5, the meeting of Noteholders shall have power, in addition to all powers specifically conferred elsewhere in these Conditions:
 - 22.12.3.1 by Ordinary Resolution of the Controlling Class to give instructions to the Security SPV or the Issuer in respect of any matter not covered by these Conditions or the Transaction Documents (but without imposing obligations on the Issuer or the Security SPV not imposed or contemplated by these Conditions or otherwise conflicting with or inconsistent with the provisions of the Transaction Documents);
 - 22.12.3.2 by Special Resolution:
 - 22.12.3.2.1 of the Controlling Class to bind the Noteholders to any compromise or arrangement; and
 - 22.12.3.2.2 of the particular Class of Noteholders to agree to any variation or modification of any of the rights of the relevant Class of Noteholders, in each case subject to the consent of the Issuer.
- 22.12.4 Unless otherwise specified, resolutions of Noteholders or Noteholders of the relevant Class will require an Ordinary Resolution to be passed. Subject to the above provisions of this Condition 22, if there is any conflict between the resolutions passed by any Class of Noteholders, the resolutions passed by the Controlling Class will prevail.
- 22.12.5 The Security SPV shall 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.

Use of Proceeds

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Use of Proceeds" shall bear the same meanings as used in the Conditions, and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

The Issuer, as ultimate borrower of the proceeds of the Notes, shall use the proceeds of the Notes as operating capital to fund the purchase of the Initial Home Loans (including Pre-Funded Home Loans) by the Issuer from the Sellers and to fund the Reserve Fund on the Issue Date.

Security

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Security" shall bear the same meanings as used in the Conditions, and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

1. Notes will be obligations of the Issuer only.
2. The Servicing Agreement sets out the Pre-Enforcement Priority of Payments in accordance with which certain creditors of the Issuer will be paid prior to delivery of an Enforcement Notice by the Security SPV, declaring the Notes to be immediately due and payable. The Servicing Agreement also sets out the Post-Enforcement Priority of Payments applicable after delivery of an Enforcement Notice. Amounts payable at any time to any Secured Creditor which ranks in the Priority of Payments after other Secured Creditors, will only be paid to the extent that funds are available at such time after payment has been made in full to creditors ranking higher in the Priority of Payments.
3. The Security SPV will bind itself under a Security SPV Guarantee to each Secured Creditor. Pursuant to such Security SPV 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 should occur under the Notes or the respective Transaction Documents. The liability of the Security SPV pursuant to the Security SPV Guarantee will, however, be limited in the aggregate to the amount recovered by the Security SPV from the Issuer arising out of the Issuer Indemnity referred to below. Payment of amounts due by the Security SPV pursuant to the Security SPV Guarantee will be made strictly in accordance with the Pre-Enforcement Priority of Payments prior to delivery of an Enforcement Notice and the Post-Enforcement Priority of Payments after delivery of an Enforcement Notice, as the case may be.
4. The Issuer will give the Issuer Indemnity to the Security SPV in respect of the claims that may be made against it arising out of the Security SPV Guarantee. The obligations of the Issuer in terms of this Issuer Indemnity are secured by:
 - 4.1 a suretyship granted by the Owner Trust in favour of the Security SPV in respect of the obligations of the Issuer under the Issuer Indemnity, limited to the realised value of the shares in the Issuer. As security for the suretyship granted to the Security SPV, the Owner Trust grants to the Security SPV a pledge and cession of all the Owner Trust's shares in the Issuer;
 - 4.2 security cessions in favour of the Security SPV of the Issuer's right, title and interest in and to:
 - 4.2.1 each Home Loan, Home Loan Agreement and the Related Security in respect of the portfolio of Home Loans owned by the Issuer from time to time; and
 - 4.2.2 the Account Monies, Bank Accounts, Business Proceeds, Permitted Investments and Transaction Documents.
5. Each Class of Notes will share the same Security but in the event of the Security being enforced the Class D Notes will be subordinated to the Class C Notes, the Class C Notes will be subordinated to the Class B Notes, the Class B Notes will be subordinated to the Class A Notes, the Class A3 Notes, the Class A2 Notes and the Class A1 Notes will rank *pari passu* among themselves.

Priority of Payments

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Priority of Payments" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

1. On each Interest Payment Date, monies standing to the credit of the Transaction Account as of the immediately preceding Determination Date and, to the extent that such monies are insufficient, all monies standing to the credit of the Reserve Fund and the Arrears Reserve as of the immediately preceding Determination Date (save that such monies shall only be applied to meet the relevant expenses set out in paragraphs 13 and 14 of the section titled "Credit Structure"), and all monies advanced under the Redraw Facility (save that such monies shall only be applied for the purposes set out in the Redraw Facility Agreement), shall, after making payment of or providing for amounts owing in respect of the Excluded Items, until enforcement of the Security for the Notes, be transferred from the Transaction Account, the Reserve Fund and the Arrears Reserve in accordance with written payment instructions, signed by the Servicer. Such amounts shall be applied to the extent to which funds are available in the Transaction Account and, if applicable, the Reserve Fund and the Arrears Reserve, in making payments or provisions in accordance with the Pre-Enforcement Priority of Payments set out below on the basis that a Secured Creditor which ranks subsequent to any other creditors in the Pre-Enforcement Priority of Payments will not be paid unless and until all the creditors which rank prior to it in the Pre-Enforcement Priority of Payments have been paid all the amounts then due and payable to them by the Issuer (each clause below being referred to as a successive "item" in the Pre-Enforcement Priority of Payments):
 - 1.1 first, to pay or provide for the Issuer's liability or potential liability for Tax;
 - 1.2 second, to pay or provide for *pari passu* and *pro rata*:
 - 1.2.1 the remuneration due and payable to the Security SPV (inclusive of VAT, if any) and any fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by the Security SPV under the provisions of the Security Agreements and/or any of the Transaction Documents and/or the Notes; and
 - 1.2.2 the remuneration due and payable to the Owner Trustee (inclusive of VAT, if any) and any fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by such trustee under the provisions of the Owner Trust Deed, the Security Agreements and/or any of the Transaction Documents and/or the Notes;
 - 1.3 third, to pay or provide for *pari passu* and *pro rata* all fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by the Issuer, which are due and payable or expected to become due and payable by the Issuer on or after such Interest Payment Date (prior to the next Interest Payment Date) to third parties and incurred without breach by the Issuer of its obligations under the Transaction Documents and not provided for payment elsewhere (including payment of the Rating Agency, the JSE, audit fees and company secretarial expenses);
 - 1.4 fourth, to pay or provide for *pari passu* and *pro rata*:
 - 1.4.1 the Senior Servicing Fee due and payable to the Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Servicer under the Servicing Agreement prior to the next Interest Payment Date; and
 - 1.4.2 the Standby Servicing Fee due and payable to the Standby Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Standby Servicer under the Servicing Agreement prior to the next Interest Payment Date;
 - 1.5 fifth, to pay all amounts due and payable under the Redraw Facility other than in respect of principal;
 - 1.6 sixth, to pay *pari passu* and *pro rata*:
 - 1.6.1 all amounts due and payable in respect of the Class A1 Notes other than in respect of principal on the Class A1 Notes;

