

provides Vehicle tracking services in the event of the loss or theft of such Vehicle which contract is evidenced by an application form and installation certificate;

"Weighted Average Asset Margin" in relation to the Participating Asset Pool, the aggregate of the average Asset Margin of all Participating Assets weighted against the current aggregate Outstanding Balances of Participating Assets;

"Written Off Asset" a Participating Asset in respect of which the applicable account was written off in accordance with the Collections Procedures and in respect of which the Outstanding Balance has accordingly been reduced to zero and which is reflected as such in the Servicer Report;

- 2 words denoting the singular number only shall include the plural number also and *vice versa*, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and *vice versa*;
- 3 any reference to any statute, regulation or other legislation shall be a reference to the legislation as same may be amended, re-enacted or replaced from time to time; and
- 4 any reference to an agreement (including a Transaction Document) or annexure to an agreement (including a Transaction Document) shall be a reference to that agreement (including a Transaction Document) 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.

TERMS AND CONDITIONS OF THE NOTES

The following are the Conditions of the Notes which will be incorporated by reference with respect to each Note issued.

1 Interpretation

Capitalised terms and expressions used in these Conditions and not otherwise defined in these Conditions shall have the meanings ascribed to such terms and expressions in the section headed "*Glossary of Defined Terms*".

2 Issue

2.1 Further Tranches of Notes may be issued by the Issuer pursuant to the Programme during the Revolving Period without requiring the consent of Noteholders, provided that:

2.1.1 **Programme Agreement:** the conditions precedent in the Programme Agreement have been fulfilled;

2.1.2 **Rating Affirmation:** if the Rating Agency has assigned a Rating to any Tranche of Notes (in the event of Rated Notes), such Rating Agency, upon written request by the Issuer, confirms in writing the respective current Ratings of such Tranches of Notes (in the event of Rated Notes) issued;

2.1.3 **Coupon Step-Up and Final Redemption Dates:** the Coupon Step-Up Date and Final Redemption Date, respectively, of the Notes to be issued are the same as the Coupon Step-Up Date and Final Redemption Date of the Tranches of Notes in issue;

2.1.4 **Dilution of Credit Enhancement:** in respect of any Tranche of Notes, the level of credit enhancement in respect of such Tranche of Notes is at least equal to the level of credit enhancement of the Notes that were in issue as at the Initial Issue Date; and

2.1.5 **Proportion of Class A1 Note:** where applicable, the proportion of the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal to the Class A1 Note) relative to the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal to the Class A2 Note), the Class A3 Notes (including each Series of Class A Notes assigned a Designated Class A3 Ranking equal to the Class A3 Notes), the Class B Notes, the

Class C Notes, the Class D Notes and the Class E Notes after each issue of new Notes cannot increase to more than the same proportion as on the Initial Issue Date plus 5%.

- 2.2 A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme. A Series of Notes may, together with a further Series of Notes or more than one Series of Notes, form a Class of Notes issued under the Programme.
- 2.3 The Noteholders are, by virtue of their subscription for or purchase of the Notes, deemed to have notice of and are entitled to the benefit of, and are subject to, all the provisions of the Transaction Documents. In the event of a conflict between any provision of the Terms and Conditions and the provision of a Transaction Document, the provision in the Terms and Conditions shall prevail.
- 2.4 The Applicable Pricing Supplement for each Tranche of Notes is incorporated in these Conditions for the purposes of those Notes and supplements these Conditions. The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement these Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with these Conditions, replace, modify or supplement these Conditions for the purpose of that Tranche of Notes.
- 2.5 Notwithstanding the Priority of Payments, the proceeds of the issue of any Tranche of Notes and the Subordinated Loan will, except as otherwise expressly permitted in the Applicable Pricing Supplement, only be used to purchase Participating Assets funded with, *inter alia*, proceeds of the Notes issued on the Issue Date and the Subordinated Loan and Pre-Funded Participating Assets during the Pre-Funding Period in accordance with the provisions of the Sale Agreement.

3 Form and Denomination

- 3.1 Notes will be issued in registered form with a minimum denomination of ZAR1 000 000 each and otherwise in such denominations as may be determined by the Issuer and as specified in the Applicable Pricing Supplement.
- 3.2 Payments (whether in respect of interest or principal) on Notes may be determined by reference to such fixed or floating rates as may be specified in the Applicable Pricing Supplement. Notes may be issued with such other characteristics as may be specified in the Applicable Pricing Supplement.

- 3.3 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 33 of the Financial Markets 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 Financial Markets Act and the Applicable Procedures.
- 3.4 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 Financial Markets 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 Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.
- 4.2 Beneficial Interests in Notes held in uncertificated form may, in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the securities accounts of Participants. Such transfers will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of 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 Agent 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 Programme Memorandum 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 E Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of the Class D Noteholders (whether in respect of principal, interest or otherwise). 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 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, the claims of Class A Noteholders will rank *pari passu* and *pro rata* in respect of interest only. After delivery of an Enforcement Notice, the claims of the Class A Noteholders (whether in respect of principal, interest or otherwise) shall rank *pari passu* and *pro rata* 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 Unless specified otherwise in the Applicable Pricing Supplement, the Notes of each Class rank *pari passu* and *pro rata* among themselves.

6 Issuer's undertakings

- 6.1 **Comply with obligations**

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

6.2 Positive undertakings

The Issuer undertakes that it shall:

- 6.2.1 **(Accounting Records)** prepare proper and adequate accounting records and lodge returns in accordance with generally accepted accounting practice and the Companies Act;
- 6.2.2 **(Accounts)** provide to the Security SPV and the Rating Agency (in the event of Rated Notes) its audited financial statements for each financial year within 90 days of the end of that year;
- 6.2.3 **(other information)** promptly give to the Security SPV such information relating to the financial condition or operations of the Issuer as the Security SPV may from time to time reasonably request, except for such information the disclosure of which would contravene Applicable Law or render the Issuer in breach of any confidentiality obligation;
- 6.2.4 **(Taxes)** pay all Taxes (other than Taxes disputed by the Issuer in good faith) when due;
- 6.2.5 **(Event of Default)** notify the Security SPV and the Rating Agency (in the event of Rated Notes) of the occurrence of any Event of Default, as soon as it becomes aware of it;
- 6.2.6 **(separate entity)** always hold itself out as an entity which is separate from any other entity or group of entities, and correct any misunderstanding known to the Issuer regarding its separate identity; and
- 6.2.7 **(notification to Rating Agency (in the event of Rated Notes))** notify the Rating Agency of the occurrence of any of the following:
 - 6.2.7.1 should the Security SPV be requested to give its consent to anything in relation to the Transaction Documents and the response of the Security SPV to such request;
 - 6.2.7.2 should the Issuer and a Dealer agree to issue Notes in a form not contemplated by the Conditions;

- 6.2.7.3 should a new Programme Memorandum or a supplement to the Programme Memorandum be issued by the Issuer.

6.3 **Negative undertakings**

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

- 6.3.1 **(negative pledge)** create or permit to subsist any Encumbrance (unless arising by operation of law) upon the whole or any part of its assets, present or future, save for any Encumbrance upon the assets pursuant to the Security Agreements;
- 6.3.2 **(disposal of assets)** transfer, sell, exchange, realise, alienate, lend, part with or otherwise dispose of, or deal with, or grant any right of first refusal, option or present or future right to acquire any of its assets or any interest, right, title or benefit therein, save as in accordance with any Transaction Document;
- 6.3.3 **(winding-up)** cause itself to be voluntarily wound-up or placed under supervision by a business rescue practitioner;
- 6.3.4 **(restrictions on activities)** engage in any activity which is not in terms of or necessarily incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
- 6.3.5 **(shares)** issue any further shares or repurchase shares, except those Preference Shares created pursuant to the Transaction Documents which:
- 6.3.5.1 have no rights which conflict with the rights of Noteholders; and
- 6.3.5.2 are subordinated in all respects to the rights of Noteholders;
- 6.3.6 **(dividends)** authorise the payment of, or pay, any dividend or other distribution to its shareholders, except any preference dividend, and any Tax thereon, payable in accordance with the Priority of Payments and pursuant to the Transaction Documents;
- 6.3.7 **(bank accounts)** open or operate any bank accounts, other than the bank accounts opened in terms of the Transaction Documents;
- 6.3.8 **(Derivative Contracts)** enter into any Derivative Contract, unless the Derivative Counterparty meets the Rating Agency hedging criteria from time to time;

- 6.3.9 **(no payment)** make or attempt or purport to make any payment in respect of a Note or other amount owing prior to the date on which the payment is due for payment in terms of the Priority of Payments;
- 6.3.10 **(borrowings)** raise or incur any obligation, whether as principal or surety, for the payment or repayment of money, whether present or future, actual or contingent, other than as envisaged in the Transaction Documents;
- 6.3.11 **(other financial accommodation)** grant any guarantee or other assurance whatsoever against financial loss or allow any such guarantee or assurance to be outstanding in connection with any money borrowed or raised by any person other than as part of the Issuer's business;
- 6.3.12 **(general acts)** do any of the following things:
- 6.3.12.1 register any transfer of shares in its issued share capital;
- 6.3.12.2 amend its memorandum of incorporation;
- 6.3.12.3 engage any employees;
- 6.3.12.4 have or acquire any Subsidiaries;
- 6.3.12.5 occupy any premises;
- 6.3.13 **(Transaction Documents)**
- 6.3.13.1 cancel or amend any Transaction Documents;
- 6.3.13.2 grant a waiver in respect of any Transaction Document;
- 6.3.13.3 discharge or release any person from their obligations under any Transaction Document if that person has not performed its obligations in full;
- 6.3.13.4 novate or assign any Transaction Document;
- 6.3.13.5 cede any of its rights or delegate any of its obligations under any Transaction Document;
- other than in terms of the Transaction Documents; or
- 6.3.14 **(other transactions)** enter into any document, agreement or arrangement other than in terms of the Transaction Documents.

- 6.4 In giving any consent to the foregoing, the Security SPV may require the Issuer to make such modifications or additions to the Conditions and/or to the provisions of any of the Transaction Documents (subject to Condition 17) or may impose such other conditions or requirements as the Security SPV may deem expedient (in its absolute discretion) in the interests of the Secured Creditors, including the Noteholders; provided that the Rating Agency is (in the event of Rated Notes) furnished with at least 5 Business Days' prior written notice of the proposed action.

7 Redemption and purchases

7.1 Maturity

- 7.1.1 The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes shall mature and shall be redeemed at their Principal Amount Outstanding (together with interest accrued thereon) on the Final Legal Maturity Date.
- 7.1.2 The Issuer shall not be entitled or obliged to redeem the Notes in whole or in part prior to the Final Legal Maturity Date, except as provided below.

7.2 Mandatory redemption in part

- 7.2.1 The Notes of each Class will be subject to mandatory redemption in part from time to time:
- 7.2.1.1 during the Revolving Period, if:
- 7.2.1.1.1 there are no or insufficient Additional Participating Assets offered to the Issuer for purchase; or
- 7.2.1.1.2 the Pre-Funding Amount is not fully utilised to purchase Pre-Funded Participating Assets within the Pre-Funding Period, in which event such amount shall be added to the Redemption Amount and applied in partial redemption of the Notes on each Interest Payment Date occurring after the Pre-Funding Period; or
- 7.2.1.1.3 the balance in the Capital Reserve (excluding amounts recorded in the Pre-Funding Ledger) exceeds 10% of the Principal Amount Outstanding of all the Notes in issue, in which event an amount equal to such excess shall be added to the Redemption Amount and applied in partial redemption of the Notes on each Interest Payment Date;

7.2.1.2 after the expiry of the Revolving Period, on each Interest Payment Date occurring thereafter. In relation to the balance in the Capital Reserve, all amounts in excess of R5 000 000 shall be added to the Redemption Amount and applied in partial redemption of the Notes on each Interest Payment Date. On the Final Redemption Date, any balance remaining in the Capital Reserve as at the preceding Interest Payment Date will be applied towards the repayment of the Principal Amount Outstanding of all the Notes,

in each case (where applicable) to the extent that on the relevant Interest Payment Date the Issuer has available funds for this purpose in accordance with the Priority of Payments.

7.2.2 The principal amount redeemable in respect of each Note on each Interest Payment 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 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 16 (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Rated Notes (and, if the Issuer so elects in its discretion on the applicable Interest Payment Date, any unrated 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 such Notes, as determined by the Administrator in accordance with the Priority of Payments and with due regard to the relevant provisions contained in the section entitled "*Credit Structure*".

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 that have been issued at any time, and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Notes at their 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.

- 7.3.3 The Issuer will, subject to the Security SPV's prior written consent (but without requiring the consent of the Noteholders), be entitled, upon giving the Refinancing Notice to the Noteholders at any time during the Refinancing Period, to issue Refinancing Notes in order to redeem all, but not some only, of the Refinanced Notes; provided that a Refinancing Notice may not be given less than 10 days prior to the proposed date on which the Refinanced Notes will be redeemed ("**Refinance Date**") unless all of the holders of the Refinanced Notes consent thereto in writing. The Issuer will be entitled to withdraw its Refinancing Notice at any time prior to the issue of the Refinancing Notes and, following such withdrawal, will not be entitled to issue any further Tranche of Notes for the purpose mentioned in this Condition 7.3.3 with respect to such Refinanced Notes and will not be obliged to redeem the Refinanced Notes on the Refinance Date, unless a new Refinancing Notice is issued no later than 3 Business Days prior to the proposed new Refinance Date, provided that such proposed new Refinance Date falls on a Business Day during the Refinancing Period or on any Interest Payment Date following the expiry of the Refinancing Period or as otherwise expressly provided for in the Conditions. Notwithstanding the Priority of Payments, the proceeds of the issue of any Refinancing Notes will, subject to investment in Permitted Investments and as otherwise may be expressly permitted in the Applicable Pricing Supplement, only be used to redeem the Refinanced Notes; and no Noteholder (other than Noteholders of the Refinanced Notes) or any other creditor of the Issuer will have any claim to such proceeds. The proceeds of the issue of any Refinancing Notes may, pending application in accordance with the aforesaid, only be invested by the Issuer in Permitted Investments, being in all cases Permitted Investments having maturity date(s) at least 2 Business Days prior to the Refinance Date.