- 1.6.2 all amounts due and payable in respect of the Class A2 Notes other than in respect of principal on the Class A2 Notes; and
- 1.6.3 all amounts due and payable in respect of the Class A3 Notes other than in respect of principal on the Class A3 Notes;
- 1.7 seventh, subject to a Class B Interest Deferral Event not occurring on that Interest Payment Date, to pay or provide for *pari passu* and *pro rata*:
 - 1.7.1 all amounts due and payable in respect of the Class B Notes other than in respect of principal on the Class B Notes; and
 - 1.7.2 in the event only that a substitute Servicer assumes the role of Servicer, the Subordinated Servicing Fee, if any (inclusive of VAT, if any) due and payable to the substitute Servicer on such Interest Payment Date;
- 1.8 eighth, subject to a Class C Interest Deferral Event not occurring on that Interest Payment Date, to pay or provide for all amounts due and payable in respect of the Class C Notes other than in respect of principal on the Class C Notes;
- 1.9 ninth, subject to an Arrears Reserve Trigger Event having occurred and continuing on such Interest Payment Date, to credit the Arrears Reserve up to the Arrears Reserve Required Amount;
- 1.10 tenth, to credit the Reserve Fund up to the Reserve Fund Required Amount;
- 1.11 eleventh, subject to a Class D Interest Deferral Event not occurring on that Interest Payment Date, to pay or provide for all amounts due and payable in respect of the Class D Notes other than in respect of principal on the Class D Notes;
- 1.12 twelfth, up until the Coupon Step-Up Date only, to pay or provide for the purchase by the Issuer of the right to repayment of Redraws;
- 1.13 thirteenth, to repay all principal amounts outstanding under the Redraw Facility;
- 1.14 fourteenth, up until the Coupon Step-Up Date only, to fund the advance by the Issuer of Further Advances up to an amount equal to the Potential Redemption Amount less amounts applied in accordance with item 13 above;
- 1.15 fifteenth, during the Further Loan Period only, to fund the advance by the Issuer of Further Loans or to set aside cash for such funding in terms of paragraph 2 below, up to the lower of:
 - 1.15.1 the Potential Redemption Amount, less amounts applied in accordance with items 12, 13 and 14 above; and
 - 1.15.2 the aggregate amount of Repayments and Prepayments received during the immediately preceding Collection Period, less amounts applied in accordance with items 12, 13 and 14 above;
- 1.16 sixteenth, if there are Class A Notes outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Notes (in the manner set out in paragraph 3 below) equal to the greater of zero and the difference between:
 - 1.16.1 the Potential Redemption Amount; and
 - 1.16.2 the sum of the amounts applied under items 12 to 15 above;
- 1.17 seventeenth, if there are no Class A Notes outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Class B Notes up to an amount equal to the difference between the Principal Deficiency on such Interest Payment Date and the Principal Deficiency on the immediately preceding Interest Payment Date;
- 1.18 eighteenth, if there are no Class A Notes outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Class B Notes, the Class C Notes and the Class D Notes (in the manner set out in paragraph 4 below) equal to the greater of zero and the difference between:
 - 1.18.1 the Potential Redemption Amount; and

- 1.18.2 the sum of the amounts applied under items 12 to 15 and 19 above;
- 1.19 nineteenth, if there are no Class B Notes outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Class C Notes up to an amount equal to the difference between the Principal Deficiency on such Interest Payment Date and the Principal Deficiency on the immediately preceeding Interest Payment Date;
- 1.20 twentieth, if there are no Class B Notes outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Class C Notes and the Class D Notes (in the manner set out in paragraph 5 below) equal to the greater of zero and the difference between:
 - 1.20.1 the Potential Redemption Amount; and
 - 1.20.2 the sum of the amounts applied under items 12 to 15, 17 and 19 above;
- 1.21 twenty-first, if a Class B Interest Deferral Event occurs on such Interest Payment Date, to pay interest due and payable in respect of the Class B Notes;
- 1.22 twenty-second, if a Class C Interest Deferral Event occurs on such Interest Payment Date, to pay interest due in respect of the Class C Notes;
- 1.23 twenty-third, if a Class D Interest Deferral Event occurs on such Interest Payment Date, to pay interest due in respect of the Class D Notes;
- 1.24 twenty-fourth, if there are no Class C Notes outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Class D Notes (in the manner set out in paragraph 6 below) equal to the greater of zero and the difference between:
 - 1.24.1 the Potential Redemption Amount; and
 - 1.24.2 the sum of the amounts applied under items 12 to 15, 17, 19 and 23 above;
- 1.25 twenty-fifth, if the Issuer fails to exercise the call option to redeem all the Notes on the Coupon Step-Up Date, in accordance with Condition 7.3.1 of the Notes, to allocate all remaining cash in redeeming the Notes *pari passu* and *pro rata*;
- 1.26 twenty-sixth, provided that the Subordinated Servicing Fee was not paid or provided for under item 7 above, to pay the Subordinated Servicing Fee due and payable to the Servicer on each Interest Payment Date, if any (inclusive of VAT, if any);

provided that there is no Principal Deficiency and No Event of Default:
- 1.27 twenty-seventh, to pay amounts due and payable in respect of the Start-Up Loan other than in respect of principal on the Start-Up Loan;
- 1.28 twenty-eighth, in the event only that a substitute Servicer assumes the role of Servicer, to pay the Management Fee due and payable to the substitute Servicer on such Interest Payment Date, if any (inclusive of VAT);
- 1.29 twenty-ninth, to pay amounts due and payable in respect of principal under the Start-Up Loan;
- 1.30 thirtieth, to pay or provide for the dividend due and payable to the Preference Shareholder, net of Taxes; and
- 1.31 thirty-first, while any obligations (whether actual or contingent) remain outstanding to Secured Creditors, to invest the surplus, if any, in Permitted Investments and, only once all the obligations (whether contingent or otherwise) to Secured Creditors have been discharged in full, to pay the surplus, if any, to the ordinary shareholders of the Issuer by way of dividends, net of Taxes.
- 2. During the Further Loan Period, if the amount allocated for the advance of Further Loans in terms of item 15 of the Pre-Enforcement Priority of Payments is not fully utilised since insufficient Further Loans are advanced, then such unutilised cash shall be paid into the Capital Reserve, provided that from the Issue Date the balance in the Capital Reserve from time to time does not exceed R10 000 000. Funds in the Capital Reserve may be used during each Interest Period to fund the acquisition of the right to repayment of Redraws or the advance of Further Advances and Further Loans. Any

amounts standing to the credit of the Capital Reserve for 2 consecutive Interest Payment Dates shall be added to the Redemption Amount and applied in redeeming the Notes.

3. The amount allocated for redemption of the Notes under item 16 of the Pre-Enforcement Priority of Payments will be divided into the Class A Redemption Amount, the Class B Redemption Amount, the Class C Redemption Amount and the Class D Redemption Amount. The Class A Redemption Amount will be allocated firstly to the Class A1 Notes until they have been redeemed in full and thereafter to the Class A2 Notes until they have been redeemed in full and thereafter to the Class A3 Notes.
4. The amount allocated for redemption of the Notes under item 18 of the Pre-Enforcement Priority of Payments will be divided into the Class B Redemption Amount, the Class C Redemption Amount and the Class D Redemption Amount.
5. The amount allocated for redemption of the Notes under item 20 of the Pre-Enforcement Priority of Payments will be allocated in full to the Class C Redemption Amount and the Class D Redemption Amount.
6. The amount allocated for redemption of the Notes under item 24 of the Pre-Enforcement Priority of Payments will be allocated in full to the Class D Redemption Amount.
6. The following items may be paid or provided for prior to the allocation of sums under the Priority of Payments:
 - 6.1 certain monies which properly belong to third parties (such as monies owing to any party in respect of reimbursement for direct debit recalls);
 - 6.2 amounts payable to the relevant Seller under the Home Loan Sale Agreement in respect of reconciliations of the amounts paid in respect of the purchase of the Home Loans on any Transfer Date;
 - 6.3 up until the Coupon Step-Up Date only, amounts corresponding to the aggregate Redraws the right to repayment of which is purchased by the Issuer on any day during an Interest Period in accordance with the terms and conditions set out in the Servicing Agreement;
 - 6.4 up until the Coupon Step-Up Date only, amounts corresponding to the aggregate Further Advances which are advanced by the Issuer to Borrowers on any day during an Interest Period, in accordance with the terms and conditions of the Servicing Agreement;
 - 6.5 up until the expiry of the Further Loan Period only, amounts corresponding to the aggregate Further Loans which are advanced by the Issuer to Borrowers on any day during an Interest Period, in accordance with the terms and conditions of the Servicing Agreement;
 - 6.6 the repayment to the Redraw Facility Provider, upon the Coupon Step-Up Date or any earlier date that the Issuer's conditional obligation to purchase the right to repayment of Redraws terminates, of the unutilised portion of the Redraw Facility drawn-down and invested in Permitted Investments (which draw-down occurs in the event of the Redraw Facility Provider being downgraded below the Required Redraw Facility Provider Rating or the Redraw Facility not being renewed or replaced on an annual basis);
 - 6.7 any amounts paid by the Servicer into the Transaction Account in terms of the Servicing Agreement in respect of instalments owing under a Home Loan but unpaid on any Determination Date for non credit-related reasons, which instalments have subsequently been received by the Issuer;
 - 6.8 up until the end of the Pre-Funding Period, amounts paid by the Issuer to the Sellers in respect of the Purchase Price for Pre-Funded Home Loans, provided that the aggregate of such amounts do not exceed the Pre-Funding Amount;

all of which items rank above all other items in the Priority of Payments, and the payment of which is not restricted to Interest Payment Dates.

7. After the Security SPV has given notice to the Issuer pursuant to an Event of Default, declaring the Notes to be due and payable, no Further Advances or Further Loans may be advanced and no right to repayment of Redraws may be purchased and the Security SPV shall, after making payment of or providing for Excluded Items, use the money received in respect of the Home Loans including proceeds of the enforcement of the Security and monies standing to the credit of the Transaction Account, the Reserve Fund and the Arrears Reserve to make payments in the following order of priority pursuant to and in accordance with, and as more fully set out in, the Servicing Agreement and on the basis that a Secured Creditor which ranks subsequent to any other creditors in the Post-Enforcement Priority of Payments will not be

paid unless and until all creditors which rank prior to it in the Post-Enforcement Priority of Payments have been paid all the amounts then due and payable to them by the Issuer:

- 7.1 first, to pay or provide for the Issuer's liability or possible liability for all Taxes, provided that this item shall fall away from the Post-Enforcement Priority of Payments in the event of the Issuer being liquidated, whether provisionally or finally, voluntarily or compulsorily;
- 7.2 second, to pay or provide for *pari passu* and *pro rata*:
 - 7.2.1 the remuneration due and payable to the trustees of the Owner Trust (inclusive of VAT, if any) and any costs, fees, charges, liabilities and expenses (inclusive of VAT, if any) incurred by the Owner Trust under the provisions of the Owner Trust Deed, the Security Agreements and/or any of the Transaction Documents and/or the Notes; and
 - 7.2.2 the remuneration due and payable to the Security SPV (inclusive of VAT, if any) and any costs, fees, charges, liabilities and expenses (inclusive of VAT, if any) incurred by the Security SPV under the provisions of the Security Agreements and/or any of the Transaction Documents and/or the Notes;
- 7.3 third, to pay or provide for *pari passu* and *pro rata* all fees, costs, charges, liabilities and expenses incurred by the Issuer and which are due and payable or expected to become due and payable on or after such Interest Payment Date (prior to the next Interest Payment Date) by the Issuer to third parties and incurred without breach by the Issuer of its obligations under the Transaction Documents and not provided for payment elsewhere (including payment of the Rating Agency, the JSE, the fees of the directors of the Issuer, audit fees and company secretarial expenses);
- 7.4 fourth, to pay or provide for *pari passu* and *pro rata*:
 - 7.4.1 the Senior Servicing Fee due and payable to the Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are payable or expected to become due and payable to the Servicer under the Servicing Agreement prior to the next Interest Payment Date; and
 - 7.4.2 the Standby Servicing Fee due and payable to the Standby Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are payable or expected to become due and payable to the Standby Servicer under the Servicing Agreement prior to the next Interest Payment Date;
- 7.5 fifth, to pay interest, principal and all other amounts due and payable under the Redraw Facility;
- 7.6 sixth, to pay *pari passu* and *pro rata*:
 - 7.6.1 interest, principal and all other amounts due and payable in respect of the Class A1 Notes;
 - 7.6.2 interest, principal and all other amounts due and payable in respect of the Class A2 Notes; and
 - 7.6.3 interest, principal and all other amounts due and payable in respect of the Class A3 Notes;
- 7.7 seventh, to pay *pari passu* and *pro rata*:
 - 7.7.1 interest, principal and all other amounts due and payable in respect of the Class B Notes; and
 - 7.7.2 in the event only that a substitute Servicer assumes the role of Servicer, the Subordinated Servicing Fee due and payable to the substitute Servicer on such Interest Payment Date, if any (inclusive of VAT, if any);
- 7.8 eighth, to pay interest, principal and all other amounts due and payable in respect of the Class C Notes;
- 7.9 ninth, to pay interest, principal and all other amounts due and payable in respect of the Class D Notes;
- 8.10 tenth, for so long as SAHL is the Servicer, to pay the Subordinated Servicing Fee due and payable to the Servicer on such Interest Payment Date, if any (inclusive of VAT, if any);
- 8.11 eleventh, in the event only that a substitute Servicer assumes the role of Servicer, to pay the Management Fee due and payable to the substitute Servicer on such Interest Payment Date, if any (inclusive of VAT, if any);

- 8.12 twelfth, to pay interest, principal and all other amounts due and payable in respect of the Start-Up Loan;
 - 8.13 thirteenth, to pay or provide for the dividend due and payable to the Preference Shareholder, net of Taxes; and
 - 8.14 fourteenth, to pay the surplus, if any, to the ordinary shareholders of the Issuer by way of dividends.
9. In regard to the Notes, any reference in the Priority of Payments to a *pro rata* allocation of funds in respect of principal payments shall be determined with reference to the then Principal Amount Outstanding of the relevant Class of Notes.

The Issuer

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Issuer" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

1. Introduction

The Issuer was incorporated and registered in South Africa on 20 November 2007, under registration number 2007/033225/07, under the Companies Act, 1973 as a private company with limited liability. The issued share capital of the Issuer comprises one hundred ordinary shares of R1,00 each held by the Owner Trust and the Preference Share.

2. Directors

The Directors of the Issuer are:

Derek Hamilton Lawrance

Derek Hamilton Lawrance is a chartered accountant by profession and his experience includes managing joint ventures with local and foreign partners and the development and implementation of high level business strategies. He now acts as a general management consultant and chairman for a small number of local and international clients operating in the advertising & promotions, biotechnology, engineering, financial services, and power generation industries. Prior to that he was deputy chief executive officer of the Rennies Group. He is currently a non-executive director of The Thekwini Fund 5 (Proprietary) Limited, The Thekwini Fund 6 (Proprietary) Limited, The Thekwini Fund 7 (Proprietary) Limited and The Thekwini Fund Private Placement (Proprietary) Limited.

Kgomotso Mafora

Kgomotso Mafora is a chartered accountant. She currently holds the position of GEM Business Controller at JPMorgan Chase Bank and has significant experience in the financial sector having worked at JP Morgan for the past 7 years. She is a member of SAHL IH's Audit, Risk and Compliance Committee and a non-executive director of The Thekwini Fund 6 (Proprietary) Limited.

David Braidwood Gibbon

David Braidwood Gibbon has been in public practice as an accountant and an auditor and was a partner of Deloitte and Touche for 30 years. He retired from his position as National Lead Partner of Deloitte & Touche Debt Origination and Securitisation Services in 2003 to join Steinway Trustees (Proprietary) Limited as a director. He is currently a non-executive director of African Bank Investments Limited, African Bank Limited, The Spar Group Limited, Maitland Trustees (Proprietary) Limited, The Thekwini Fund 5 (Proprietary) Limited, The Thekwini Fund 6 (Proprietary) Limited, The Thekwini Fund 7 (Proprietary) Limited, The Thekwini Fund Private Placement (Proprietary) Limited, The Thekwini Warehousing Conduit (Proprietary) Limited and The South African Home Loans Hedge Company (Proprietary) Limited.

The board of directors of the Issuer is accordingly independent of SBSA, SAHL, SAHL IH, Main Street 65 and The Thekwini Warehousing Conduit as contemplated in paragraph 4(2)(q) of the Securitisation Notice.

3. Secretary and registered office

The company secretary of the Issuer is Ursula Laura Schei, an employee of SAHL.

The registered office of the Issuer is at No. 1 The Glades, 78 Armstrong Avenue, La Lucia, KwaZulu-Natal, 4051.

4. Auditor

The auditor of the Issuer is Deloitte & Touche.

5. Activities

On the Issue Date, the Issuer will acquire from the Sellers a portfolio of residential Home Loans (fixed and sectional title) originated by SAHL. The activities of the Issuer will be restricted by the Transaction Documents and will be limited to the issue of the Notes, the ownership of the Home Loans and other assets referred to in this Offering Circular, the exercise of related rights and powers, and other activities referred to in this Offering Circular and the Transaction Documents or reasonably incidental to such activities.

Substantially all of the above activities will be carried out by SAHL, as agent for and on behalf of the Issuer, under the Servicing Agreement, subject to the rights of the Issuer or the Security SPV to revoke the agency upon the occurrence of certain events of default or insolvency or similar events in relation to SAHL.