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 Participating Assets 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 Obligors in respect of such Participating Assets are not obliged to pay such additional amounts as shall be necessary in order that the net amounts received by the Issuer after such withholding or deduction are equal to the respective amounts of principal or interest which would otherwise have been receivable in the absence of such withholding or deduction; and each of (i) and (ii) cannot be avoided by the Issuer taking reasonable measures available to it; or

7.4.1.2 as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax becoming effective after the Issue Date the Issuer is or would be required to deduct or withhold from any payment of principal or interest on the Notes any amounts as provided or referred to in Condition 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 16 (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) and the Final Redemption Date, the holder of a Certificate, in respect of a Note to be redeemed (in part or in whole, as the case may be) shall deliver to the Transfer Agent the Certificates to be redeemed. This will enable the Transfer Agent to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.

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 Agent in accordance with the Conditions will be so presented and/or surrendered at the specified office of the Transfer Agent.

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 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 16, notify Noteholders, the Central Securities Depository and the JSE, on each Record Date of the Redemption Amount payable on the following Interest Payment Date.

8 Interest

8.1 Interest on Fixed Rate Notes

8.1.1 *Rate of Interest*

Each Fixed Rate Note will bear interest on the aggregate Principal Amount Outstanding, at the rates per annum equal to the Coupon Rate, from and including the Interest Commencement Date to but excluding the Coupon Step-Up Date. If the Coupon Step-Up Date occurs, each Fixed Rate Note will bear interest on the aggregate Principal Amount Outstanding, at the rates per annum equal to the Coupon Step-Up Rate, from and including the Coupon Step-Up Date to but excluding the Final Redemption Date.

8.1.2 *Interest Payment Dates*

The interest due in respect of each Interest Period will be payable in arrears on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date.

8.1.3 *Calculation of Interest Amount*

The Calculation Agent will calculate the Interest Amount payable in respect of each Tranche of Fixed Rate Notes for each Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, the Interest Amount for half yearly interest payments shall be calculated by multiplying the Rate of Interest by the Principal Amount Outstanding of the Fixed Rate Note and then dividing such product by 2 (the resultant sum will be rounded to the nearest cent, half a cent being rounded upwards), provided that:

8.1.3.1 if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal such Initial Broken Amount; and

8.1.3.2 if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal such Final Broken Amount.

Save as provided in the preceding paragraphs, if interest is required to be calculated for a period other than one year (in the case of annual interest payments) or other than 6 months (in the case of semi-annual interest payments), as the case may be, such interest shall be calculated on the basis of the actual number of days (including the first day and excluding the last day) in such period divided by 365.

8.2 Interest on Floating Rate Notes

8.2.1 *Rate of Interest*

Each Floating Rate Note will bear interest on the aggregate Principal Amount Outstanding, at the rates per annum equal to the Coupon Rate, from and including the Interest Commencement Date to but excluding the Coupon Step-Up Date. If the Coupon Step-Up Date occurs, each Floating Rate Note will bear interest on the aggregate Principal Amount Outstanding, at the rates per annum equal to the Coupon Step-Up Rate, from and including the Coupon Step-Up Date to but excluding the Final Redemption Date.

8.2.2 *Interest Payment Dates*

The interest due in respect of each Interest Period will be payable in arrears on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

8.2.3 *Determination of Rate of Interest and calculation of Interest Amount*

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

8.2.4 *Basis of Rate of Interest*

8.2.4.1 The Coupon Rate will be determined:

- (a) on the basis of ISDA Determination; or
- (b) on the basis of Screen Rate Determination; or
- (c) on such other basis as may be determined by the Issuer,

all as indicated in the Applicable Pricing Supplement.

8.2.4.2

ISDA Determination

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Coupon Rate is to be determined, the Coupon Rate for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any).

For the purposes of this Condition 8.2.4.2:

"ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under a notional Coupon Rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;
- (b) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- (c) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the JIBAR on the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

"Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those expressions in the ISDA Definitions. Other expressions used in this Condition 8.2.4.2 or in the Applicable Pricing Supplement (where ISDA determination is specified) not expressly defined shall bear the meaning given to those expressions in the ISDA Definitions.

When this Condition 8.2.4.2 applies, in respect of each Interest Period such agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 8.2.3 in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this Condition 8.2.4.2.

Screen Rate Determination

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,000005 being rounded upwards) of the offered quotations,

for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11h00 (South African time) on the Rate Determination Date in question, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by such agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (a) above in this Condition 8.2.4.3, no such offered quotation appears or, in the case of paragraph (b) above in this Condition 8.2.4.3, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (South African time) on the Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0,000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Rate of Interest cannot be determined by applying the provisions of the preceding paragraphs of this Condition 8.2.4.3, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 (South African time) on the relevant Rate Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 South African time on the relevant Rate Determination Date, by four leading banks in Johannesburg (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Rate Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than the JIBAR rate, the Rate of Interest in respect of such Notes will be determined, in the manner provided above, or as may be provided in the Applicable Pricing Supplement.

"Reference Banks" means for the purposes of this Condition 8.2.4.3 four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer (where the Issuer does not act as the Calculation Agent).

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

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

8.3.2 The Calculation Agent will, in relation to each Tranche of Notes, at least 2 Business Days before each Interest Payment Date, cause the aggregate Interest Amount payable for the relevant Interest Period in respect of such Tranche of Notes to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer and, if the Servicer is not the Calculation Agent, then also to the Servicer.

8.4 Calculation and publication of Interest Amount by the Servicer

Where, in relation to a Tranche of Notes, the Interest Amount payable in respect of each Note in that Tranche is not required to be calculated by the Calculation Agent pursuant to the Conditions or by some other agent specified in the Applicable Pricing Supplement, as the case may be, the Servicer will calculate such Interest Amount, and the Servicer will, at least 2 Business Days before each Interest Payment Date, cause the aggregate Interest Amount payable for the relevant Interest Period in respect of such Tranche of Notes to be notified to the Noteholders (in the manner set out in Condition 16) and the Issuer.

8.5 Calculations final and limitation of liability

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Calculation Agent pursuant to the exercise or non-exercise by it of its powers, duties and discretions under the Conditions and the Transaction Documents and all certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Servicer pursuant to the exercise or non-exercise by it of its powers, duties and discretions under the Conditions and the Transaction Documents, will, in the absence of wilful deceit, bad faith, or manifest error, be binding on the Issuer, the Security SPV and all Secured Creditors (including Noteholders), and no liability to the Issuer, the Security SPV or the Secured Creditors (including Noteholders) will attach to the Calculation Agent and/or the Servicer in connection therewith.

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 Agent 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:

11.1.1.1 any amount whether in respect of interest, principal or otherwise, due and payable in respect of any of the Notes within 5 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

- 11.1.1.2 interest due and payable to Class A Noteholders as a result of lack of funds available 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

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- 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; or
- 11.1.12 any fact or circumstances giving rise to an event of default under clause 20.3 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 (in the event of Rated Notes) 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.
- 11.3 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.
- 11.4 At the meeting referred to in Condition 11.2.2 (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 11.1.12, the Controlling Class shall, by Special Resolution:

- 11.4.1 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
- 11.4.2 dismiss the Servicer and appoint the Standby Servicer to assume the role of Servicer in accordance with the provisions of the Servicing Agreement.
- 11.5 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.
- 11.6 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.
- 11.7 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, to the extent that there is more than one Series of Class B Notes in issue, 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, to the extent that there is more than one Series of Class C Notes in issue, 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, to the extent that there is more than one Series of Class D Notes in issue, be redeemed *pro rata* to the Principal Amount Outstanding. If, having redeemed the Class D

Notes in full, the Issuer has insufficient funds to redeem all the Class E Notes in full, those Notes shall, to the extent that there is more than one Series of Class E Notes in issue, be redeemed *pro rata* to the Principal Amount Outstanding. The redemption of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in terms of this Condition 11.7 will include the redemption of further Series of Class A Notes issued under the Programme and assigned a Designated Class A Ranking equal with the Class A1 Notes, the Class A2 Notes or the Class A3 Notes, as the case may be.

11.8 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.

11.9 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:

11.9.1 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

11.9.2 if the Security SPV is wound-up, liquidated, de-registered or placed under 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.

11.10 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 of, or any compromise or scheme of arrangement or related relief in respect of, or any other proceedings having a similar effect:

- 11.10.1 in respect of the Issuer or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer, provided that nothing in this clause will limit the Security SPV from taking such action, in the event that the Security SPV is unable (whether due to practical or legal impediments which in the reasonable opinion of the Security SPV are not of a temporary nature) to enforce the Security Agreements; or
- 11.10.2 in respect of the Security SPV or for the appointment of a liquidator, business rescue practitioner or similar officer of the Security SPV.
- 11.11 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.
- 11.12 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.
- 11.13 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.
- 11.14 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 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.
- 11.15 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 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 or business rescue

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.

11.16 In the event that the Security SPV fails, for whatever reason, to make a claim in the liquidation, winding-up or business rescue proceedings of the Issuer pursuant to the Issuer Indemnity or should the liquidator 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:

11.16.1 any claim made or proved by a Noteholder in the liquidation, winding-up or business rescue proceedings in respect of amounts owing to it by the Issuer 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

11.16.2 if the liquidator 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 42 of the Financial Markets 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 Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that 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 Agent; 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 Agent at its specified office;
- 13.1.3.2 the Transfer Agent will obtain the release of such uncertificated Notes from the Central Securities Depository in accordance with the Applicable Procedures.
- 13.1.4 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 Agent; provided that if such aggregate Principal Amount is equivalent to a fraction of ZAR1 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 Agent on payment by the claimant of such costs and expenses as may be incurred in connection therewith and against the furnishing of such indemnity as the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13.4 Death and sequestration or liquidation of Noteholder

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

14 Transfer of Notes

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

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

- 14.3 Transfers of Beneficial Interests to and from clients of Participants occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Participants for their clients. Transfers of Beneficial Interests among Participants occur through electronic book entry in the 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 ZAR1 000 000; and
 - 14.4.3 must be made by way of the delivery of the Transfer Form to the Transfer Agent 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 Agent 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 Agent'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 Agent 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 Agent.

15 Register

15.1 The Register shall be kept at the office of the Transfer Agent. 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 Agent to any Noteholder or any person of proven identity authorised in writing by any Noteholder, at no charge to such Noteholder or authorised person. The Issuer and the Transfer Agent 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, in order to determine those Class A Noteholders, Class B Noteholders, Class C Noteholders, Class D Noteholders and Class E 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 Agent 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 16.

16 Notices

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

16.1.1 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

16.1.2 for so long as the Notes are listed on the Interest Rate Market of the JSE:

16.1.2.1 published in a daily newspaper of general circulation in Johannesburg, which newspapers are, for the purposes of Condition 16.1.1 and this Condition 16.1.2, respectively, expected to be the Business Day and The Star (or their respective successors); and

16.1.2.2 delivered to the JSE for publication on the JSE Stock Exchange News Service;

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.

16.2 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 16.1.1 and 16.1.2 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 (including on the JSE Stock Exchange News Service).

16.3 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.

16.4 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 Agent, 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.

17 Amendment of Terms and Conditions

17.1 Subject to Condition 17.6, 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 16 as soon as practicable thereafter.

- 17.2 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 17.
- 17.3 Subject to 17.1, any amendment to these Conditions may be made only with the prior authorisation of a Special Resolution of all of the Noteholders or a Special Resolution of a particular Class (or those Classes) of Noteholders, as the case may be.
- 17.4 Accordingly, upon any such amendment 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 (save as referred to in Condition 17) will be made to these Conditions until such amendment has been approved by Special Resolution at such meeting or meetings.
- 17.5 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 17.3, the Special Resolution(s) passed by the Controlling Class Noteholders will prevail and all other Classes of Noteholders will be bound by the Special Resolution(s) passed by the Controlling Class Noteholders.
- 17.6 Any amendment to the Transaction Documents (save for the Conditions) and/or the Priority of Payments which, in the reasonable opinion of the Security SPV, may prejudice the rights, under the Transaction Documents (save for the Conditions) and/or the Priority of Payments, of a Secured Creditor may be made only with the prior written consent of such Secured Creditor.
- 17.7 No amendment to 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 (in the event of Rated Notes) is furnished with at least 5 Business Days prior written notice of the proposed amendment.
- 17.8 The Issuer shall, in accordance with Condition 16, notify each Class or Classes of Noteholders, as the case may be, of any amendment made to these Conditions and/or the Priority of Payments which did not require the prior authorisation of any Class or Classes of Noteholders, as the case may be, in terms of Condition 17.3. The Issuer shall also notify the JSE of any such amendment.

18 Consent of the Security SPV

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

- 18.1.1 may be given (conditionally or unconditionally) or withheld in the discretion of the Security SPV, provided that, in exercising such discretion, the Security SPV shall act in what it reasonably believes to be in the best interests of Secured Creditors and, if (in giving or withholding the consent) the interests of any one category of Secured Creditors conflict with those of another category of Secured Creditors, the Security SPV shall act in what it reasonably believes to be in the interests of the Controlling Class Noteholders (or failing any Noteholders, in the best interests of the category of Secured Creditors ranking highest in the Priority of Payments);
- 18.1.2 shall be given or withheld within a reasonable period of time and, if not given or withheld within such reasonable period of time, shall be deemed to have been withheld.
- 18.2 Where in any Transaction Document it is provided that the Issuer and/or the Security SPV is required to act, form an opinion, give consent, or exercise a right or discretion "reasonably" or to not act "unreasonably" (collectively "acted"), or is constrained by words to similar effect, and any other party disputes that the Issuer or the Security SPV, as the case may be, has acted reasonably or asserts that it has acted unreasonably, then, pending a final resolution of such dispute, all parties (including the party which raised the dispute) shall nevertheless in all respects continue to perform their obligations under the relevant Transaction Document, and/or to give effect to its provisions, including provisions relating to the termination thereof, as if the Issuer or the Security SPV, as the case may be, had acted reasonably or had not acted unreasonably as the case may be.
- 18.3 Without derogating from any express provision in any Transaction Document and without limiting any of the rights, powers and/or discretions of the Security SPV, the Security SPV will not be required to exercise any right, power or discretion in terms of the Transaction Documents without the specific written instructions of a Special Resolution of the Controlling Class Noteholders or, if there are no Noteholders, then without the specific written instructions of the Secured Creditors ranking highest in the Priority of Payments at that time.

19 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 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, business rescue practitioner 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 and Round Robin Resolutions

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 16, 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 Where a meeting of Noteholders is convened by the Issuer or the Security SPV in terms of this Condition 22 for the purposes of approving an amendment to these Conditions in accordance with Condition 17, the Issuer or the Security SPV (as the case may be) shall, at least 5 days prior to giving written notice to Noteholders convening such meeting in terms of Condition 22.1.3 or Condition 22.1.4 (as the case may be), give written notice to the JSE of the proposed amendment to these Conditions and if the proposed amendment is also an amendment to the Applicable Procedures, the JSE has not notified the Issuer in writing within the five day period

that the proposed amendment contravenes the provisions of the JSE Debt Listings Requirements.