6. Capitalisation of the Issuer

The following table shows the unaudited capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the full issue of the Notes:

Share capital	
Authorised	
One thousand ordinary shares of R1,00 each	R1 000
One hundred cumulative redeemable preference shares of R1,00 each	R100
Issued	
One hundred ordinary shares of R1,00	R100
One cumulative redeemable preference share of R1,00	R1
Borrowings	
Class A1 Notes	R350 000 000
Class A2 Notes	R277 000 000
Class A3 Notes	R845 000 000
Class B Notes	R92 400 000
Class C Notes	R69 300 000
Class D Notes	R16 500 000
Total Capitalisation	R1 650 200 101

Under the Start-Up Loan Agreement, the Start-Up Loan Provider will lend and advance R34 654 200 to the Issuer on the Issue Date to provide funding for the Reserve Fund, equal to 2.1% of the Principal Amount Outstanding of the Notes. Furthermore, on the Issue Date, in the event that the Issue Date does not fall on a Mortgage Reset Date, the Start-Up Loan Provider will advance to the Issuer an amount sufficient to fund the difference, if any, in cash flows resulting from the JIBAR rate in respect of the Notes which was set for the first Interest Period being higher than the JIBAR rate in respect of the Home Loans which was set on the Mortgage Reset Date in October 2010. In such event, the amount advanced by the Start-Up Loan Provider shall be equal to the difference in rates multiplied by the total Principal Amount outstanding of the Notes, as at the Issue Date, multiplied by the number of days between the Issue Date and the first Interest Payment Date, being 18 January 2011, divided by 365. The Issuer shall repay the unutilised portion of such advance to the Start-Up Loan Provider on the first interest Payment Date in accordance with the Priority of Payments. If the Reserve Fund is not funded at the Reserve Fund Required Amount the Further Loan Period shall terminate (without limiting any other circumstances which cause the Further Loan Period to terminate).

As at the date of this Offering Circular, save as disclosed herein, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The Issuer has not traded at all since the date of its incorporation, being 20 November 2007, and no transactions have occurred during this period.

Save as disclosed in the Offering Circular, the Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes. No further Notes are to be issued by the Issuer following the issue of the Class A Notes, Class B Notes Class C Notes and Class D Notes.

The Servicer and the Servicing Agreement

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Servicer and the Servicing Agreement" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

SAHL is a company with limited liability registered and incorporated in November 2006 in accordance with the laws of South Africa under registration number 2006/035436/07. It is a wholly-owned subsidiary of SAHL Investment Holdings (Proprietary) Limited ("SAHL IH"), a company registered and incorporated in 1998 under the registration number 1998/004570/07. SAHL IH commenced operations in January 1999 under the name South African Home Loans (Proprietary) Limited, and in March 2007 ceded its rights and delegated its obligations under all existing servicing contracts to SAHL. The registered office of SAHL and SAHL IH is at No. 1 The Glades, 78 Armstrong Avenue, La Lucia, KwaZulu Natal, 4051.

SAHL IH has an ordinary share capital totalling R235,432,799.78. SAHL has ordinary share capital of R104,614,540.91.

Shareholders of SAHL IH	Percentage Shareholding
Standard Bank Group Limited	44.237%
JPM International Consumer Holding Inc.	44.237%
Combined Management and Other Holdings	11.526%
Total	100.00%

Shareholders of SAHL	Percentage Shareholding
SAHL Investment Holdings (Proprietary) Limited	100.00%
Total	100.00%

The origination procedures and Credit Criteria followed by SAHL in granting home loans are described under the section "The Home Loan Pool" below.

SAHL will be appointed as Servicer in terms of the Servicing Agreement. The Servicer is required to administer the Home Loan Pool as the agent of the Issuer under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer include, without limitation, the right and obligation to:

- (i) manage the relationship between the Issuer and Borrowers;
- (ii) implement a collections procedure, cancellations procedure, arrears procedure and foreclosure procedure in respect of Home Loans;
- (iii) manage the purchase of the right to repayment of Redraws and the extension of Further Advances and Further Loans by the Issuer;
- (iv) administer the Priority of Payments;
- (v) make the relevant entries in the Principal Deficiency Ledger;
- (vi) administer the funding of the Reserve Fund and, if necessary, the Capital Reserve and the Arrears Reserve;
- (vii) make arrangements for the payment by the Issuer of interest and principal in respect of the Notes subject to terms of the Notes and the availability of funds;
- (viii) provide cash management services to the Issuer;
- (ix) arrange, maintain and make claims under the Insurance Contracts;
- (x) provide computer and information systems management services to the Issuer;
- (xi) provide general company secretarial and administrative services to the Issuer; and

(xii) procure that the Issuer complies with all obligations imposed on it in terms of the Transaction Documents; all on the terms and conditions set out in the Servicing Agreement.

For so long as the Servicer continues to be the Issuer's agent for the administration of the Home Loan Pool, it will be authorised to operate the Bank Accounts for these purposes, as agent for and on behalf of the Issuer, subject to the constraints set out in the Servicing Agreement. Payments under the Home Loans are in the majority of cases collected from Borrowers under a direct debiting system.

The Servicer is entitled to delegate its functions under the Servicing Agreement subject to certain conditions. The Servicer remains liable to the Issuer for the performance of those functions notwithstanding such delegation.

The Servicer is entitled to charge fees for its services under the Servicing Agreement payable on each Interest Payment Date, such fees to be limited to an amount equal to the Senior Servicing Fee and the Subordinated Servicing Fee, calculated on the average daily Principal Balance of the Home Loan Pool during the immediately preceding Collection Period or part thereof, as the case may be, inclusive of VAT.

The appointment of SAHL as Servicer may be terminated by the Issuer (with the consent of the Security SPV) on the happening of certain events of default or insolvency on the part of SAHL or pursuant to a breach by the Servicer of its obligations. The Servicer is entitled to resign on not less than 12 months' written notice. Under the Servicing Agreement, SBSA agrees to act as Standby Servicer and, if SAHL's appointment is terminated, to act as Servicer.

The Standby Servicer is entitled to charge a fee for its services as Standby Servicer under the Servicing Agreement payable on each Interest Payment Date, such fee to be limited to an amount equal to 0.02% per annum of the average daily Principal Balance of the Home Loan Pool during the immediately preceding Collection Period or part thereof, as the case may be, exclusive of VAT. Should the Standby Servicer assume the role of Servicer for whatever reason, the Standby Servicer shall be entitled to charge fees for its services under the Servicing Agreement payable on each Interest Payment Date, such fees to be limited to an amount equal to the Senior Servicing Fee, the Subordinated Servicing Fee and the Management Fee, respectively, calculated on the average daily Principal Balance of the Home Loan Pool during the immediately preceding Collection Period or part thereof, as the case may be, exclusive of VAT. The Management Fee shall be earned and shall accordingly become due in respect of each Interest Period only to the extent that on any Interest Payment Date cash is available for the payment of such fee in accordance with the Priority of Payments. In the event that insufficient cash is available for payment of all or part of any Management Fee on any Interest Payment Date, the Issuer shall not incur any obligation to pay that portion of the Management Fee in respect of which no cash is available on such Interest Payment Date.

If the Standby Servicer assumes the role of Servicer for whatever reason, the Standby Servicer shall be entitled to purchase, at fair market value, all machines and equipment belonging to the Servicer and dedicated to providing the Services, to obtain transfer or assignment from the Servicer of any third party contracts used to provide the Services (to the extent that such contracts are assignable) such as hardware and software maintenance and back-up contracts, disaster recovery contracts, system and applications software licences and equipment rental contracts and, a royalty free licence to use, on a non-exclusive basis, SAHL's proprietary software for the purposes only of the Standby Servicer providing the Services.

The Servicer has disaster recovery systems and back up arrangements in place. The current arrangements include nightly backups of all production data and additional discrete monthly backups, in each case to a secure offsite location. In the event of a "disaster" (for these purposes, any event which disrupts on-line availability for more than 48 consecutive hours), the Servicer software will be loaded on one or more computers in a secure offsite location. The completion of recovery is to take place within 48 hours.

The Servicer undertakes to use its reasonable endeavours to maintain those arrangements without material alteration. Any replacement arrangements which are materially different may not be entered into unless the Security SPV and the Standby Servicer have provided the Servicer with their prior written consent (not to be unreasonably withheld or delayed).

Neither the Servicer nor the Standby Servicer, in their capacity as such, is under any obligation to fund payments owed in respect of the Securitisation Scheme, absorb losses incurred in respect of the Home Loans transferred to the Issuer or otherwise to recompense investors for losses incurred in respect of the Securitisation Scheme.

On each Determination Date the Servicer is entitled, but not obliged, to pay into the Transaction Account an amount (a "Servicer Advance") equal to any instalments owing under a Home Loan but unpaid prior to such Determination Date, but only if the Servicer confirms in writing that, in its reasonable opinion, the failure of the Borrower to make timeous payment of the instalment is for non credit-related reasons and is not due to a lack of funds or an invalid refusal on the part of the Borrower to make that payment. The Issuer shall reimburse the Servicer Advances forthwith upon, but only to the extent that, such late instalments are paid by or on behalf of the relevant Borrower to the Issuer. Such amounts shall be paid as an Excluded Item from available funds in the Transaction Account. The obligations of the Servicer in regard to the advance of

Servicer Advances do not significantly extend beyond the salient features as disclosed in this Offering Circular and the Servicer will not support the Securitisation Scheme beyond such obligations within the meaning of the Securitisation Notice.

On the occurrence of a Notification Trigger Event, the Standby Servicer shall serve on each Borrower and, in the case of Home Loans under Employment Benefit Schemes, each Borrower's employer, a Payment Notice notifying each Borrower and, if applicable, each Borrower's employer of the transfer of all right, title and interest in and to the relevant Home Loan to the Issuer and advising the Borrower and, if applicable, the Borrower's employer to make payment of all amounts due and payable to the Issuer under the Home Loan into the Transaction Account (in the case of the Borrower) and into the Suspense Account (in the case of the Borrower's employer).

In respect of the Home Loans, a bond preparation fee (termed an "Initiation Fee") is charged in respect of each mortgage, which is designed to cover SAHL's costs associated with processing each mortgage.

In terms of the National Credit Act, 34 of 2005, a lender may charge an Initiation Fee provided that such fee is disclosed to the Borrower prior to entering into the Home Loan Agreement.

The Home Loan Pool

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Home Loan Pool" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Origination procedures

SAHL's lending policy is based on individual credit assessment of each application and is applied across the business lines. The process focuses on establishing evidence as to whether the applicant has the ability and willingness to pay the amounts contracted under a Home Loan Agreement. Each applicant's credit history is checked via a credit reference bureau and further screened using an in-house affordability matrix which gives weightings to individual characteristics, including demographic and financial data submitted by the applicant. In addition to credit quality and debt capacity of the applicants, an assessment of the underlying asset value is also conducted.

All valuations of properties securing approved Home Loans are conducted by independent valuation firms registered in terms of the Property Valuers Profession Act 47 of 2000. Each valuation is screened by SAHL. Valuations are audited through a process of second valuation instruction on a random sample basis.

All the Home Loans are amortising principal and interest Home Loans with a variable rate of interest. The credit margin is at least 2,10% above the interest rate base converted to a monthly yield, rounded up to the nearest 0,10%.

The Home Loans originated by SAHL on behalf of the Sellers are for the purchase of immovable residential property (including sectional title property), situated in South Africa against the security of Indemnity Bonds registered over the Properties in favour of and in the name of the Guarantee Trust.

The SAHL home loan approval process is overseen by a central credit committee. The committee comprises two employees of SBSA, one employee of JPM International Consumer Holding Inc and two members of SAHL executive management team. The committee is chaired by an external party, being the Director: Home Loans Credit of Standard Bank, and is responsible for setting and reviewing credit policy in line with the overall credit risk strategy and appetite approved by the board of SAHL IH. The responsibilities of this committee include agreeing product criteria, lending guidelines and limits, and monitoring portfolio performance and trends. All limits assigned by the credit committee are approved by the board. A separate unit, the exception committee, comprising only members of SAHL senior management team, forms the operational arm of the credit committee, monitoring the day-to-day lending activities of the business. The credit committee has delegated credit limits to the exception committee and to credit management. The credit and exception committees therefore act within the limits of authority approved by the board.

SAHL originates home loans via its own sales agents located in its sales offices, via its inbound/outbound call centre located at its head office in La Lucia, KZN, as well as via web based applications. SAHL currently operates 19 sales offices with the main branches in the major metropolitan areas, including East Rand, West Rand, Fourways, Pretoria, Cape Town and Durban, and smaller satellite branches which operate in and service areas such as Port Elizabeth, East London, Nelspruit, Bloemfontein, George, Stellenbosch, Newcastle, Pietermaritzburg, Uvongo, Richards Bay, Rustenburg, Vredenburg, and Witbank.

The SAHL client services centre and client services help desk operate from SAHL' head office located in La Lucia, KZN and serve as a contact point for servicing home loans.

Where an existing Home Loan is refinanced (switched) from another financial institution, the loan is described as a switch loan. The financing of Property not previously owned by the Borrower is described as a new purchase. A loan where 50% of the funds disbursed under the Home Loan Agreement will not contribute to repaying the Home Loan finance previously used to finance the Property is described as a refinanced loan.

Eligibility Criteria

On origination of each Home Loan from time to time, the standard lending policy has been applied. The general criteria that each Home Loan must satisfy in order to qualify for acquisition by the Issuer, include, *inter alia*, the following:

Product:	amortising principal and Standard Variable home loans;
Type:	Residential (freehold or sectional title units in complexes of less than 10 storeys);
Maximum Term:	23 years;
Minimum Loan Amount:	R140 000 (or R75 000 for a Home Loan granted in terms of an approved Employee Benefit Scheme);
Maximum Loan Amount:	R2 500 000;
Security:	Indemnity Bond(s) all registered in favour of the Guarantee Trust (in each case including sectional title bonds), the Indemnity and any other collateral security;
Property:	Residential dwelling located in South Africa;
Applicant:	Individuals, companies, close corporations or trusts;
Fully Performing:	The Home Loan is Fully Performing as at the date of purchase by the Issuer;
Instalments:	At least one full instalment has been received;
Margin:	At least 2.10% above JIBAR (JIBAR being converted to a monthly rate and rounded up to the nearest 0.10%);
LTV Ratio:	Less than 80%;
Age:	Over 18 years of age and under 75 years of age;
PTI Ratio:	Less than 30%;
Homeowner's Insurance:	Borrowers are required to take out and maintain homeowner's insurance cover;
Mortgage Reset Date:	Coincides with Note Reset Date;

The credit committee may, on a case by case basis, exercise its discretion to vary the PTI and LTV Ratios by 1% and such Home Loans may have been acquired by the Issuer.

In terms of the Home Loan Sale Agreement, SAHL warrants that at the Transfer Date of each Initial Home Loan or Substitute Home Loan, and the Related Security in respect of such Initial Home Loan or Substitute Home Loan, and upon the advance of each Further Loan:

- (i) the weighted average LTV Ratio of the Home Loan Pool following the advance of Further Loans does not exceed the weighted average LTV Ratio of the Initial Home Loan Pool by more than 0.5%;
- (ii) the weighted average PTI Ratio of the Home Loan Pool following the advance of Further Loans does not exceed the weighted average PTI Ratio of the Initial Home Loan Pool by more than 0.5%;
- (iii) following the advance of Further Loans, the percentage of the aggregate Principal Balance of Home Loans in the Home Loan Pool secured by non-owner occupied Properties does not exceed 8% of the aggregate Principal Balance of Home Loans in the Home Loan Pool;
- (iv) following the advance of Further Loans, the percentage of the aggregate Principal Balance of Home Loans in the Home Loan Pool advanced to self-employed Borrowers does not exceed 17.5% of the aggregate Principal Balance of Home Loans in the Home Loan Pool;
- (v) following the advance of Further Loans, the Weighted Average Yield of the Home Loan Pool is at least 2.65% above JIBAR.

Historical Data

The following tables set out statistical information representative of the characteristics of the portfolio of Home Loans on the Cut-Off Date, being 9 November 2010. The information is derived from information supplied by each of the Sellers, which reflects the position as of the Cut-Off Date. The characteristics of the Initial Home Loan Pool as at the Issue Date may differ from those set out in the tables as a result of, *inter alia*, repayments of Home Loans prior to the Issue Date.

Distribution of Loans by Original LTV

09 November 2010

LTV Range (%)				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	0	<=	40	513	16.06%	153,778,738	10.26%
>	40	<=	50	378	11.83%	145,513,939	9.71%
>	50	<=	60	480	15.02%	214,025,456	14.28%
>	60	<=	70	660	20.66%	338,483,829	22.58%
>	70	<=	80	1,140	35.68%	633,513,741	42.26%
>	80	<=	90	24	0.75%	13,826,547	0.92%
>	90	<=	100	0	0.00%	0	0.00%
TOTAL				3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Current LTV

LTV Range (%)				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	0	<=	40	578	18.09%	170,097,112	11.35%
>	40	<=	50	385	12.05%	151,403,756	10.10%
>	50	<=	60	497	15.56%	225,483,059	15.04%
>	60	<=	70	639	20.00%	330,177,395	22.02%
>	70	<=	80	1,044	32.68%	594,549,318	39.66%
>	80	<=	90	52	1.63%	27,431,611	1.83%
>	90	<=	100	0	0.00%	0	0.00%
TOTAL				3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Current Principal Balance