22.1.6 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 22.5.3, 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 ZAR1 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 ZAR1 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 Agent 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 Round Robin Resolutions

22.12.1 Notwithstanding anything to the contrary contained in this Condition 22, as regards any resolution that could be voted on at a Noteholders' meeting, such resolution may instead be voted on in writing by Noteholders entitled to exercise voting rights in relation to the proposed written resolution ("**Round Robin Resolution**") within 15 days after the proposed written resolution was submitted to such Noteholders.

22.12.2 Such Round Robin Resolution shall be regarded as having been adopted if it was supported by Noteholders entitled to exercise sufficient voting rights for it to have been adopted in accordance with the voting percentage prescribed above at a properly constituted meeting of Noteholders.

22.12.3 The notice of the proposed written resolution to Noteholders shall include the written resolution including any restrictions on voting contemplated in this Programme Memorandum, the last date on which the Noteholder must return the signed resolution and the address to which it should be sent.

22.13 General

22.13.1 The provisions of this Condition 22 will apply, *mutatis mutandis*, to any separate meetings of each Class of Noteholders.

22.13.2 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.

22.13.3 Subject to Condition 17.5, the meeting of Noteholders shall have power, in addition to all powers specifically conferred elsewhere in these Conditions:

22.13.3.1 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);

22.13.3.2 by Special Resolution:

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

22.13.3.2.2 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.

22.13.4 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.

22.13.5 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.

23 Benefits

23.1 The Conditions, insofar as they confer benefits on any Secured Creditor (other than a Noteholder), comprise a stipulation for the benefit of such Secured Creditor and will be deemed to be accepted by each such Secured Creditor upon execution of the Common Terms Agreement by each such Secured Creditor.

23.2 Each Noteholder, upon its subscription for Notes and the issue of Notes to it, or upon the transfer of Notes to it, as the case may be, accepts the benefits of those provisions of the Common Terms Agreement which confer benefits on the Noteholders.

23.3 It is recorded that the Security SPV, upon signing the Security SPV Guarantee, is deemed to have notice of the Conditions, and the Security SPV shall be bound by those provisions of the Conditions which confer rights and/or impose obligations on the Security SPV.

24 Multiple Roles

The Noteholders acknowledge and agree that SBSA acts in a number of different capacities in relation to the transactions envisaged in the Transaction Documents. Notwithstanding such different roles:

- 24.1 SBSA and any of its officers, directors and employees may become the owner of, or acquire any interest in any Notes with the same rights that it or he would have had if not a party to a Transaction Document, and may engage or be interested in any financial or other transaction with the Issuer, provided it is a transaction disclosed in any Transaction Document, and may act on, or as depository, trustee or agent for, any committee or body of Noteholders in connection with any other obligation of the Issuer as freely as if it were not a party to any Transaction Document;
- 24.2 information, knowledge or notification obtained by SBSA in any one such capacity shall not be attributed to it, whether constructively or otherwise, in any other capacity; and
- 24.3 any payments made by the Issuer in accordance with the Transaction Documents to SBSA in one capacity shall be construed as a payment to SBSA only in such capacity and not in any other capacity.

USE OF PROCEEDS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms", and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

The Issuer, as ultimate obligor of the proceeds of the Notes, shall use the proceeds of the Notes as operating capital:

1. to fund the purchase of the Initial Participating Assets (including Pre-Funded Participating Assets) by the Issuer from the Seller;
2. to fund the purchase of the Additional Participating Assets by the Issuer from the Seller during the Revolving Period;
3. to fund the Cash Reserve (to the extent necessary); and
4. as may otherwise be described in the Applicable Pricing Supplement.

SECURITY

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms", and as defined elsewhere in this Programme Memorandum, 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 Administration 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 Administration 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. Performance by the Security SPV of its obligations under the Security SPV Guarantee is subject to the provisions of the Security SPV Guarantee, which provisions do not provide that the Security SPV Guarantee is revocable.
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 Participating Asset and Insurance Proceeds in respect of the portfolio of Participating Assets owned by the Issuer from time to time; and
- 4.2.2 the Account Monies, Transaction Account, 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 E Notes will be subordinated to the Class D Notes, 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 (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A3 Notes), the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) and the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) will rank *pari passu* among themselves.
6. The Security SPV was incorporated on 21 November 2007. The Security SPV is in the process of changing its name from Sanderville Investments Proprietary Limited to Transsec Security SPV (RF) Proprietary Limited. The registered office of the Security SPV is situated at 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, Cape Town, 7708, South Africa.
7. The Security SPV Owner Trust is the holder of all of the ordinary shares in the share capital of the Security SPV and the Security SPV Owner Trust shall endure for so long as the Security SPV has any obligations of any nature whatsoever to any Secured Creditor in terms of the Security SPV Guarantee issued by the Security SPV. In terms of the Security SPV's memorandum of incorporation, shares in the Security SPV may only be transferred with the prior approval of a Special Resolution of the Noteholders.

PRIORITY OF PAYMENTS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Pre-Enforcement Priority of Payments

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 Cash Reserve, the Capital Reserve 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 5, 7 and 8 of the section titled "*Credit Structure*") 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 Cash Reserve, the Capital Reserve and the Arrears Reserve in accordance with written payment instructions, signed by the Administrator. Such amounts shall be applied to the extent to which funds are available in the Transaction Account and, if applicable, the Cash Reserve, the Capital Reserve 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 (in the event of Rated Notes), Taximart, the JSE, audit fees, any fees, premiums or commissions due upon the execution of any Derivative Contract 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;
- 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;
- 1.4.3 the Administration Fee due and payable to the Administrator 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 Administrator under the Administration Agreement prior to the next Interest Payment Date; and
- 1.4.4 the Standby Administration Fee due and payable to the Standby Administrator 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 Administrator under the Administration Agreement prior to the next Interest Payment Date;
- 1.5 fifth, to pay or provide for *pari passu* and *pro rata* any net settlement amounts and Derivative Termination Amounts due and payable to any Derivative Counterparty in accordance with the Derivative Contracts (but excluding any Derivative Termination Amounts where the Derivative Counterparty is in default);

- 1.6 sixth, to pay all amounts due and payable under the Liquidity Facility other than in respect of principal;
- 1.7 seventh, to pay or provide for *pari passu* and *pro rata* –
 - 1.7.1 for all amounts due and payable in respect of the Class A1 Notes other than in respect of principal on the Class A1 Notes;
 - 1.7.2 all amounts due and payable in respect of the Class A2 Notes other than in respect of principal on the Class A2 Notes; and
 - 1.7.3 all amounts due and payable in respect of the Class A3 Notes other than in respect of principal on the Class A3 Notes;
- 1.8 eighth, subject to a Class B 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 B Notes other than in respect of principal on the Class B Notes;
- 1.9 ninth, subject to a Class C Interest Deferral Event not occurring on that Interest Payment Date, to pay or to 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;
- 1.10 tenth, subject to a Class D Interest Deferral Event not occurring on that Interest Payment Date, to pay or to 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;
- 1.11 eleventh, subject to a Class E Interest Deferral Event not occurring on that Interest Payment Date, to pay or provide for *pari passu* and *pro rata*:
 - 1.11.1 all amounts due and payable in respect of the Class E Notes other than in respect of principal on the Class E Notes; and
 - 1.11.2 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;
- 1.12 twelfth, to credit the Cash Reserve up to the Cash Reserve Required Amount;
- 1.13 thirteenth, to repay all principal amounts outstanding under the Liquidity Facility (if applicable);

- 1.14 fourteenth, during the Revolving Period only, to fund the purchase by the Issuer of Additional Participating Assets or to set aside cash for such funding in terms of paragraph 2 below, up to the Potential Redemption Amount;
- 1.15 fifteenth, 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)
- 1.16 sixteenth, 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;
- 1.17 seventeenth, to allocate an amount equal to the Class B Redemption Amount to be applied in redeeming the Class B Notes;
- 1.18 eighteenth, if a Class C Interest Deferral Event occurs on such Interest Payment Date, to pay interest due and payable in respect of the Class C Notes;
- 1.19 nineteenth, to allocate an amount equal to the Class C Redemption Amount to be applied in redeeming the Class C Notes;
- 1.20 twentieth, if a Class D Interest Deferral Event occurs on such Interest Payment Date, to pay interest due and payable in respect of the Class D Notes;
- 1.21 twenty-first, to allocate an amount equal to the Class D Redemption Amount to be applied in redeeming the Class D Notes;
- 1.22 twenty-second, 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;
- 1.23 twenty-third, if a Class E Interest Deferral Event occurs on such Interest Payment Date, to pay interest due and payable in respect of the Class E Notes;
- 1.24 twenty-fourth, to allocate an amount equal to the Class E Redemption Amount to be applied in redeeming the Class E Notes;
- 1.25 twenty-fifth, provided that the Subordinated Servicing Fee was not paid or provided for under item 11 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);

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- 1.26 twenty-sixth, if the Issuer in its discretion so elects, to credit the Cash Reserve with such amount from Excess Spread in excess of the Cash Reserve Required Amount as the Issuer may determine;
- 1.27 twenty-seventh, to pay or provide for *pari passu* and *pro rata* the Derivative Termination Amounts due and payable to any Derivative Counterparty under the Derivative Contracts where the Derivative Counterparty is in default;
- 1.28 twenty-eighth, to pay amounts due and payable in respect of the Subordinated Loan other than in respect of principal on the Subordinated Loan;
- 1.29 twenty-ninth, to pay amounts due and payable in respect of principal under the Subordinated 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. Funds in the Capital Reserve may be used at any time to fund the acquisition of Additional Participating Assets and/or Pre-Funded Participating Assets, during the Revolving Period only. Should the balance in the Capital Reserve (excluding amounts recorded in the Pre-Funding Ledger) exceed 10% of the Principal Amount Outstanding of all Notes in issue, then an amount equal to such excess shall be added to the Redemption Amount and applied in redeeming the Notes on each Interest Payment Date. The Pre-Funding Amount recorded in the Pre-Funding Ledger may be utilised on any date during the Revolving Period to purchase Pre-Funded Participating Assets and if not fully utilised within the Pre-Funding Period, such amount shall be added to the Redemption Amount and applied in partially redeeming the Notes on each Interest Payment Date occurring thereafter.
3. The amount allocated for redemption of the Notes under item 1.15 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 (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) until they have been redeemed in full and thereafter *pro rata* to the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the

Class A2 Notes) and the Class A3 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A3 Notes) provided that no amount shall be allocated to the Class A3 Notes (including each Series of Class A3 Notes assigned a Designated Class A Ranking equal with the Class A3 Notes) if a Class A Principal Lock-Out in respect of any such Series of the Class A Notes applies.

4. The *pari passu* and *pro rata* payment of all amounts (other than in respect of principal) due and payable in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes will include payment of all amounts (other than in respect of principal) due and payable in respect of further Series of Class A Notes issued under the Programme and assigned a Designated Class A Ranking equal with the Class A1 Notes, the Class A2 Notes or the Class A3 Notes, as the case may be.
5. The following items may be paid or provided for prior to the allocation of sums under the Priority of Payments:
 - 5.1 certain monies which properly belong to third parties (such as, without limitation, monies owing to any party in respect of reimbursement for direct debit recalls, the costs of insurance premiums and Cartrack payments);
 - 5.2 amounts payable to the Seller under the Sale Agreement in respect of reconciliations of the amounts paid in respect of the purchase of the Participating Assets on any Effective Date;
 - 5.3 up until the expiry of the Revolving Period only, amounts paid by the Issuer to the Seller in respect of the purchase consideration for Participating Assets purchased by the Issuer on any day during an Interest Period, in accordance with the terms and conditions of the Sale Agreement;
 - 5.4 any amounts paid by the Servicer into the Transaction Account in terms of the Servicing Agreement in respect of instalments owing under a Participating Asset but unpaid on any Determination Date for non-credit-related reasons, which instalments have subsequently been received by the Issuer;
 - 5.5 amounts paid by the Issuer to the Seller in respect of the Purchase Price for Pre-Funded Participating Assets, provided that the aggregate of such amounts does not exceed the Pre-Funding Amount;
 - 5.6 amounts paid by the Issuer to the Seller in respect of the Purchase Price for Pre-Funded Participating Assets, provided that the aggregate of such amounts do not exceed the Pre-Funding Amount;

- 5.7 the redemption of Notes using the net proceeds from a Tranche of Notes issued for this purpose,

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.

Post-Enforcement Priority of Payments

1. 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 Additional Participating Assets or Pre-Funded Participating Assets 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 Participating Assets including proceeds of the enforcement of the Security and monies standing to the credit of the Transaction Account, the Cash Reserve, the Capital Reserve 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 Administration 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:
 - 1.1 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;
 - 1.2 second, to pay or provide for *pari passu* and *pro rata*:
 - 1.2.1 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
 - 1.2.2 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;
 - 1.3 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 (in the event of Rated Notes), Taximart, the JSE, the fees of the directors of the Issuer, 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 payable or expected to become due and payable to the Servicer under the Servicing Agreement prior to the next Interest Payment Date;
 - 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 payable or expected to become due and payable to the Standby Servicer under the Servicing Agreement prior to the next Interest Payment Date; and
 - 1.4.3 the Administration Fee due and payable to the Administrator 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 Administrator under the Administration Agreement prior to the next Interest Payment Date;
 - 1.4.4 the Standby Administration Fee due and payable to the Standby Administrator 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 Administrator under the Administration Agreement prior to the next Interest Payment Date;
- 1.5 fifth, to pay or provide for *pari passu* and *pro rata* any net settlement amounts and Derivative Termination Amounts due and payable to any Derivative Counterparty in accordance with the Derivative Contracts (but excluding any Derivative Termination Amounts where the Derivative Counterparty is in default);
- 1.6 sixth, to pay all amounts due and payable under the Liquidity Facility;
- 1.7 seventh, to pay *pari passu* and *pro rata*:
 - 1.7.1 interest, principal and all other amounts due and payable in respect of the Class A1 Notes;
 - 1.7.2 interest, principal and all other amounts due and payable in respect of the Class A2 Notes; and

- 1.7.3 interest, principal and all other amounts due and payable in respect of the Class A3 Notes;
- 1.8 eighth, to pay interest, principal and all other amounts due and payable in respect of the Class B Notes;
- 1.9 ninth, to pay *pari passu* and *pro rata*:
- 1.9.1 interest, principal and all other amounts due and payable in respect of the Class C Notes; and
- 1.9.2 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);
- 1.10 tenth, to pay, interest, principal and all other amounts due and payable in respect of the Class D Notes;
- 1.11 eleventh, to pay, interest, principal and all other amounts due and payable in respect of the Class E Notes;
- 1.12 twelfth, to pay or provide for *pari passu* and *pro rata* the Derivative Termination Amounts due and payable to any Derivative Counterparty under the Derivative Contracts where the Derivative Counterparty is in default;
- 1.13 thirteenth, provided that the Subordinated Servicing Fee was not paid or provided for under item 1.9 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);
- 1.14 fourteenth, to pay interest, principal and all other amounts due and payable in respect of the Subordinated Loan;
- 1.15 fifteenth, to pay or provide for the dividend due and payable to the Preference Shareholder, net of Taxes; and
- 1.16 sixteenth, to pay the surplus, if any, to the ordinary shareholders of the Issuer by way of dividends.
2. The *pari passu* and *pro rata* payment of interest, principal and all other amounts due and payable in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes under item 1.7 of the Post-Enforcement Priority of Payments, will include payment of interest, principal and all other amounts due and payable in respect of further Series of Class A Notes issued

under the Programme and assigned a Designated Class A Ranking equal with the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, as the case may be.