Current Principal Balance (ZAR)				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	0	<=	250,000	564	17.65%	108,807,531	7.26%
>	250,000	<=	300,000	318	9.95%	87,278,893	5.82%
>	300,000	<=	400,000	672	21.03%	234,011,226	15.61%
>	400,000	<=	500,000	515	16.12%	231,623,351	15.45%
>	500,000	<=	600,000	384	12.02%	211,686,099	14.12%
>	600,000	<=	700,000	254	7.95%	163,818,004	10.93%
>	700,000	<=	800,000	162	5.07%	121,277,345	8.09%
>	800,000	<=	900,000	114	3.57%	96,927,369	6.47%
>	900,000	<=	1,000,000	76	2.38%	72,075,376	4.81%
>	1,000,000	<=	1,500,000	116	3.63%	135,985,046	9.07%

0

>	1,500,000	<=	3,000,000 0	20	0.63%	35,652,011	2.38%
TOTAL				3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Interest Rate Margin

Interest Margin (%)				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	2.00	<=	2.40	261	8.17%	86,960,030	5.80%
>	2.40	<=	2.50	0	0.00%	0	0.00%
>	2.50	<=	2.60	1,789	55.99%	774,879,208	51.69%
>	2.60	<=	2.70	2	0.06%	912,037	0.06%
>	2.70	<=	2.80	892	27.92%	510,091,486	34.03%
>	2.80	<=	3.00	53	1.66%	17,979,785	1.20%
>	3.00	<=	4.00	198	6.20%	108,319,704	7.23%
TOTAL				3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Months to Maturity

Months Remaining				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	0	<=	90	21	0.66%	5,410,349	0.36%
>	90	<=	120	79	2.47%	24,811,844	1.66%
>	120	<=	150	29	0.91%	9,236,432	0.62%
>	150	<=	180	72	2.25%	33,074,354	2.21%
>	180	<=	210	381	11.92%	132,311,293	8.83%
>	210	<=	240	2,611	81.72%	1,293,369,175	86.27%
>	240	<=	360	2	0.06%	928,804	0.06%
TOTAL				3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Months since Origination

Seasoning (Months)				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	-	<=	18	2,665	83.41%	1,311,652,832	87.49%
>	18	<=	24	48	1.50%	19,467,841	1.30%
>	24	<=	36	231	7.23%	87,716,582	5.85%
>	36	<=	48	156	4.88%	48,830,591	3.26%
>	48	<=	120	95	2.97%	31,474,404	2.10%

TOTAL	3,195	100.00%	1,499,142,251	100.00%
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Distribution of Loans by Employment Indicator

Employment Type		No. of Loans	% of Total	Current Balance (ZAR)	% of Total
1	Employed or full loan is guaranteed	2,483	77.72%	1,144,862,653	76.37%
2	Employed with partial support	319	9.98%	111,772,725	7.46%
3	Protected life-time employment	0	0.00%	0	0.00%
4	Unemployed	0	0.00%	0	0.00%
5	Self employed	393	12.30%	242,506,873	16.18%
6	No employment, borrower is legal entity	0	0.00%	0	0.00%
7	Student	0	0.00%	0	0.00%
8	Pensioner	0	0.00%	0	0.00%
9	Other	0	0.00%	0	0.00%
TOTAL		3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Occupancy Type

Occupancy Type		No. of Loans	% of Total	Current Balance (ZAR)	% of Total
1	Owner occupied	2,940	92.02%	1,385,037,512	92.39%
2	Partially owner occupied	0	0.00%	0	0.00%
3	Non owner occupied	241	7.54%	107,452,631	7.17%
4	Holiday/second home	14	0.44%	6,652,107	0.44%
ND	No data	0	0.00%	0	0.00%
TOTAL		3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Loan Purpose

Loan Purpose		No. of Loans	% of Total	Current Balance (ZAR)	% of Total
1	Purchase	1,108	34.68%	592,538,822	39.53%
2	Remortgage	1,708	53.46%	777,199,436	51.84%
3	Renovation	0	0.00%	0	0.00%
4	Equity release	379	11.86%	129,403,993	8.63%
5	Construction	0	0.00%	0	0.00%
6	Debt consolidation	0	0.00%	0	0.00%
7	Other	0	0.00%	0	0.00%
TOTAL		3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by Region

Region	No. of	% of Total	Current Balance	% of Total
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	Loans		(ZAR)	
GAUTENG	1,249	39.09%	641,792,394	42.81%
EASTERN CAPE	274	8.58%	117,085,574	7.81%
FREE STATE	117	3.66%	45,209,251	3.02%
KWAZULU NATAL	646	20.22%	283,558,068	18.91%
MPUMALANGA	230	7.20%	109,414,880	7.30%
NORTH WEST	48	1.50%	20,671,472	1.38%
NORTHERN CAPE	33	1.03%	12,126,299	0.81%
LIMPOPO	13	0.41%	7,698,475	0.51%
WESTERN CAPE	585	18.31%	261,585,836	17.45%
Unspecified	0	0.00%	0	0.00%
TOTAL	3,195	100.00%	1,499,142,251	100.00%

Distribution of Loans by PTI

PTI Range (%)				No. of Loans	% of Total	Current Balance (ZAR)	% of Total
>	0	<=	10	464	14.52%	166,554,165	11.11%
>	10	<=	15	700	21.91%	298,603,613	19.92%
>	15	<=	20	787	24.63%	374,282,593	24.97%
>	20	<=	25	710	22.22%	374,878,478	25.01%
>	25	<=	30	526	16.46%	280,099,441	18.68%
>	30	<=	40	8	0.25%	4,723,960	0.32%
TOTAL				3,195	100.00%	1,499,142,251	100.00%

Title to the Home Loan Pool

The Initial Home Loan Pool consists of Home Loans originated by SAHL and governed by South African law. Legal title to all the Home Loans in the Initial Home Loan Pool is vested in the Issuer.

The Servicer is required by the Servicing Agreement to ensure the safe custody of the title deeds relating to the Home Loans and to provide the Security SPV with access to them at all reasonable times.

Warranties and Purchase

The Home Loan Sale Agreement contains certain warranties given by Main Street 65, SAHL (in respect of The Thekwini Warehousing Conduit, Main Street 65 and itself) and SAHL IH (in respect of The Thekwini Warehousing Conduit, SAHL, Main Street 65 and itself) to the Issuer in relation to, *inter alia*, the Initial Home Loans and the Substitute Home Loans transferred to the Issuer pursuant to the Home Loan Sale Agreement as at each relevant Transfer Date. The warranties do not relate to the future credit-worthiness of the Borrowers in terms of the Home Loan Agreements and do not relate to matters that do not fall within the control of Main Street 65, SAHL IH and SAHL.

No searches, enquiries or independent investigation of title have been or will be made by the Issuer or the Security SPV, each of whom is relying entirely on the warranties set out in the Home Loan Sale Agreement.

If there is an unremedied breach of any of the warranties set out in the Home Loan Sale Agreement then Main Street 65, SAHL IH or SAHL, as the case may be, will be obliged to pay the Issuer such damages as the Issuer may have suffered in connection with such breach of warranty. Alternatively, SAHL will be obliged to purchase or procure the purchase of the relevant Home Loan, Home Loan Agreement and Related Security for a consideration in cash equal to the outstanding principal and all other sums due or owing thereunder including accrued interest as at the date of purchase and pay to the Issuer such damages as the Issuer may have suffered in connection with such breach of warranty to the extent to which those damages have not been extinguished by that purchase. Payment of damages or performance of such purchase and payment of damages (if applicable) will be in full satisfaction of the liabilities of Main Street 65, SAHL IH or SAHL, as the case may be, in respect of the relevant breach. Alternatively, as consideration for such purchase, SAHL may elect to transfer or may procure that an affiliate of SAHL will transfer another Home Loan originated by SAHL and complying with the Eligibility Criteria applicable to the Initial Home Loans ("Substitute Home Loan") with an Adjusted Balance equal to or greater than the amount of such cash consideration provided however that the Substitute Home Loan complies with certain conditions set out in the Home Loan Sale Agreement. "Adjusted Balance" means, in respect of any Substitute Home Loan, the original principal amount advanced to the Borrower thereunder plus any Redraw and Further Advance and Further Loan made thereon less any Prepayment, Repayment, or payment of or in respect of any of the foregoing prior to the date on which it is proposed such Substitute Home Loan be transferred to the Issuer. SAHL may only offer a Substitute Home Loan to the Issuer if the aggregate outstanding Principal Balances of the Home Loans comprising the Home Loan Pool on the immediately preceding Determination Date and the outstanding Principal Balance of the Substitute Home Loan offered plus the aggregate Potential Redraw Amount with respect to the Home Loans comprising the Home Loan Pool on the immediately preceding Determination Date and the Substitute Home Loan offered does not exceed the sum of (i) the aggregate outstanding Principal Balances of the Home Loans comprising the Home Loan Pool and (ii) the aggregate potential Redraw Amount with respect to such Home Loans each as at the Determination Date immediately preceding the last Interest Payment Date.

The warranties of Main Street 65, SAHL IH and SAHL referred to above include warranties that, prior to making an advance to a Borrower, the Borrower complied in full with all the Credit Criteria.

Save as set out above, the Issuer has no right of recourse against SAHL, SAHL IH, Main Street 65, The Thekwini Warehousing Conduit or any other entity acting in a primary role, in respect of losses incurred in connection with the Home Loans after the transfer thereof in terms of the Securitisation Scheme.

Sale of Home Loans by the Issuer to SAHL

SAHL has an option to purchase (or to nominate a third party to purchase, which third party shall not be the Seller from whom the Issuer acquired the relevant Home Loan) from the Issuer one or more non-Performing Home Loans from time to time; provided that a Cumulative Loss Trigger Event shall not have occurred and be continuing.

Enforcement Procedures

SAHL has established procedures for managing loans which are in arrears, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. The procedures permit discretion to be exercised by the appropriate officer of SAHL in many circumstances. These same procedures as from time to time varied with the consent of, *inter alia*, the Security SPV, are required to be used by the Servicer in respect of arrears arising on the Home Loans.

The Standby Servicer

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Standby Servicer" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

SBSA is regulated by the South African Reserve Bank and is an Authorised Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002 and a Registered Credit Provider in terms of the National Credit Act, 34 of 2005. SBSA is a wholly owned subsidiary of Standard Bank Group Limited, which is listed on the JSE under the code "SBK". Full financial statements of SBSA are available on the website <http://www.standardbank.com> under the section entitled "Investor Relations".

In the event that SAHL is unable to meet its commitments as Servicer of the Issuer's portfolio, SBSA has undertaken to provide the necessary resources to be able to take over the administration of the Issuer's portfolio using SAHL's back-up systems and back-up hardware facilities. These arrangements would facilitate implementation of standby processing of client accounts within 30 days and all cash administration functions, including any immediate obligations of the Issuer to make interest and/or swap payments, within 3 days.

Estimated Average Lives of the Notes

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Estimated Average Lives of the Notes" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

The average lives of the Notes cannot be predicted, as the actual rate of Repayments, Prepayments, Redraws, Further Advances and Further Loans under the Home Loans, and a number of other relevant factors, are unknown.

Calculations of the estimated average lives of the Notes can be made based on certain assumptions. For example, based on the assumption that:

- (i) the option to redeem the Notes in accordance with Condition 7.3.1 is exercised on the Interest Payment Date falling on 18 January 2015 and that the Further Loan Period ends on the Coupon Step-Up Date;
- (ii) the Home Loans are subject to total repayments (net of Redraws and Further Advances) at annualised rates expressed as a percentage of the Principal Balances of the Home Loans assumed to fall into the range indicated below;
- (iii) total repayments on the Home Loans are expected to partially represent Repayments and partially Prepayments. The resulting annualised rate is assumed to fall into the range indicated below;
- (iv) the rate of repayment on the Notes is assumed to equal the total repayment on the Home Loans (net of Redraws and Further Advances);
- (v) there are no enforcements of Related Security or Security after the Issue Date;
- (vi) no Home Loan is sold by the Issuer;
- (vii) no Notes are purchased by the Issuer;
- (viii) the Home Loans continue to be Fully Performing; and
- (ix) no Principal Deficiency arises.

Assumed Rate of total repayment on the Home Loans (CPR (annual))	5%	10%	15%	20%
Estimated Average Life of Class A1 Notes (years)	1.23	0.76	0.54	0.41
Estimated Average Life of Class A2 Notes (years)	3.62	2.54	1.87	1.47
Estimated Average Life of Class A3 Notes (years)	4.00	3.97	3.79	3.55
Estimated Average Life of Class B Notes (years)	4.00	4.00	4.00	3.92
Estimated Average Life of Class C Notes (years)	4.00	4.00	4.00	3.92
Estimated Average Life of Class D Notes (years)	4.00	4.00	4.00	3.92

Assumption (i) reflects the current intention of the Issuer but no assurance can be given that redemption of the Notes will occur as described.

Assumptions (ii) and (iii) state the annualised Repayment and Prepayment rates on the Home Loans. Each of these rates may substantially vary from one Interest Period to another. The annualised Repayment and Prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for such Home Loans.

Assumption (iv) states annualised repayment rates on the Notes during and after the Further Loan Period. Each of these rates may substantially vary from one Interest Period to another. The annualised repayment rates on the Notes shown are purely illustrative and do not reflect the full range of possibilities for such rates.

Assumptions (v), (vi), (vii), (viii) and (ix) relate to circumstances which are not predictable.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the above assumptions and estimates will prove in any way to be realistic and the above estimated average lives must therefore be viewed with caution.

Settlement, Clearing and Transfers

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Settlement, Clearing and Transfers" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Notes held in the Central Securities Depository

Clearing systems

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and issued in uncertificated form, will be cleared through the Central Securities Depository which, as the operator of an electronic clearing system, has been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Each such Tranche of Notes will be issued, cleared and transferred in accordance with the Applicable Procedures and the Conditions. Each such Tranche of Notes will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Securities Depository. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

Participants

As at the Programme Date, the Participants which are approved by the JSE, in terms of the rules of the JSE, as settlement agents to perform electronic settlement of funds and scrip are the South African Reserve Bank, Absa Bank Limited, 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 Participant.

Settlement and clearing

Notes issued in uncertificated form

The Issuer will, subject to Applicable Laws, issue Notes that are to be listed on the Interest Rate Market of the JSE 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 each Tranche of Notes issued in uncertificated form, subject to the Securities Services Act and the Applicable Procedures. Each Tranche of 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 Tranche of 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 held 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.

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.

Payments of interest and principal in respect of Notes held in uncertificated form, and registered in the name of the Central Securities Depository's Nominee, will be made in accordance with Condition 9 to the Central Securities Depository's Nominee, or such other registered holder of the uncertificated Notes as shown in the 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. The registered holder of such uncertificated Notes will in turn transfer such funds, via the Participants, to the holders of Beneficial Interests.

Each of the persons shown in the records of the Central Securities Depository and the relevant Participant, as the case may be, as the holders of Beneficial Interests will look solely to the Central Securities Depository's Nominee or the relevant Participant, as the case may be, for such person's share of such payment so made by the Issuer to, or to the order of, the registered holder of such Notes.

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.

Transfers and exchanges

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.

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

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 13.4.

Individual Certificates

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

Notes represented by Individual Certificates may be transferred only in accordance with the Conditions.

Payments of interest and principal in respect of Notes represented by Individual Certificates will be made in accordance with Condition 9 to the person reflected as the registered holder of such Individual Certificates in the Register at 17h00 (Johannesburg time) on the Record Date, 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.

The BESA Guarantee Fund

Claims against the the BESA Guarantee Fund may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the the BESA Guarantee Fund.

South African Taxation

The comments below are intended as a general guide to the current position under the laws of South Africa. The contents of this section headed "South African Taxation" do not constitute tax advice and persons should consult their professional advisers.

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "South African Taxation" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

1. Securities Transfer Tax

No securities transfer tax will be payable, in terms of the South African Securities Transfer Tax Act, 2007, in respect of either the issue of the Notes or on the subsequent transfer of the Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act.

2. Income Tax

2.1 Nature of any original issue discount or premium

Any original issue discount to the face value of the Notes will be treated as interest for tax purposes and will be deemed to accrue to the Noteholder on a day-to-day basis until maturity or until such time as such Noteholder disposes of its beneficial interest in the Note. The amount to be included in the Noteholder's taxable income is normally calculated on a yield to maturity basis.

Any original issue premium will be added to the face value of the Notes to determine the initial amount which will be used to determine the interest which is deemed, under Section 24J of the Income Tax Act, 1962, to have been incurred or to have accrued in respect of the Notes.

2.2 Position in respect of the current tax year

Under current taxation law in South Africa:

- (a) a person ordinarily resident in South Africa will, subject to any available exemptions, be taxed on their worldwide income; and
- (b) a person not ordinarily resident in South Africa will be exempt from tax in South Africa on any interest received or accrued on the Notes, unless that person:
 - (i) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate in the tax year; or
 - (ii) at any time during this tax year carried on business through a permanent establishment in South Africa.

3. Capital gains

Any subsequent disposal of the Notes by a Noteholder who is resident in South Africa prior to their redemption may be subject to Capital Gains Tax, where applicable.