3. 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 the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "General Description of the Issuer" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, 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 27 November 2012, under registration number 2012/209822/07, under the Companies Act, as a private company with limited liability and is in the process of being converted into a public company. The Issuer has no Subsidiaries.

2. Directors

The Directors of the Issuer are:

Lorenzo Phillipe Cardoso;

Brendan Harmse;

Jack Ernest Trevena; and

Rishendrie Thanthony.

3. Secretary and registered office

The company secretary of the Issuer is Mohammed Antuley.

The registered office of the Issuer is at 179, 15th Road, Randjespark, Midrand, Johannesburg, South Africa.

4. Auditor and the financial year-end of the Issuer

5. The auditor of the Issuer is Deloitte & Touche and the financial year-end of the Issuer is 30 September. **Activities**

The activities of the Issuer have been restricted by the constitutional documents of the Issuer and are limited to those functions directly related to the Securitisation Scheme, including the conclusion of the Transaction Documents and the exercise of related rights and powers and other activities referred to in the Transaction Documents or reasonably incidental to such activities, the raising of loan facilities and the creation and issue of debt instruments to discharge (or refinance) the purchase price of the Participating Assets and/or the hedging of the Issuer's exposure under any such facilities and other matters incidental thereto.

6. **Capitalisation of the Issuer**

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

Share capital	
Authorised	
One thousand no par value ordinary shares	
One hundred cumulative redeemable no par-value preference shares	
Issued	
100 (one hundred) no par value ordinary shares issued at ZAR100	ZAR100
23 (twenty-three) cumulative redeemable no par-value preference shares issued at ZAR1 each	ZAR1

As at the date of this Programme Memorandum, 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 27 November 2012, and no transactions have occurred during this period.

Save as disclosed in the Programme Memorandum, the Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

The Issuer is subject to Applicable Laws which may change at any time, such as, without limitation, the Companies Act. The Issuer shall do all things required to comply with all such Applicable Laws from time to time. The activities of the Issuer shall be confined to those contemplated in this Programme Memorandum.

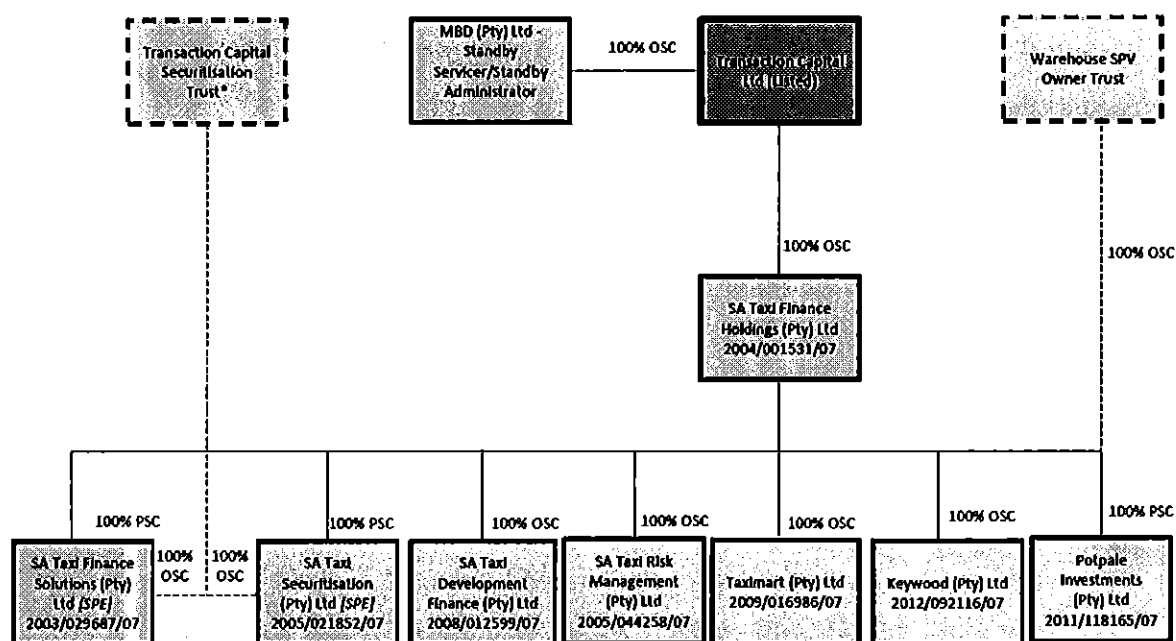
The directors of the Issuer support the Code of Governance Principles set out in the King III Report (the "**Code**") and recognise the need to conduct the affairs of the Issuer with integrity and accountability.

The Issuer is an insolvency remote entity operating in accordance with the requirements of the Securitisation Regulations and the Transaction Documents, with no employees and no administrative infrastructure of its own. Accordingly, the Issuer does not adhere to the Code. Compliance with the applicable sections of the Code is undertaken by the Administrator and is disclosed in the consolidated financial statements of its holding company Transaction Capital, including the governance principles that have not been applied and the reasons for non-application.

THE GROUP

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "General Description of the Issuer" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. CURRENT STRUCTURE OF THE GROUP



Legend

OSC Ordinary Share Capital

PSC Preference Share Capital

SPE SA Taxi Finance Holdings holds 100% of the Preference Share Capital (PSC).

Transaction Capital Securitisation Trust holds 100% of the Ordinary Share Capital (OSC). The company is consolidated into SA Taxi Finance Holdings, as it is an SPE (Special Purpose Entity) in terms of SIC 12 of the International Financial Reporting Standards (IFRS).

* Beneficiaries are respective TC group subsidiaries. In this case, SA Taxi Finance Holdings is the residual beneficiary of the Trust with respect to SA Taxi Securitisation and SA Taxi Finance Solutions.

SATDF acts as the management company for the Group, including ongoing management and collections. SATDF earns a management fee for the services rendered to other entities within the

Group. The holding company of SATDF is SA Taxi, with the ultimate holding company being Transaction Capital, a company listed on the JSE.

As the management company, all employees of the Group are employed by SATDF. As at the end of September 2013 SATDF employed 484 employees.

Although most of the taxi finance agreements originated are financed via various ring-fenced entities, SATDF is also registered as a developmental credit provider with the National Credit Regulator and commenced funding a portfolio of taxi finance agreements in April 2010 funded by way of bilateral and syndicated loan facilities.

The Group has facilitated the creation of over 35 000 black SMMEs since it was founded in 1998. As at the end of September 2013 gross loans and advances were R 5.5bn, comprising of 23 453 accounts (20 729 customers).

2. ORIGIN AND NATURE OF BUSINESS

The Group was founded in 1998 with its sole role being the financing of under-served black Small, Medium and Micro-sized Enterprises ("**SMME's**") being minibus taxi operators in South Africa. The Group has played a pivotal role in empowering black SMME's and as at 30 September 2013, the Group provided credit, together with insurance and other allied products to 20 729 minibus taxi operators.

Unlike other credit providers in the taxi market where vehicle financing is one of many product offerings, and minibus taxis the minority of vehicles financed, the Group's sole focus is vehicle finance for minibus taxi operators and as such has become a leader and specialist financier in this field. The Group seeks to be a preferred provider of finance to minibus taxi operators through a detailed understanding of:

- industry needs;
- customer requirements;
- the underlying assets financed;
- the customer's credit capacity;
- responsive and trustworthy relationships with minibus taxi industry stakeholders (including minibus taxi operators, minibus taxi associations, regulators, motor dealers and manufacturers nationally and internationally); and
- administrative speed and efficiency.

The Group's focus on an industry-specific financial product has facilitated the development of tailored origination models, credit underwriting and operational processes.

The Group's effective management of its loans and advances is the result of its understanding of the credit dynamics of the industry and the relationships it has developed with motor dealers, minibus taxi associations and the minibus taxi owner community in general.

In addition, the Group has developed specialised collections methodologies specific for the minibus taxi industry, and through the establishment of Taximart, has created a dedicated and specialised capacity for the refurbishment and disposal of repossessed Vehicles through its preferred dealer network.

3. COMPETITORS

Relevant lenders to the minibus taxi industry include all four of the traditional banks as well as Toyota Financial Services, through its joint venture with FNB's WesBank. The traditional banks and Toyota Financial Services, however, participate to a much lesser extent in the primary origination market targeted by the Group.

As at 31 March 2014, the Group has a total gross taxi finance portfolio of R5.8 billion or 10% of the estimated 200,000 national minibus taxi fleet.

4. INDUSTRY OVERVIEW

The minibus taxi industry is the provider of approximately 80% of South Africa's public transport and is therefore the most widely used means of public transport in the country. The minibus taxi industry is the critical pillar of the South African public transport sector, with approximately 4.5 million South Africans using minibus taxis daily and competes with the heavily government-subsidised bus and rail industries. Tabulated below is the split between the various modes of transport utilised for day trips in South Africa:

Mode of Transport	Day trips			
	2010		2011	
	Number ('000)	%	Number ('000)	%
Air	19	0.3	19	0.3
Bus	528	7.0	496	7.4
Car	4 213	56.0	3 800	56.7
Motorcycle	16	0.2	11	0.2
Bicycle	3	0.0	1	0.0
Taxi	2 556	34.0	2 185	32.6
Train	56	0.7	88	1.3
Other	136	1.8	105	1.6
Subtotal	7 528	100.0	6 705	100.0

Unspecified *	108	1.4	25	0.4
Total	7 636	-	6 730	-

The percentage of unspecified observations was calculated using the total as denominator. For all other percentages the subtotal was used as the denominator.

Source: Domestic Tourism Survey 2012

The minibus taxi industry emerged in the wake of the apartheid government's policy of economic deregulation, initiated in 1987 as an opportunity for black people to advance economically under very difficult circumstances and an opportunity to provide a service for commuters.

Underinvestment by vehicle manufacturers and credit providers resulted in a lack of supply and a shortage of end-user finance. As the minibus taxi fleet aged and became unsafe, supply of public transport services fell short of demand. By 2006, the average age of the existing minibus taxi fleet was approximately 12 years.

The Group's management estimates that there are around 200 000 minibus taxi vehicles in South Africa and that 60 000 of these vehicles are currently being financed. The remaining 140 000 vehicles are older than five years and are not financed.

Taxi Recapitalisation Programme

In 2006, the Government introduced the Taxi Recapitalisation Programme in a drive to regulate the industry. The Taxi Recapitalisation Programme is aimed at enabling the individual operator to offer affordable, purpose-built, safe and convenient public transport. The objectives of the Taxi Recapitalisation Programme include the following elements:

- creating an integrated and improved public transport system that can absorb the current unmet demand for public transport services, provided by minibus taxi, bus and rail systems;
- stimulating the replacement of old or unsafe minibus taxis with Taxi Recapitalisation Programme-compliant vehicles through the payment of a scrapping allowance; and
- improving the sustainability, regulation and capitalisation of the minibus taxi industry as needed to serve current and future commuters.

As at December 2010, only 54 000 vehicles had been scrapped under the Taxi Recapitalisation Programme, and the government anticipates a further 7 800 vehicles to be scrapped from 2013 to 2014.

Supply of Taxi Recapitalisation Programme-compliant vehicles is dominated by Toyota which, the Group's management estimates, had a share of between 60% and 70% of the minibus taxi

market in financial year 2010, while Volkswagen, Mercedes Benz and Chinese-brand vehicles account for most of the remaining 30% to 40%.

Although manufacturers of minibus taxis have increased the supply of Taxi Recapitalisation Programme-compliant vehicles in the South African market, supply of quality vehicles continues to be insufficient to meet demand.

The undercapitalisation of the industry translates into financing opportunities for the Group and other finance providers.

THE SELLER

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "General Description of the Issuer" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. INTRODUCTION

Potpale (initially the only Seller) was incorporated and registered in South Africa on 20 September 2011, under registration number 2011/118165/07, under the Companies Act, as a private company with limited liability. The ordinary shares in Potpale are owned by an ownership trust and Potpale has no Subsidiaries.

2. ACTIVITIES

Potpale is a ring-fenced special purpose vehicle which was established for the sole purpose of concluding Instalment Sale Agreements with Obligors. SATDF acts as manager and administrator in respect of the business of Potpale.

3. REGISTERED OFFICE

The registered office of Potpale is at 179 – 15th Road, Randjespark, Midrand, Johannesburg, South Africa.

TAXIMART AND ORIGINATION PROCESS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Servicer, the Standby Servicer and the Servicing Agreement" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. INTRODUCTION

Taximart was incorporated and registered in South Africa on 31 August 2009, under registration number 2009/016986/07, under the Companies Act, as a private company with limited liability. Taximart is a wholly-owned subsidiary of SA Taxi and has no Subsidiaries.

Taximart performs a dual function for the Group in that the entity facilitates the credit origination process and manages the refurbishment of the Vehicles once repossessed and in the possession of the credit provider.

2. ORIGINATION AND CREDIT PRACTISES

2.1 Credit Policy

The Group's credit approval process centres on the ability of the taxi operator to generate revenues on the route he has been allocated, based on estimates of the number of trips and fares. Each minibus taxi operator operates a specific route for which he holds an operating licence issued by the South African Department of Transport ("DoT").

The origination model has facilitated the provision of financing to a segment of the market not historically served by traditional South African banks. Credit risk is assessed on a multi-tiered basis and the Credit Policy treats the minibus taxi operator as a SMME. Therefore the main aspects considered when vetting a minibus taxi business as the potential customer are:

- the authorisation to operate the minibus taxi route;
- an evaluation of the operating characteristics of the Vehicle to be financed;
- a financial evaluation of the minibus taxi route (i.e. the affordability generated via the minibus taxi route); and

- a credit risk evaluation of the SMME, being the individual minibus taxi operator.

The Group uses a credit score card that has been developed on the Group's own historic credit experience. The characteristics in the score card are mostly positive credit bureau characteristics together with other characteristics derived from the application. Examples of the characteristics considered in the score card are:

- Vehicle manufacturer;
- Vehicle model;
- customer score;
- geographical location; and
- number of judgements / defaults

The credit score card is monitored on a quarterly basis and at a minimum recalibrated annually. The emergence of new potential characteristics allows for complete re-development from time to time.

There is a defined governance framework which regulates any potential overrides of the Credit Policy. All overrides are disclosed on a monthly basis to SA Taxi's credit committee (the "**Credit Committee**") and at the discretion of the Group's Chief Risk Officer specific overrides can be investigated.

Credit performance over the entire credit life-cycle is monitored on a monthly basis through the Credit Committee. The Credit Committee is a formal SA Taxi board subcommittee and is the executive decision body on all credit related matters.

The Credit Committee is the ultimate custodian of the Credit Policy which governs the terms and conditions under which credit is granted and loans managed through the collections, legal and repossession processes.

2.2 **Credit Product**

Taximart facilitates the conclusion of finance leases and/or instalment sale agreements ("**ISAs**") with minibus taxi operators by various credit provider entities in the Group including the Seller in this Programme. Terms of the credit agreements originated are standard across all portfolios and no bespoke agreements are concluded.

- Ownership* - In terms of the ISAs, the sale of the minibus taxi takes place on the date that the customer enters into the ISA, however, ownership of the Vehicle remains with the credit provider until the customer has paid all amounts owing under the ISA.
- Repayment profile* - All ISAs are subject to a minimum deposit and are equal instalment agreements and fully amortising (i.e. no balloon payments) over a 4 to 6 year period depending on the type and age of Vehicle. Further details on the individual and portfolio criteria are set out in the section titled "The Participating

Asset Pool". Customers may prepay or repay early without penalty.

- iii. *Interest:* Interest rates on loans are charged within the maximum interest rate allowed under the National Credit Act at the time of origination. Rates are referenced to the Prime Rate and margins are fixed for the duration of the ISA.
- iv. *Fees* - The Group charges an upfront initiation fee as allowed under the National Credit Act, which is recognised over the term of the ISA, unless the customer opts to pay the upfront initiation fee in cash at inception of the ISA. An additional monthly service fee is charged in relation to each ISA, as allowed under the National Credit Act.
- v. *Insurance* - All Vehicles financed by the Group are covered by a comprehensive insurance policy from a third-party insurance provider, including
 - Passenger Liability;
 - Absconson & Violation Cover;
 - Credit Shortfall;
 - Loss of Income; and
 - Windscreen Cover.

The Group is not exposed to any underwriting risk, but does earn commission and binder fees on insurance policies originated and a percentage of the profits generated by underwriting surpluses from its insurance partners by way of dividends.

The Group pays the insurance premiums on behalf of the customer regardless of the customer's arrears status to mitigate risk of non-coverage. This payment by the Group is refunded from payments made by the customer. Insurance premiums are based on normal insurance principles and are paid monthly. Customers may, in accordance with FAIS, obtain a comparable comprehensive insurance policy from sources other than the Group's insurance partner.

- vi. *Tracking device* - Every Vehicle is fitted with a tracking system called Taxi Elite from CarTrack. This system has online functionality to track the location, mileage and movement of the Vehicle. The information collected from this system provides intelligence in designing collection and repossession strategies.

The cost of the tracking service is financed as part of the related ISA. The Group receives an upfront commission. The Group pays the monthly tracker subscription on behalf of the customer regardless of the customer's arrears and is refunded from payments made by the customer.

- vii. *Legal Compliance* - The Group's legal compliance is governed by Transaction Capital's Audit and Risk Committee which meets quarterly. In addition, the Group has an internal compliance department whose mandate is to review and facilitate the business operations' alignment with the necessary laws and regulations within which the Group is required to operate.

2.3 Origination

2.3.1 Distribution Channels

The head office of the Group, based in Midrand, Johannesburg, serves as the centralised administration centre for all distribution channels.

Completed application forms for credit with related documentation are received by the head office for a centralised credit decision. The distribution network receives the decision from head office and guides the customer through the quotation process to arrive at a signed acceptance form.

The distribution network includes the traditional channels in the marketplace, namely affiliated and non-affiliated channels, as well as a direct, owned sales channel. Distribution through official or affiliated channels is well controlled and Toyota would certainly be the dominant player.

In the case of the non-affiliated market, the channel is dominated by 6 or 7 independent dealers and they would traditionally stock the full range of taxi vehicles, including the Chinese selection. Despite the obvious concentration risk, this channel is the most active in the acquisition and origination of new deals. The Group continues to enjoy the support of the non-affiliated channel as this channel contributes around 50% of the Group's total business.

The direct sales channel comprises a team of FAIS-accredited telesales agents who use the Group's existing customer base as a growth engine. This channel targets good performing customers who have reached a bankable status and are highly attractive to other lenders due to their well-performing credit record. As at the end of September 2013, this channel constituted around 12% of the Group's new sales.

2.3.2 Accreditation of dealerships

A request for credit will usually come from an accredited dealership. The accreditation process of a dealership includes completion of a dealer accreditation pack, which includes collation, analysis and review of:

- the audited financial statements and assignment of a risk grading (as per the Group's risk grading model);
- the company profile (background, description of business and shareholder details);
- the company secretarial documents;
- the VAT registration papers;

- the banking details by way of cancelled cheque or bank statement;
- the signed dealer master agreement (standard agreement prepared by the Group); and
- proof of accreditation with at least one major financial institution.

Some of the above-mentioned requirements may be waived for dealerships that are part of a national franchise. At the discretion of the Chief Risk Officer at a minimum, annual reviews are conducted on the credit performance of the dealerships to assess accreditation status. Dealerships which the Group no longer wish to deal with are referred to as "non-approved dealerships".

Dealer incentives

A risk-based framework is applied in incentivising of sales through the Group origination channels however, the credit granting process is applied independently of the sales channel. For the Dealer Channels (affiliated), the risk-based framework is categorised into 3 different categories and incentivised accordingly. Volume-based incentives are also applied when part of the tactics for increasing the penetration into a particular group / dealership. As competition is low in the non-affiliate channels, incentives (dealer incentive commission) are not awarded in this channel. The direct channel incentive scheme operates from the same risk-based principle.

2.4 Underwriting

The Group's credit approval process centres on the ability of the taxi operator to generate revenues on the route he has been allocated based on estimates of the number of trips and fares. Each minibuss taxi operator operates a specific route for which he or she holds an operating licence issued by the South African Department of Transport.

Credit evaluation process

This involves a series of functions commencing from the receipt of a credit application. As a minimum, a request for credit must be accompanied by the following documents:

- fully completed credit application form;
- fully completed taxi income calculator;
- copy of customer's South African identity document;
- proof of address - not older than 90 days;
- Taxi Association Letter - not older than 60 days;
- Operating License (pay out of a deal will be dependent on the verification of the customer's Operating License – refer to table below point 11); and
- Original eNaTIS (pay out of a financed, repossessed and re-finance deal will be

dependent on the receipt of the original eNaTIS document).

Once the credit application form and taxi income calculator are completed at the dealer or in-house, they are sent through, together with the supporting documents to dedicated teams within the Loan Origination Department to be assessed. The assessment is mostly automated through calculations and credit scorecards with marginal deals being referred to credit assessors. All inputs are validated by responsible officers in the process.

The credit evaluation process comprises three phases:

- *Validation Phase:* This phase entails the checking of the credit application and supporting documentation prior to it being captured to ensure all documentation has been received and accurately completed;
- *Capturing Phase:* This phase entails the capturing of the credit application onto the Reward system (Front end loan origination application system) once the verification phase has been completed to ensure that all mandatory fields are completed and all supporting documentation is attached prior to proceeding with the credit assessment; and
- *Assessment Phase:* This phase entails the assessment of the credit application and supporting documents to ensure that the credit decision made is in accordance with credit granting criteria/Credit Policy and to communicate the decision to the relevant dealership.

The Group uses a credit score card that has been developed on the Group's own historic credit experience. The characteristics in the score card are mostly positive credit bureau characteristics together with other characteristics derived from the application. Examples of the characteristics considered in the score card are:

- Vehicle manufacturer;
- Vehicle model;
- customer score;
- geographical location; and
- number of judgements / defaults.

The assessment phase is broken down into three broad steps:

a. Individual assessment:

- the customer must provide a minibus taxi association letter as proof of registration with such association, validation of the letter is made through conversations held with the association Chairmen to confirm customer's membership;

- if the customer is an existing customer of the Group, he or she must be up to date on his or her existing ISAs;
- The customer will also be subject to external credit bureau and insurance checks, the information typically obtained from the credit bureau is the following:
 - customer score;
 - payment behaviour;
 - number of defaults and / or judgements against the customer;
 - verification of the telephone number and residential address of the customer;
 - if applicable any employment details of the customer;
 - if applicable has / is the customer applied for / currently in the process of debt review; and
 - ID document verification that it has been issued by the Department of Home Affairs.

b. Vehicle assessment:

- the Group pre-assesses vehicle dealers and Vehicle models;
- the customer's Vehicle must comply with the minimum standards of the Taxi Recapitalisation Programme, and the distributor of the Vehicle must have made investments in infrastructure, parts and dealer networks sufficient to demonstrate an on-going presence in the market; and
- the Group will also assess the price of the selected Vehicle in the secondary market to ensure that the loan amount does not exceed the assumed sale value in the secondary market.

c. Route assessment:

- the Group assesses a customer's permitted route to ensure that the customer can meet his or her loan obligations and thereafter has sufficient residual cash flows – refer to point 8 in the table below for the required minimum monthly residual cash flows; and
- following acceptance by a customer of a loan offer from the Group, the operating permit is verified.

Credit criteria summary

	Step	Area	Requirement	Control / Verification procedure
Individual	1.	Association letter	Registered with an official minibus taxi association	An association letter is verified against an existing database of SA Taxi approved associations
	2.	Existing customer	Not in arrears on existing account/s or previously repossessed	Verified by an ID number search in the Group's debtors system
	3.	Credit bureau test	Check if credit score hurdle is met. Customers cannot be under administration, sequestrated, applied for debt review or debt counselling.	TransUnion Credit Bureau Proprietary Limited's characteristics are used to assess the credit risk of each customer by way of a credit scorecard.
	4.	Insurance blacklist	Not blacklisted for insurance.	Assessor checks the insurance blacklist. Should the Group or the customer be unable to obtain vehicle insurance, the application is declined.
Vehicles	5.	Approved dealership	Dealership on pre-approved list	Dealership performance is monitored according to sales volumes and FPD (first payment default) analysis.
	6.	Approved Vehicle	Vehicle on pre-approved list.	The process and requirements for "Approved Vehicles" are contained below.
	7.	Within "Maximum Risk Per Vehicle" exposure limit	Credit exposure does not exceed the notional sales value of the Vehicle in the secondary market.	To achieve credit exposure less than or equal to the maximum risk per the current "Maximum Risk Per Vehicle" schedule reflected

				below.
8.	Financial viability or affordability test	Monthly residual cash flows from minibus taxi business in excess of a specified minimum. Affordability assessed, SMMEs are required to net R6,000 for smaller Vehicles (minibus) and R10,000 for larger Vehicles (midibus).	Route information from the application is loaded into the Route Calculator and assessed to ensure its reasonability to establish the expected monthly residual cash flow from the minibus taxi route being assessed.	
9.	Increase deposit	A larger deposit may be required if the monthly residual cash flow is too low.	Outcome of Route Calculator analysis	
10.	Customer acceptance	N/A	N/A	
11.	Operating licence verification	Holds a valid operating license to operate the minibus taxi route.	All permits are verified internally with a random selection of permits for external verification with the relevant local DOT.	

Customer and Vehicle mix

The majority of Vehicles that the Group finances are Premium Vehicles. Although more expensive than some alternative minibus taxis, Premium Vehicles are generally of higher quality, withstand South African road and market conditions better and maintain higher values in the secondary market. The primary focus is on financing Premium Vehicles as they offer a superior risk-adjusted return.

The Group's customer mix is weighted more towards new customers with 80% (84%: FY 2012) of the portfolio comprising new customers to the Group.

Since 2010 FY, the Group's management have actively applied origination strategies to create an origination bias towards Premium Vehicles with 93% of FY 2013 originations being Premium Vehicles compared to 86% in FY 2012.

The Group also facilitates the refurbishment and refinancing of Vehicles that have been repossessed, unlike formal banking institutions the Group acknowledges the underlying

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value of the repossessed article and this is realised through the ability to refinance the Vehicles through the Group's dealer network. 26% of FY 2013 originations were refinanced Vehicles compared to 30% in FY 2012.

Fraud review

Identity fraud is curbed through the use of specialised products available through the credit bureaux, customised for the taxi market. These checks, together with a rigorous verification process with associations (chairmen, secretaries, letters), serves to mitigate fraudulent applications. Special attention is paid to first payment defaulters as a further indicator for emerging trends in potential fraudulent transactions.

Deal finalisation

Once the prospective customer has progressed through the credit evaluation process and has been approved, the dealer invoice for the Vehicle is requested and an ISA is drawn up and sent to the dealer.

The dealer then meets with the customer to:

- discuss the ISA and have the document signed;
- collect FAIS documentation;
- collect Cartrack fitments certificate; and
- register the Vehicle (eNaTIS).

The Group receives signed ISA documents and supporting documentation, performs eNaTIS checks using CerTrack (industry system linked to the DoT) the barcode on the eNaTIS document is scanned to confirm:

- the document is registered with the DoT;
- the Vehicle make;
- the Vehicle year model; and
- the Vehicle is registered as a taxi.

Upon the successful completion of the above processes, the deal is activated on the Acquire system (debtors backend loan management system) and the pay-out process is activated.

Total monthly average applications of 1,200 per month for FY 2013 (1250: FY 2012) were received by the Group. Applications are mostly assessed through calculations and credit scorecards with marginal deals being referred to credit assessors. More often than not same day feedback is provided to the dealer regarding the credit decision (approved / declined).