Capital gains are taxable at normal tax rates, but in the case of a natural person only 25% of the gain is taxable, and in the case of companies and trusts, 50% of the capital gain is taxable.

Noteholders who are not tax resident in South Africa will generally not be subject to capital gains tax (if any) on the disposal of Notes unless the Notes are assets of a trading permanent establishment of such non-resident located in South Africa.

Exchange Control

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Exchange Control" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Non-South African Resident Noteholders and Emigrants from the Common Monetary Area

Dealings in the Notes, the performance by the Issuer of its obligations under the Notes and the performance by the Security SPV of its obligations under the Guarantee, may be subject to the Regulations.

Blocked Rand

Blocked Rand may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Blocked Rand may not, in terms of the Regulations, be remitted out of South Africa or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

Any individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "emigrant". Such restrictively endorsed individual Certificates will be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such emigrant will be designated as an "emigrant" account.

Any payments of interest and/or principal due to an emigrant Noteholder will be deposited into such emigrant's Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Regulations.

Non-residents of the Common Monetary Area

Any individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such Noteholder will be designated as a "non-resident" account.

It will be incumbent on any such non-resident to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Certificate or securities account is designated "non-resident".

For the purposes of these paragraphs: the **Common Monetary Area** comprises South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland; **Blocked Rand** means funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account. The relevant legislation relating to Blocked Rand is the Regulations promulgated under the Currency and Exchanges Act, 1933.

Subscription and Sale

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in the section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "Subscription and Sale" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

The Manager has, pursuant to a Subscription Agreement dated on or about 30 November 2010, agreed to use its reasonable commercial endeavours on behalf of the Issuer to solicit offers for subscription for the Notes, and, subject to the satisfaction of certain conditions, to underwrite the subscription for the Notes. The Manager is entitled to terminate the Subscription Agreement in certain circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Manager against certain liabilities in connection with the placing of and subscription for the Notes.

The Notes will be delivered to subscribers on 1 December 2010 (the "Closing Date") through the settlement system of the Interest Rate Market of the JSE. The Manager may, however, procure subscriptions in respect of the Notes before the Closing Date. Such transactions will be for settlement on the Closing Date and will be subject to the condition that the Subscription Agreement is not terminated before the time on which such transactions are to be settled on the Closing Date. If the Subscription Agreement is terminated before that time for any reason the transactions in the relevant Class of Notes shall also terminate and, save as set out in the Subscription Agreement, no party thereto shall have any claim against any other party as a result of such termination.

Republic of South Africa

The Manager has represented and agreed that it will not offer any Notes for subscription or sale in South Africa in contravention of the Companies Act, 1973, or the Banks Act, 1990, and any regulation promulgated thereunder. The Manager has further agreed that the Notes will not be offered for subscription to any single addressee for an amount of less than R1 000 000.

United States of America

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from and not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Manager has represented and agreed that:

- (i) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (ii) it has not offered, sold or delivered any Notes and will not offer, or sell or deliver, any Notes within the United States except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act; and
- (iii) it, its affiliates and any persons acting on its or any of its affiliates' behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes and it, its affiliates and any persons acting on its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

United Kingdom

The Manager has represented and agreed that:

- (i) it has not offered or sold, and prior to the expiry of a period six months from the Issue Date and it will not offer or sell, any Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring,

holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 of the United Kingdom;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the Issuer or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the prospectus directive (each, a "Relevant Member State"), each of the Issuer and Dealer(s) has represented and agreed that, with effect from and including the date on which the prospectus directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made, and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which prospectus has been approved by the competent authority in that Relevant Member State in accordance with the prospectus directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the prospectus directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the prospectus directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the prospectus directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

The Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, subscribes or procures subscriptions for, offers or sells Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales.

None of the Issuer or the Manager represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

General Information

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in this Offering Circular. The other Transaction Documents (as defined in this section "Terms and Conditions of the Notes"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Offering Circular. Such documents are available for inspection by Noteholders, as provided for below. Words used in this section headed "General Information" shall bear the meanings as used in the Conditions and as defined elsewhere in this Offering Circular, except to the extent that they are separately defined in this section or the context otherwise requires.

Authorisation

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 Notes and for the Issuer to undertake and perform its respective obligations under the Subscription Agreement and 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 Notice.

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

The Issuer shall deliver a copy of the final Offering Circular to the Registrar of Banks as soon as practical after its publication. A copy of the auditor's report has been delivered to the Registrar of Banks, as required.

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 Notes, on the Debt Securities Market of the JSE under stock code numbers , THE8A1, THE8A2, THE8A3, THE8B1, THE8C1 and THE8D1 respectively. The application for listing was granted with effect from 1 December 2010.

Clearing systems

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

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, FirstRand Bank Limited, Nedbank Limited and SBSA. 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.

Significant change

The Issuer has not traded at all since the date of its incorporation on 20 November 2007 and no transactions have occurred from the date of incorporation to the date of this Offering Circular.

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 available for inspection by Noteholders, or other prospective investors with the prior approval of the Servicer, during normal office hours after the date of this Offering Circular, at the offices of the Servicer, situated at No. 1 The Glades, 78 Armstrong Avenue, La Lucia, KwaZulu-Natal, 4051:

- (i) The memorandum and articles of association of the Issuer;
- (ii) The memorandum and articles of association of SAHL;
- (iii) The memorandum and articles of association of the Security SPV;
- (iv) The trust deed of the Owner Trust;
- (v) The trust deed of the Security SPV Owner Trust;
- (vi) The Owner Trust Suretyship;
- (vii) The Security Cessions;
- (viii) The Pledge;
- (ix) The Common Terms Agreement;
- (x) The Home Loan Sale Agreement;
- (xi) The Servicing Agreement;
- (xii) The Redraw Facility Agreement;
- (xiii) The Start-Up Loan Agreement;
- (xiv) The Bank Agreement;
- (xv) The Security SPV Guarantee;
- (xvi) The Issuer Indemnity;
- (xvii) The Preference Share Subscription Agreement; and
- (xviii) The Subscription Agreement.

A copy of this Offering Circular is available on the JSE's website, www.jse.co.za.

Signed at Durban on behalf of The Thekwini Fund 8 (Proprietary) Limited on 1 December 2010

Director

Signed at Durban on behalf of The Thekwini Fund 8 (Proprietary) Limited on 1 December 2010

Director

Accountants' Report

The following is the text of the letter by the auditors of the Issuer to the Issuer, confirming that the issue of the Notes complies in all respects with the provisions of the Securitisation Notice:

"INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE THEKWINI FUND 8 (PROPRIETARY) LIMITED ON COMPLIANCE OF THE PROPOSED ISSUE BY THE THEKWINI FUND 8 (PROPRIETARY) LIMITED OF R1 650 000 000 SECURED FLOATING RATE NOTES, 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 R1 650 000 000 secured floating rate Notes (the "**Notes**") by The Thekwini Fund 8 (Proprietary) Limited (the "**Issuer**"), as documented in the Offering Circular dated 1 December 2010 (the "**Offering Circular**"), will be compliant with the relevant provisions of the Securitisation Regulations.

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

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 Offering Circular 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 causes us to believe 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 and the conduct of the scheme as described in the Offering Circular.

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
Per Andre Pottas
Partner
[•]"

Corporate Information

ISSUER

The Thekwini Fund 8 (Proprietary) Limited
(Registration number 2007/033225/07)
No. 1 The Glades
78 Armstrong Avenue
La Lucia, 4051
Contact: Ms Ursula Schei

ARRANGER, MANAGER, BOOKRUNNER AND SPONSORING MEMBER

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg, 2001
Contact: Mr Mike Brunke

SETTLEMENT AGENT

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
25 Sauer Street
Johannesburg, 2001
Contact: Ms Mary Naidoo

TRANSFER SECRETARY

SA Home Loans (Proprietary) Limited
(Registration number 2006/035436/07)
No. 1 The Glades
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La Lucia, 4051
Contact: Ms Ursula Schei

REDRAW FACILITY PROVIDER

The Standard Bank of South Africa Limited
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Contact: Mr Mike Brunke

ATTORNEYS TO ARRANGER

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Contact: Mrs Karen Couzyn/Ms Olga Meshoe

AUDITORS TO ISSUER

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Deloitte & Touche Place
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Pencarrow Park
La Lucia Ridge Office Estate
La Lucia, 4051
Contact: Mr Andre Pottas

SECURITY SPV

The Thekwini Fund 8 Security SPV (Proprietary) Limited
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c/o Maitland Trustees (Proprietary) Limited
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Contact: Mr David Gibbon

LEGAL ADVISOR TO THE ISSUER

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