THE SERVICER, THE STANDBY SERVICER AND THE SERVICING AGREEMENT

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Servicer, the Standby Servicer and the Servicing Agreement" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. The Servicer and the Standby Servicer

The Issuer has appointed SATDF to act as the Servicer subject to the terms and conditions of the Servicing Agreement. In the event that the appointment of SATDF is terminated for any reason, the Servicing Agreement provides that MBD shall act as the Standby Servicer. A summary of the salient provisions of the Servicing Agreement is set out below under the sub-heading "Servicing Agreement".

The business activities and business practices of SATDF and the Group are summarised under the relevant headings below.

2. The Servicing Agreement

- 2.1. The Servicer is required to administer the Participating Assets as the agent of the Issuer in accordance with the terms of the Servicing Agreement. The duties of the Servicer include, without limitation, the right and obligation to:
 - 2.1.1. manage the relationship between the Issuer and Obligors;
 - 2.1.2. implement a collections and arrears procedure in respect of Participating Assets and provide repossession and recovery services in respect of the Vehicles, all in accordance with the Collections Procedures (in this regard, see a summary of the collections procedures below);
 - 2.1.3. procure that monies collected on behalf of the Issuer standing to the credit of the applicable Collections Account are transferred to the Transaction Account on each Business Day;

- 2.1.4. prepare quarterly Servicer Reports setting out such information relating to the Participating Assets as may be reasonably required by the Issuer and/or the Security SPV from time to time;
- 2.1.5. provide computer and information systems to the Issuer, including disaster recovery systems (in this regard, see the summary of the Servicer's systems below),

all on the terms and conditions set out in the Servicing Agreement.

- 2.2. The Servicer is entitled to outsource its functions under the Servicing Agreement. It is also entitled to delegate its functions under the Servicing Agreement subject to certain conditions specified in the Servicing Agreement. The Servicer remains liable to the Issuer for the performance of those functions notwithstanding such delegation.
- 2.3. The Servicer is entitled to charge the Servicing Fees as provided for in the Servicing Agreement, which shall be paid by the Issuer, to the extent permitted by and in accordance with the Priority of Payments, in arrears on each Interest Payment Date following the applicable Collections Period.
- 2.4. The Servicer may at any time terminate its appointment on 12 months' prior written notice.
- 2.5. The appointment of the Servicer may be terminated by the Issuer on the occurrence of a Servicer Default.
- 2.6. In the event that the appointment of the Servicer is terminated, the Services shall be performed by the Standby Servicer.
- 2.7. Neither the Servicer nor the Standby Servicer is under any obligation to fund payments owed in respect of the Securitisation Scheme, absorb losses incurred in respect of the Participating Assets transferred to the Issuer or otherwise to recompense investors for losses incurred in respect of the Securitisation Scheme.

1. COLLECTIONS

1.1. Collections philosophy

The Group's primary credit management objective is to support viable businesses through tough operating environments, with legal enforcement only being resorted to when all other options have been exhausted.

The credit management processes centre on identifying the root cause for poor payment performance and application of a suitable course of action.

Causes for poor payment performance arise as follows:

- changes in route viability due to emerging local economic trends;
- temporary personal setbacks experienced by operators;
- mechanical difficulties or accidents; and
- reticence or operator abdicating from his commitment to the agreement due to lifestyle changes.

With this in mind, our overarching collections philosophy is to rehabilitate the customer, with legal action only being used as a last resort.

Extensions:

This comprises an extension of the repayment term beyond the original term contracted. The Group only offers extensions to customers who have conducted their accounts well prior to the date of an extension being granted. The Group ensures that the new instalment remains affordable. All extensions are subject to approval from the Group's credit department, which operates within the boundaries of the Credit Policy. Below is listed the possible reasons for extensions include:

- change of ownership in event of death;
- instalments missed while Vehicle was under insurance repair;
- instalments missed while Vehicle was under mechanical repair; and
- debt counselling agreement.

The Group's ageing policy is defined as follows:

Ageing Category	Category Definition
Advance	Accounts with an contractual arrears balance of less than ZAR100 (One hundred Rand)
Current	Accounts with contractual arrears greater than ZAR100 (One hundred Rand) but less than 1.5 instalments in arrears
30 Days	Accounts with contractual arrears greater than 1.5 instalments but less than 2.5 instalments in arrears
60 days	Accounts with contractual arrears greater than 2.5 instalments but less than 3.5 instalments in arrears
90 days +	Accounts with contractual arrears greater than 3.5 instalments

Non-performing loans ("NPL's") are defined as:

- the balance outstanding of loans and advances with a contractual arrears of greater than 3.5 instalments (90 Days + as defined above), *less*
- the balance of such outstanding loans and advances for which three consecutive

qualifying* payments (payment frequency) have been received in the three months preceding the measurement date (payment recency), *plus*

- repossessed Vehicles on hand

** qualifying payment is defined as 50% of the contractual instalment*

1.2. Collections process

The Group's collections are managed in-house, with a small portion (5% of the portfolio based on number of accounts) of the collections managed by MBD (also a subsidiary of Transaction Capital). This randomly selected portion of the portfolio is placed with MBD for 3 months of the financial year, May – July 2013, the collections performance of MBD is then used for benchmarking purposes against the Group's collection call centre.

- Collections occur either through cash payment or by debit order and are paid into any one of the collections accounts held by the Collections SPV.
- SATDF, as Collections SPV Administrator, will identify payments on Participating Assets and sweep these daily into the Issuer's Transaction Account.
- Payment allocation into the customer's account is performed on a daily basis by the Payment Administration Department.
- Payments received are electronically uploaded from the daily bank system to individual debtor accounts in the Acquire system.
- Any unallocated receivables are held in the bank account until the correct customer's account is identified for allocation.

The Group's collection process is divided into five phases:

- current account campaigns;
- soft collections;
- hard collections;
- repossessions; and
- off-balance sheet collections.

1.3. Current account campaigns

- Accounts for collections are identified daily with a consolidated report at month end setting out all accounts that require collections activity.
- Unpaid debit orders that are returned by each bank are reversed on Acquire and a debit order rejection fee is raised on the account.
- Cash payments overdue and returned debit orders are raised daily in a debit order rejection file and uploaded onto the Cheetah collections system to be collected via the Group call centre.
- Any unallocated receivables are held in the bank account until the correct customer account is identified for allocation.

1.4. Soft collections

The Group operates its own call centre housed in SATDF. Customers whose accounts are overdue and in arrears are contacted, profiled and prioritised according to risk bands based on vehicle mileage, usage and credit rating score at application.

- All accounts receive an SMS at the beginning of the month - wording is dependent on their risk segment.
- All accounts in Current and 30 days receive phone calls throughout the month - the priority, scripting and tone are varied according to the risk segment.
- Soft Collections agents establish the reason for non-payment and offer the customer appropriate options to return their account back to an up-to-date status which includes the use of payment arrangements, term extensions and voluntary surrender.
- "Promise to pay" arrangements made with customers are captured on the Cheetah system, and are diarised for follow-up actions on the relevant day.
- If the customer fails to honour the arrangement, the account is flagged for additional collection activity.
- Payments received are updated on a daily basis in Acquire which in turn updates Cheetah

1.5. Hard Collections

All accounts in Hard Collections receive phone calls throughout the month - the priority, scripting and tone are varied according to the risk segment. Hard Collections agents reinforce the message of Soft Collections with additional focus on the repercussions of non-payment and imminent legal action.

- Criteria for hand over to Hard Collections:
 - Payment Recency 30+ / Finance ageing 60+ / Arrears R30K+; and
 - Payment Recency 60+ / Finance ageing 60+ / Arrears R20K
- All accounts in Hard Collections receive SMS's - the frequency and wording is dependent on the status code and risk segment.
- The legal process to obtain a warrant commences for customers that do not meet their arrangements and where no payments are received within 7 days of the missed payment date - the status code of the account is amended to "Legal".
- If there is continued non-payment a physical visit to the customer is made in order to make a personal appeal to bring his account back to a current status.

1.6. Legal hand over process

Section 129 of the National Credit Act requires credit providers, before instituting legal action, to provide the defaulting customer with a notice that advises the customer of his/her right to refer the credit agreement to a debt counsellor, alternatively dispute resolution agent, consumer court, or ombud in an attempt to resolve any dispute under the agreement. Section 129 letters are sent to all Active with Finance Ageing 60 days+ and Payment Recency 30 days+ and arrears R30 000

and more as well as Active and Active-Rehab accounts with Finance Ageing 60 days+ and Payment Recency 60 days+ and arrears greater than or equal to R20 000.

All accounts identified for legal action are handed over to external attorneys for treatment. The following process is then followed by the attorney:

- section 129 letters are sent to customers via registered mail to their confirmed address;
- issue summons and serve on customer;
- obtain default judgement and receive warrant;
- warrant is handed to the loss adjustors for safe keeping;
- the monthly business strategy determines which warrants are executed; and
- status changes are used to track the account through the legal process.

The attorney provides the Group legal administrators with on-going feedback throughout the process.

1.7. Repossessions and the role of Taximart

Taximart was created in 2009 to receive, refurbish and sell repossessed minibus taxis in the secondary market and improve the Group's recoveries on repossessed Vehicles. Taximart operates on behalf of the relevant credit provider in each case and recovers the total cost of repair incurred in getting the Vehicle to refurbished refinanced condition from the credit provider. The recovery from the credit provider occurs only once Taximart sources a third party purchaser for the refurbished Vehicle. When a customer's account falls into arrears and no payment can be secured in the soft and hard collections processes, the Group will repossess the Vehicle which is facilitated by Taximart. The monthly business strategy determines which warrants are executed.

The Group's loss adjustors, along with the sheriff, facilitate repossessions through the use of tracking technology and strong relationships with minibus taxi associations and other industry participants. The Vehicle is physically removed to a safe location, e.g. Taximart or Sheriff's depot, and the status is changed to "RepoPR" which allows the customer 16 days to reclaim the Vehicle. After the 16 day window has expired, the status is changed to Repo and becomes inventory on hand. These items are held as part of the gross loans advances balance and disclosed as NPL's (as defined above) until such time Taximart repairs the article and sources a third party purchaser. Once sold, the proceeds of the sale of the Vehicle net of repair costs is offset against the balance outstanding as a recovery.

Upon repossession of a vehicle, Taximart performs a vehicle assessment to determine the extent of any damage - the assessment includes both an insurance assessment for panel and accident damage and a mechanical assessment to determine cost to repair.

Credit risk

Credit risk is the risk of loss to the entity arising from the failure of a customer to fulfil its payment obligations. The risk of non-payment is higher for the Group than for traditional lenders due to its target market. This heightened credit risk is offset by substantial operational capacity and efficiency, coupled with a greater risk-adjusted yield.

SA Taxi Finance credit committee is responsible for overseeing credit risk and meets at least monthly. Members of SA Taxi's executive committee, representatives from Principal, as well as the Transaction Capital group's chief executive officer, chief financial officer and executive directors attend these meetings. Credit risk is further overseen by Transaction Capital's risk and compliance committee. The members of this committee include executive and non-executive directors and executives with significant credit risk experience.

Credit risk monitoring includes: changes to origination decisions; new business approvals; and collections performance.

SA Taxi has limited exposure to a single counterparty, with the largest exposure to a single borrower being negligible as a percentage of assets exposed to credit risk. The largest indirect exposure to any single counterparty group is to members of taxi associations. The company considers this risk to be acceptable. The company also has asset concentration risk to members LSM's 4 to 7.

Customers almost exclusively come from previously disadvantaged and marginalised communities, with the finance provided for many being one of the few opportunities to escape poverty and create wealth without a formal education.

Legitimacy as a business further stems from the company's ability to differentiate viable taxi businesses and viable operators in our lending decision and in actively managing on-book exposures through intimate knowledge of the operating realities affecting our customers.

The credit granting processes centre on synthesising all the insights gained from past lending experiences and current industry knowledge (at route and association level) in identifying credible operators on viable routes. In an ever changing environment, the pursuit of deep insight into what makes for a credible operator and a viable route remains the primary objective.

Likewise, credit management processes centre on identifying the root cause for poor payment performance and addressing the root cause. The primary objective is to support viable businesses through tough operating environments, with legal enforcement only being resorted to when all other options have been exhausted. In this dynamic environment, the pursuit of deep and rewarding relationships with customers remains our primary objective.

Insurance premiums are paid monthly; premiums amount to approximately 8% to 9% of vehicle value per annum. The premium is fixed and is based on vehicle value and geographical region.

Every vehicle is fitted with a tracking system called Taxi Elite from Car Tracker. It has a full online functionality where the vehicle location, mileage and non-movement can be traced.

The value of the tracker Taxi Elite unit is capitalised to the loan to ensure recovery, while the monthly airtime cost is paid annually upfront by SA Taxi and recovered from the client monthly.

During FY2013, as a response to the challenging credit environment, the group reduced credit risk by lending to lower risk applicants than historically and also by discontinuing the finance of repossessed entry level vehicles. The positive impact of these changes is expected in the medium term.

Differences between SA Taxi and traditional retail finance (vehicle finance and micro lending)

In evaluating the credit performance statistics and impairment levels relative to traditional retail finance portfolios it is important to keep the differences in the underlying business model in mind.

Source of debt servicing cash flow

SA Taxi relies on the cash flow from a small business to service all its loan agreements, as opposed to reliance on (mostly) salaried income in traditional retail finance businesses. As such the repayment performance of the underlying loans is inextricably linked to the on-going productivity of the business.

Individual operators' monthly income can vary considerably month-on-month due to various reasons including:

- periods where vehicle maintenance is required;
- holiday periods (Christmas and Easter);
- periods of industrial action;
- periods of petrol shortage.

In line with the reality of the cash flow of the underlying taxi business, loan servicing is not as regular and predictable as for salary based portfolios.

More than 70% of payments are received in cash (as opposed to debit order) and rarely does SA Taxi receive the exact instalment due on the due date.

Value of security

The financed vehicle gives life to a small business and so carries a greater value than could be expected from a vehicle not used for business purposes. Unlike an ordinary financed vehicle it is a true income generating asset.

Specifically, the repossession of the vehicle ends the business (and the associated income) and this increases the customers' commitment to the loan considerably.

The income generating capacity of a vehicle is also a very important consideration in its re-sale value. This "ability to generate income" serves to yield (on the balance) better re-sale values than retail vehicle sales, where fashion impacts prices and income generating ability is not a consideration at all.

To enhance the value of repossessed vehicles SA Taxi re-invests money to repair vehicles and these costs are considered in the LGW estimation (as defined below).

Credit risk provisioning

Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance.

2. IT ENVIRONMENT

2.1. Critical systems



Name	Description
Signio / Seriti	Dealer origination application
Reward	Front end loan origination application
Acquire	Back end loan management system
Cheetah	Collections call management software
CAE	Payments' allocation system
Quantamax	Taximart / Repossession software
VMS	Job costing application
Tial	Insurance application
Qlikview	Reporting software
Certrack	eNaTIS filing application
Pastel	Accounting software
Cartrack	Vehicle tracking system
HIVE	Consolidated data warehouse across above critical systems

Handwritten signature/initials

Consolidation of information across the various software applications

Project HIVE - user display - The consolidation of data across the core software applications (project 'HIVE') went live on the 1 August 2013. There are approximately 70 users on HIVE for on average 370 hours per day, i.e. over 5 hours per user per day. This application has provided immediate benefits to the business of the Group by sharing critical information across the various core systems and displaying this in a single interface. Currently, the following core systems have been consolidated into the HIVE data warehouse: Acquire, Quantamax, VMS, Cheetah, Tial, Cartrack, Reward, Knowblet (external customer contact information), Taxi Associations (from department of Transport), CAE (cash allocations engine), System Notes and Documentation.

HIVE MI data - HIVE provides the Group with a single, current and consolidated data warehouse which enables the business of the Group to easily produce management information and data analytics, using drag and drop functionality across all applications. The HIVE data warehouse enables the Group to make better, more informed and timeous decisions.

Project STACC (Graphical display of Cartrack data) – Project STACC provides users with a graphical representation of financed Vehicles with the ability to track and locate Vehicles in a single display according to Cartrack data. The application has been enhanced to include filters to display Vehicles according to predefined criteria as well as being integrated with HIVE. STACC will be launched to key business users from the beginning of November 2013 and will continually be enhanced to meet the requirements of business.

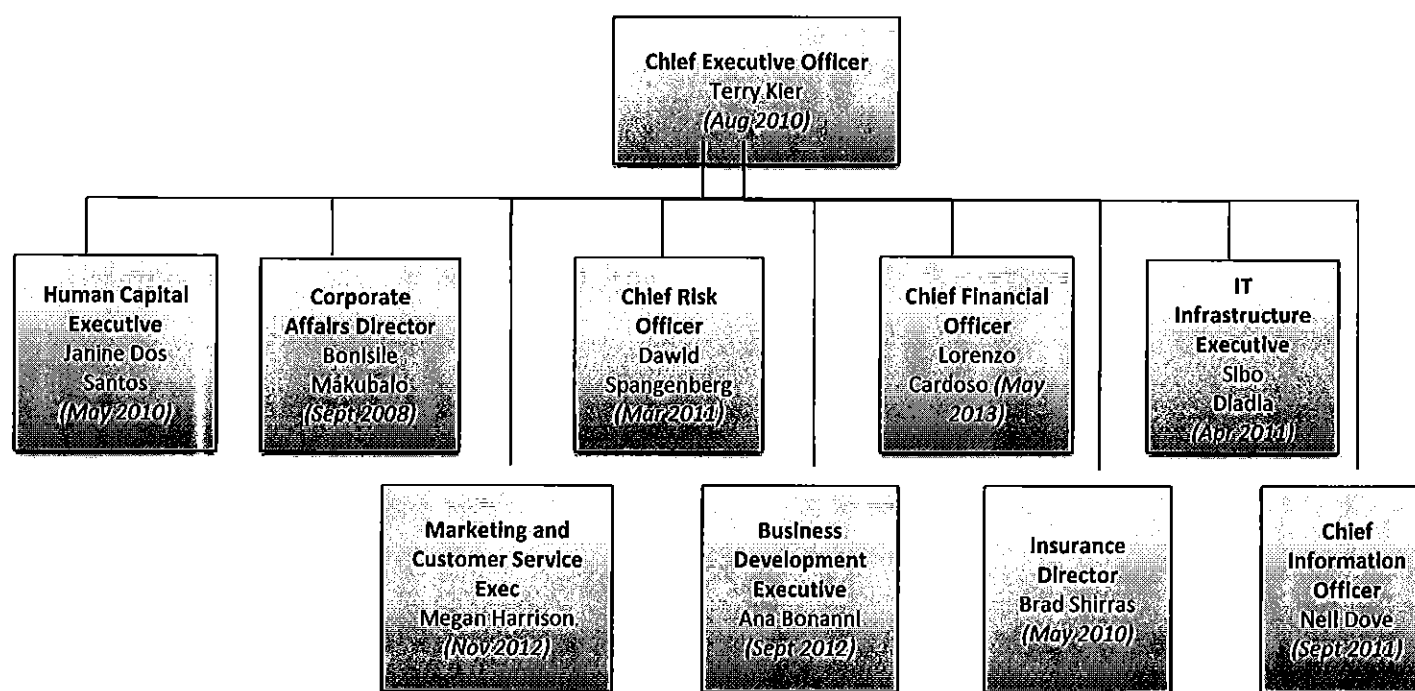
CORPORATE GOVERNANCE

The Group, as part of Transaction Capital, complies with the principles of the Code of Corporate Practices and Conduct as set out in King III.

The SA Taxi board consists of the following members as at 31 August 2013:

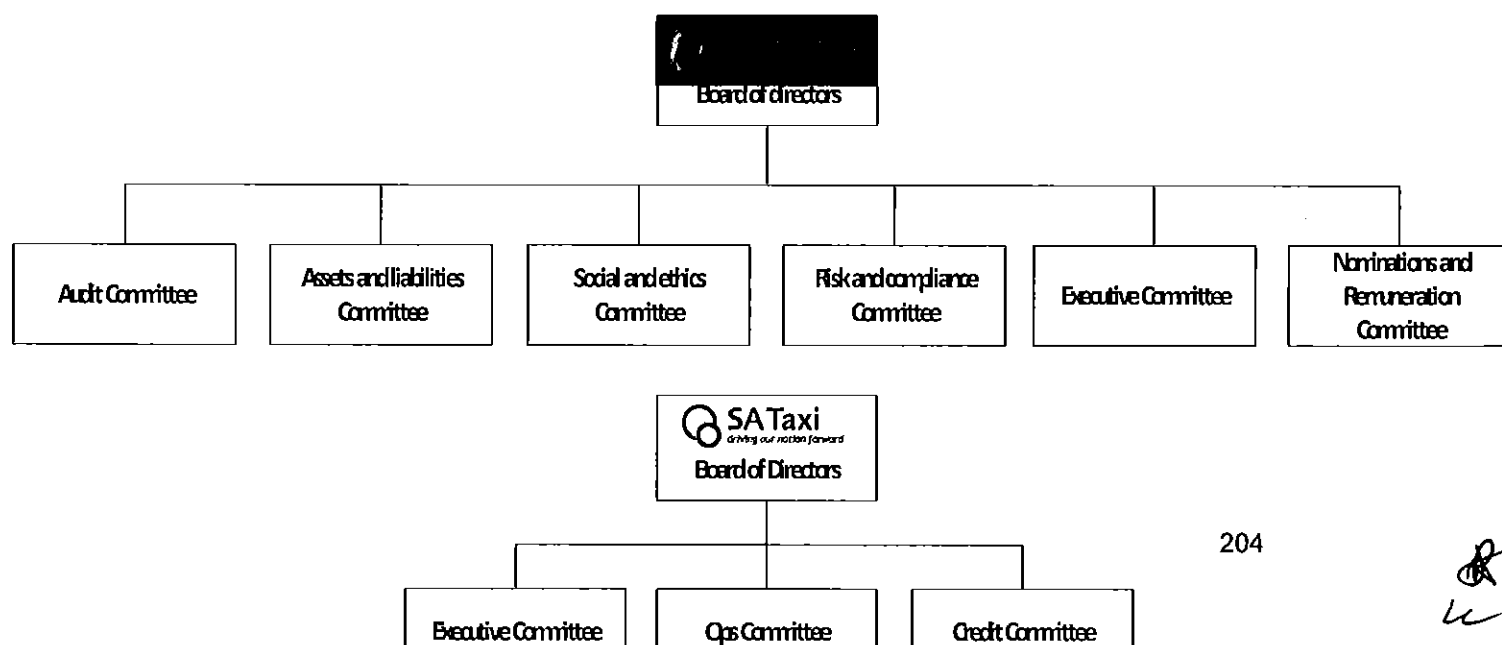
- Mark James Lamberti;
- Jonathan Michael Jawno;
- Michael Paul Mendelowitz;
- David Mark Hurwitz;
- Terence Errol Kier;
- Bonisile Douglas Makubalo;
- Simon Sipiwe Nzimande;
- Bradley Alec Shirras;
- Roberto Rossi;
- David Frederick Nicolaas Spangenberg; and
- Lorenzo Phillippe Cardoso.

The organization structure of the Group is pictured below:



GOVERNANCE

Governance is further applied through Transaction Capital committees and processes. Each committee has a charter, formally approved by the Transaction Capital board, with clearly defined terms of reference including delegated authority and reporting procedures. Each charter has been amended during the September 2010 year to align it with the requirements of King III. The following Transaction Capital governance committees are sub-committees of the Transaction Capital board and apply to the Group and support the Issuer (without detracting from the Issuer's own governance process referred to in the section of the Programme Memorandum headed "*The Issuer*" – "*Governance and Directors*")



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Committee composition and role is tabulated below:

Committee	Role	Frequency of meetings	Members
Asset and Liability Committee	<p>Analyses whether the Transaction Capital Group ("the Group" or "the Transaction Capital Group") has adequate capital, funding and facilities to meet its growth targets and financial commitments.</p> <p>Monitors liquidity risk, interest rate risk, counter-party risk, concentration risk, currency risk, capital adequacy and ensures adherence to funding policies and relevant regulatory developments.</p>	Quarterly	<p>J. Jawro (Chairperson) M. Haskovits D. Hurwitz C. Seabrooke *INE S. Williamson D. Woollam *INE L. Cardoso</p>
Audit Committee	<p>Responsibilities are grouped under five categories:</p> <p>Integrated Reporting: monitors that adequate accounting records have been maintained and that the accounting policies are appropriate and consistently applied.</p> <p>Risk Management: overseeing the management and effectiveness of the Group's system of internal controls, evaluating financial reporting risks; and considering fraud and information technology risks.</p> <p>Combined Assurance: overseeing that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.</p>	Three times a year	<p>D. Woollam (Chairperson) *INE P. Langeni *INE C. Seabrooke *INE C. Ntumba *INE</p>

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	<p>Internal Audit: overseeing the function.</p> <p>External Audit: overseeing the process including recommending the appointment of the external auditors and maintenance of this relationship.</p> <p>Both the Group Internal Audit Executive and the external auditors have unfettered access to the Audit Committee.</p>		
Nominations and Remuneration Committee	To provide independent oversight with regard to the appointment of senior executives and non-executives and their remuneration.	Three times a year	D Tabata (Chairperson) ^{INE} P Langeri ^{INE} C Seabrooke ^{INE} S Zagnoev ^{INE}
Risk and Compliance Committee	<p>Overseer of risk management and recommends appropriate actions to the Transaction Capital board for its consideration and final approval.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> identifying acceptable levels of risk tolerance and risk appetite; overseeing the development, implementation and review of the risk management policy and plan; monitoring the management of risks within the board-approved levels; liaising closely with the Audit Committee regarding risk that impacts its functioning. 	Five times a year	D Woollam ^{INE} (Chairperson) C Seabrooke ^{INE} J Jawno R Rossi D Hurwitz C van der Walt S Williamson I Wood S Hochstadter D Spangenberg
	As required in terms of section 72 of the Companies Act, 2008, a Social and Ethics Committee has been appointed with effect from 1 October 2011. This committee will perform the functions prescribed in terms of Regulation 45 of the Companies		P Langeri ^{INE} C Ntumba ^{INE} R Rossi

COMPANY SECRETARY OF THE GROUP

The Group, being a private company, does not have a Company Secretary. The person who has the corresponding powers and duties as a company secretary in respect of the Group is Peter Joel Katzenellenbogen.

Back-up service provider

The Transaction Capital Group's credit services division is dominated by MBD.

MBD is a leading South African provider of receivables management services comprising the collection of pre-charged off accounts, charged off accounts and delinquent debt.

More than half of its revenue is earned via collections on an outsourced contingency basis on behalf of its clients, which include many major South African financial institutions, government and parastatal entities, credit retailers and other credit providers.

The remainder of its revenue is earned as principal via the purchase and collection of portfolios of charged off accounts receivable across a variety of industry sectors.

MBD has developed a proprietary IT platform, extensive dataset, expert collection methodologies and organisation wide compliance practices to maximise credit collection efficiency and effectiveness.

MBD employs both call centre-driven and legal collection procedures using its nine call centre facilities and 2 159 collection agents at 30 September 2012.

MBD had R21.8 billion of assets under management as at 30 September 2012, including R9.8 billion it has acquired.

MBD is a Global Credit Ratings Co. Special Servicer Quality SQ2+ rated service provider. (MBD previously held a SQ2- servicer rating from Moody's).

For MBD scale is a competitive advantage as:

- its substantial investment in data driven collections technology provides predictive information vis-à-vis collectability and method of collection;
- its average cost of collection reduces with scale;
- its market share provides it with price bargaining power as regards suppliers of communication and other requirements.

MBD operates nine call-centre facilities located in Cape Town, Durban, Gaborone (Botswana), Johannesburg (two locations), Kimberley, Klerksdorp, Polokwane and Rustenburg, which are connected to a central and sophisticated IT system which controls activity at all levels.

MBD's management believe that the geographic distribution of call centres reduces call-centre staff turnover, which is typically high in the collections industry.

Management estimate that MBD is significantly larger than any of its competitors, i.e. almost twice the size of its next closest competitor in terms of call centre capacity.

Through the last 12 years MBD has been able to lead the industry by differentiating itself through:

- established bespoke core systems, infrastructure and disaster recovery procedures;
- compelling alternative to credit providers through debt acquisition;
- dedicated Analytics, Strategy and Data Department;
- uncompromising corporate governance and risk management policies;
- conservative balance sheet, strong cash generation and access to large funding lines if required;
- strong relationships with most major credit providers;
- experienced executive and senior management team;
- significant investments in human capital and skills development.

MBD is the Standby Administrator for the SATS structure and through its collections mandates and various documentation has obtained a working knowledge of the Group systems, interfaces and account format to assume the Servicer role as efficiently as possible

MBD currently administers and collects on a portion the off balance sheet debtor book.

2.2. Back up procedures

Data protection and backup:

All systems are backed up daily in the evenings using Backupexec software onto an IBM LTO4 tape library. This process is managed internally by the servers and infrastructure team with BCX providing 3rd line support when required. Backups are performed nightly 7 days a week. LTO tape media is used to handle capacity and multiple drive libraries are deployed to handle throughput (running sequential jobs). Full month-end backups are performed and tapes are stored indefinitely. Year-end backups are also performed post-financial year-end and stored indefinitely. All backups are stored off-site at Metrofile. Backup logs are checked every weekday. Statuses are noted and remediation steps are taken where necessary

Retention periods of back-ups

- Daily backups are rotated every two weeks.
- Weekly backups are rotated every four weeks.
- Monthly backups are currently not rotated – media is retained.
- Yearly backups are not rotated - media is retained.
- Special backups are retained as required.

Data Testing

All system critical tapes are tested monthly by restoring on DR servers. The tests include correct tape recall, tape restore and data integrity.

High availability

The production environment is running off a fully redundant platform that includes six mirrored servers. The Group has standby servers at its disaster recovery environment where monthly test restores are run. The file server runs DFS (distributed file system), which synchronises all company data from 24H00 to 04H00. The state of the virtualised environment (production) is managed using Microsoft Hyper-V.

Locality of sites

- From the Group head office (Midrand, Johannesburg)
- To Metrofile (tape storage site) 34 km
- To MBD DR (back up site) 27 km
- To IBM DR (back up site) 34 km
- To MBD (Standby Administrator) 26 km
- From MBD DR to Metrofile (tape storage site) 24 km

Disaster recovery ("DR")

- MBD Credit Solutions Holdings Proprietary Limited and its subsidiaries ("**MBD Group**") is contracted to provide 50 seats in the event of a disaster and are connected to the Neotel MPLS cloud, so at any point in time the 50 seats have full access to the internet, email & other branches.
- Should any business site fail, a controlled number of users can be migrated to the MBD Group and will immediately have access to the production systems. Call centre capability will be ported from the head office to the MBD Group, including Avaya telephonic system and Cheetah collections system. Additional users with mobile access (3G) will be seated at the MBD Group DR site.
- Should the Group head office systems fail or there be a geographical disaster affecting the entire Group's server capability, some systems can fall over to the MBD Group DR site in a controlled fashion with minimal effect on the IT controls. The Additional Systems will be restored from tape within a maximum period of 24 hours.
- Backup tapes are stored offsite at Metrofile and systems can be recovered at an alternate location.
- The MBD Group is also contracted to supply temporary PC's on site, in the event of total or partial workstation failure or misplacement.
- Full DR testing takes place twice a year.

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THE ADMINISTRATOR AND ADMINISTRATION AGREEMENT

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section "General Information". Words used in this section headed "The Administrator and the Administration Agreement" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. The Issuer has appointed SATDF, to act as the Administrator in terms of the Administration Agreement to render the Administration Services. See the section headed "*The Servicer, the Standby Servicer and the Servicing Agreement*" for a full description of the business activities of SATDF.
2. The duties of the Administrator include ensuring that all management, reporting, general, administrative and accounting activities which the Issuer may require to have carried out in the ordinary course of the Issuer's business and the conduct of the Programme are carried out either by itself or by the agents, auditors, secretaries or attorneys of the Issuer from time to time. The Administrator assists and advises the Issuer in relation to the administration of the Priority of Payments and the Reserves and assists and advises the Issuer in relation to the issuing, and redeeming of Notes.
3. The Administrator is entitled to charge the Administration Fee as provided for in the Administration Agreement, which shall be paid by the Issuer, to the extent permitted by and in accordance with the Priority of Payments, in arrears on each Interest Payment Date following the applicable Collections Period.
4. The Administrator may at any time terminate its appointment on 12 months' prior written notice.
5. The appointment of the Administrator may be terminated by the Issuer on the occurrence of an Administrator Event of Default.
6. In the event that the appointment of the Administrator is terminated, the Administration Services shall be performed by the Standby Administrator.

SETTLEMENT, CLEARING AND TRANSFERS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, 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, The Standard Bank of South Africa Limited and Citibank N.A., South Africa branch and Standard Chartered Bank, Johannesburg branch. 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.

Notes issued in uncertificated form

The Issuer may, subject to Applicable Laws, issue Notes that are to be listed on the Interest Rate Market of the JSE in uncertificated form. The Issuer may also issue unlisted Notes under the Programme. Unlisted Notes are not regulated by the JSE. Notes issued in uncertificated form will not be represented by any certificate or written instrument.

With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. In such event, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, and not to be settled through the electronic settlement procedures of the JSE and the Central Securities Depository, no Applicable Pricing Supplement will be delivered to the JSE.

All transactions in uncertificated securities as contemplated in the Financial Markets 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 Financial Markets 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 13.1.

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 Trust

Claims against the BESA Guarantee Fund Trust 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 BESA Guarantee Fund Trust.

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 the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, 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 Tax residence and controlled foreign companies

South African ("SA") tax implications for Noteholders will depend, to a large extent, on the tax residence status of a Noteholder, including whether a foreign Noteholder would be regarded as a controlled foreign company. These concepts are discussed below.

2.1 Natural persons

A natural person will be a SA tax resident if he or she is "ordinarily resident" in South Africa or, if not "ordinarily resident" in South Africa, was physically present in South Africa for certain prescribed periods in the five tax years prior to and during the tax year in question ("**physical presence test**"). These periods amount to greater than 91 days in each year of assessment and an aggregate greater than 915 days during those five preceding years of assessment. A natural person, not "ordinarily resident" in South Africa but who meets the "physical presence test", who is physically absent from South Africa for a continuous period of 330 days from the day immediately after the date on which such person ceases to be physically present in South Africa is deemed to have been a non-SA

tax resident from the day on which the person ceased to be physically present in South Africa.

The above residence rules are subject to a provision that prescribes that, even if a person would be a SA tax resident in terms of the above rules, that person will not be so resident, and in fact will rather be a non-resident, if the person concerned is deemed to be exclusively a resident of another country for purposes of a double taxation agreement entered into by South Africa and the other jurisdiction.

2.2 Persons other than natural persons

A person other than a natural person will be a SA tax resident if it is incorporated, established or formed in South Africa or has its place of "effective management" in South Africa.

The tax treaty override also applies to persons other than natural persons, so that a person, even if tax resident in South Africa in terms of the above rules, would not be so resident if its treaty residence is determined to be in a jurisdiction other than South Africa in terms of a tax treaty entered into between South Africa and the other jurisdiction.

2.3 Controlled foreign companies

If any non-resident association, corporation, company or close corporation which falls within the definition of a company (a "**foreign company**") in which SA tax residents hold more than 50% of the participation rights or can exercise, directly or indirectly, more than 50% of the voting rights in that foreign company (a "**CFC**"), a proportionate amount of the net income (including capital gains) of the CFC will be included in the income of such SA tax residents, subject to certain exclusions. The rules applicable to SA residents and non-residents should be read in the context of the CFC rules, where applicable.

3 Income Tax: interest

3.1 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.

3.2 Tax on interest on Notes

Under current taxation law in South Africa:

- (a) a person who is tax resident in South Africa will, subject to any available exemptions, be taxed on their worldwide income including all interest on the Notes; and
- (b) a person not tax 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.

From 1 January 2015, a 15% withholding tax on interest will ordinarily apply in relation to interest received by or accrued to Noteholders who are not tax resident in South Africa, subject to any available tax treaty relief. The withholding tax will also not apply to Noteholders who are controlled foreign companies. As the Notes are listed, the interest on the Notes will, however, be exempt from the withholding tax on interest.

4 Profits on disposal other than interest

Any subsequent disposal of the Notes by a Noteholder who is tax 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 one-third of the gain is taxable, and in the case of companies and trusts, two-thirds 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.

For Noteholders who hold the Notes for speculative purposes, profits not already forming part of interest (being a discount or premium, as discussed above) will attract income tax for Noteholders who are SA tax residents and for those non-residents who derive these profits from

a SA source, in which case treaty relief may be available for non-resident Noteholders not having a permanent establishment in South Africa.

5 Value-Added Tax

No value-added tax ("**VAT**") is payable on the issue or transfer of the Notes. Notes constitute "debt securities", the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of which is a financial service, which is exempt from VAT.

Commissions, fees or similar charges raised for the facilitation of these services will be subject to VAT at the standard rate (currently 14 per cent), except where the recipient is a non-resident for tax purposes, in which case a zero rate may apply.

EXCHANGE CONTROL

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, 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.

Exchange Control approval

Approval in terms of the South African Exchange Control Regulations is not required for the subscription or purchase of Notes.

SUBSCRIPTION AND SALE

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

In terms of (and subject to) the Programme Agreement, SBSA has been appointed as a Dealer on an ongoing basis for the duration of the Programme. The Issuer may appoint one or more Dealers for a specific issue of one or more Tranches of Notes or on an ongoing basis.

In terms of (and subject to) the Programme Agreement, the Issuer may from time to time agree with any Dealer(s) to issue, and any Dealer(s) may agree to place, one or more Tranches of Notes.

Republic of South Africa

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that it will not solicit any offers for subscription for or sale of the Notes in that Tranche of Notes, and will itself not sell Notes, in South Africa, in contravention of the Companies Act, the Banks Act, 1990, the Exchange Control Regulations and/or any other applicable laws or regulations of South Africa in force from time to time. In particular, without limitation, the Programme Memorandum does not, nor is it intended to, constitute a prospectus (as that term is defined in the Companies Act) and each Dealer will be required to represent and agree that it will not make "an offer to the public" (as that term is defined in the Companies Act) of any of the Notes in that Tranche of Notes (whether or subscription or sale) and any regulations promulgated thereunder. Notes will not be offered for subscription to any single addressee for an amount of less than ZAR1 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 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.

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that:

- (i) the Notes in that Tranche 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 or sold or delivered any Notes in that Tranche, and will not offer or sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons;
- (iii) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons; and
- (iv) 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 in that Tranche 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.

Until 40 days after the commencement of the offering of a Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

United Kingdom

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that:

- (i) it has not offered or sold, and prior to the expiry of a period six months from the Issue Date in respect of each Tranche of Notes will not offer or sell, any Notes in that Tranche 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 complied with and will comply with all applicable provisions of the Financial Services and Markets Act, 2000 (the "FSMA") with respect to anything done by it in relation to the Notes in that Tranche in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in that Tranche in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

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

Prior to the issue of any Tranche of Notes under the Programme, each Dealer for that Tranche of Notes will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures subscriptions for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales.

Each Dealer for a Tranche of Notes will be required to represent and agree that it will comply with such other or additional restrictions in relation to that Tranche of Notes as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealers represent that Notes may at any time lawfully be subscribed for or 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 subscription or sale.



GENERAL INFORMATION

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), 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 Programme Memorandum. 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 section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, 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 Programme Agreement and the Notes. As at the date of this Programme Memorandum, no approval from the Exchange Control Department of the South African Reserve Bank is required for the establishment of the Programme or this Programme Memorandum.

Banks Act, 94 of 1990 (as amended)

The Registrar of Banks has confirmed in writing that the Issuer is authorised to issue commercial paper up to an amount of ZAR4 000 000 000 pursuant to a Securitisation Scheme in terms of paragraph 14(1)(b)(ii) of the Securitisation Notice. The Issuer will obtain the prior written authorisation of the Registrar of Banks to issue commercial paper in excess of ZAR4 000 000 000 but up to the Programme Limit.

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 Programme Memorandum 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

This Programme has been registered by the JSE. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any successor exchange and/or such other or further

exchange(s) as may be agreed between the Issuer and the Dealer(s) and subject to any relevant ruling law. Unlisted Notes may also be issued. Unlisted Notes are not regulated by the JSE.

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, SATDF and the Dealer.

Participants

As at the date of this Programme Memorandum, the Participants who are Participants recognised by the JSE are, amongst others, the South African Reserve Bank, FirstRand Bank Limited, Nedbank Limited, SBSA, Citibank N.A., South Africa branch, Societe Generale South Africa Limited and Standard Chartered Bank, Johannesburg branch. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through their South African Participants.

Material change

The Issuer has not traded at all since the date of its incorporation and registration on 27 November 2012 and no transactions have occurred from the date of incorporation to the date of this Programme Memorandum and therefore as at the date of the Programme Memorandum and following due and careful enquiry there has been no material change in the financial or trading position of the Issuer since its latest audited financial statements. This statement has not been verified or confirmed by the auditors of the Issuer.

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 Programme Memorandum, 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.

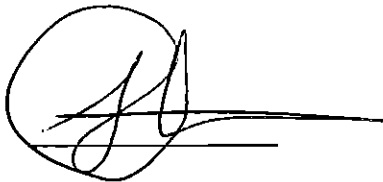


Documents

So long as any Note remains outstanding, a copy of this Programme Memorandum and each of the documents referred to in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" will be available for inspection during normal office hours after the date of this Programme Memorandum, at the offices of the Servicer, situated at 179, 15th Road, Randjespark, Midrand, Johannesburg, South Africa.

A copy of this Programme Memorandum, any other supplement to this Programme Memorandum and each Applicable Pricing Supplement are available on the JSE's website, www.jse.co.za as well as the Servicer's website, "<http://www.transactioncapital.co.za/investor-centre/transsec/>". Copies of the Issuer's audited annual financial statements are also available on the Servicer's website.

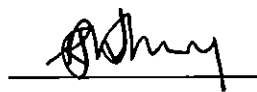
Signed at SANDTON on behalf of Transsec Proprietary Limited (to be renamed Transsec (RF) Limited)



Director LORENZO CARDOSO

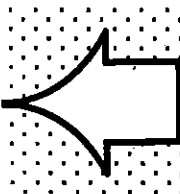
Date 2 JUNE 2014

Signed at Sandton on behalf of Transsec Proprietary Limited (to be renamed Transsec (RF) Limited)



Director R. Thanthony

Date 02/06/14



CORPORATE INFORMATION

ISSUER

Transsec Proprietary Limited (to be renamed Transsec (RF) Limited)

(Registration number 2012/209822/07)

179, 15th Road

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Finance House

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Dunkeld

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Contact: Lorenzo Cardoso - Director

CO-ARRANGERS

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Contact: Lito Nunes – Audit Partner

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Claremont, Cape Town

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South Africa

Contact: Ronald Gwewera

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