

This Preliminary Programme Memorandum does not constitute an offer to sell or an invitation to the public to purchase Notes. The information contained in this Preliminary Programme Memorandum is subject to completion and amendment in the Final Programme Memorandum.

Programme Memorandum ●

VUKILE INVESTMENT PROPERTY SECURITISATION

(PROPRIETARY) LIMITED

(Incorporated in South Africa with limited liability under registration number 2005/025698/07)

**Commercial Mortgage Backed Securities Programme:
R 2 billion**



Programme Originator



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Programme Manager and sponsor

PROGRAMME MEMORANDUM

VUKILE INVESTMENT PROPERTY SECURITISATION (PROPRIETARY) LIMITED

(Incorporated with limited liability in South Africa under registration number 2005/025698/07)

Commercial Mortgage Backed Securities Programme

Under this Commercial Mortgage Backed Securities Programme (the "**Programme**"), Vukile Investment Property Securitisation (Proprietary) Limited (the "**Issuer**") may from time to time issue limited recourse secured registered notes (the "**Notes**") denominated in South African Rand, on the terms and conditions (the "**Terms and Conditions**") contained in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*". Capitalised terms used below are defined in the section of this Programme Memorandum headed "*Glossary of Definitions*".

Each Note will be secured by and will relate exclusively to the Assets of the Series specified in the Applicable Series Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Class of Notes. Before the Issuer issues any Tranche of Notes in respect of a new Series, the Issuer shall complete and sign an Applicable Series Supplement based on the pro forma Applicable Series Supplement included in this Programme Memorandum, setting out details of such Notes. Before the Issuer issues any Tranche of Notes forming part of a Series, the Issuer shall complete and sign an Applicable Pricing Supplement based on the pro forma Applicable Pricing Supplement included in this Programme Memorandum, setting out details of such Notes. The Applicable Series Supplement and the Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions (including additional definitions) which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purpose of such Series or Tranche of Notes.

Save as set out in this Programme Memorandum, the Notes will not be subject to any minimum or maximum maturity. This Programme Memorandum will apply to Notes issued under the Programme in an aggregate Outstanding Principal Amount which will not exceed R2 000 000 000, unless such aggregate Outstanding Principal Amount is increased as set out in the section of this Programme Memorandum headed "*General Description of the Programme*".

The Programme has been registered with BESA. Each Tranche of Notes will be listed on BESA or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. With respect to a Tranche of Notes listed on BESA, the Applicable Pricing Supplement relating to that Tranche will be delivered to BESA and the Central Securities Depository on or before the Issue Date, and the Notes in that Tranche may be traded by or through members of BESA from the date specified in the Applicable Pricing Supplement. The trading of Notes listed on BESA will take place in accordance with the rules and operating procedures for the time being of BESA. The settlement of trades on BESA will take place in accordance with the electronic settlement procedures of BESA and the Central Securities Depository. The settlement and redemption procedures for a Tranche of Notes listed on another exchange, irrespective of whether that Tranche is listed on BESA as well, will be specified in the Applicable Pricing Supplement.

Notes may be issued on a continuing basis and be placed by one or more Dealers appointed by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.

The Programme is not rated, but it is expected that certain Tranches of Notes issued under the Programme will be rated by the Rating Agency on a national scale basis. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

The Notes are not directly secured by any of the assets of the Issuer but the Security SPV of the relevant Series will execute a limited recourse Guarantee in favour of the Secured Creditors (including the Noteholders) of the relevant Series. All payments to be made to the Secured Creditors (including the Noteholders) of the relevant Series (whether made by the Issuer or the Security SPV) will be made in accordance with the Priority of Payments of the relevant Series. The attention of investors is drawn to the section of this Programme Memorandum headed "*Security*" for an understanding of the security structure relating to the Notes.

The Notes will be obligations solely of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by, Absa, the Arranger, the Programme Originator, the Dealers, the other parties to the Transaction Documents or, save to the extent of the net amount recovered from the Issuer pursuant to the Indemnity and from the property realised pursuant to the other Security Agreements (and then subject to the payment of higher ranking creditors in the Priority of Payments), the Security SPVs, or any of their respective Affiliates. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by Absa, the Arranger, the Programme Originator, the Dealers, the other parties to the Transaction Documents or, save to the extent of the net amount recovered from the Issuer pursuant to the Indemnity and from the property realised pursuant to the other Security Agreements, the Security SPVs, or any of their respective Affiliates.

Prospective purchasers of Notes issued under the Programme should pay particular attention to the section of this Programme Memorandum headed "*Investment Considerations*".

Arranger and Dealer

ABSA BANK LIMITED
acting through its division,
Absa Corporate and Merchant Bank

Programme Originator

VUKILE PROPERTY FUND LIMITED

Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed "Glossary of Definitions" unless separately defined in this Programme Memorandum and/or the Applicable Supplements. Expressions defined in this Programme Memorandum will bear the same meanings in supplements to this Programme Memorandum which do not themselves contain their own definitions.

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

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

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

Information contained in this Programme Memorandum with respect to Absa, the Arranger, the Programme Originator, the Dealers, the other parties to the Transaction Documents and the Security SPVs has been obtained from each of them for information purposes only. The delivery of this Programme Memorandum shall not create any implication that there has been no change in the affairs of Absa, the Arranger, the Programme Originator, the Dealers, the other parties to the Transaction Documents or the Security SPVs since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Programme Memorandum. Nevertheless, if any such information is given or representation made, it must not be relied upon as having been authorised by BESA, Absa, the Issuer, the Arranger, the Programme Originator, the Dealers, the other parties to the Transaction Documents or the Security SPVs, or any of their respective Affiliates or advisers. Neither the delivery of this Programme Memorandum nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer since the date hereof or that the information contained in this Programme Memorandum is correct at any time subsequent to the date of this Programme Memorandum. BESA, Absa, the Arranger, the Programme Originator, the Dealers and other advisers have not separately verified the information contained in this Programme Memorandum. Accordingly, neither Absa, BESA, the Arranger, the Dealers, the Security SPVs nor any of their respective Affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Programme Memorandum or any other information supplied in connection with the Programme. Each person receiving this Programme Memorandum acknowledges that such person has not relied on BESA, Absa, the Arranger, the Programme Originator, the Dealers, or any other person affiliated with BESA, the Arranger, the Programme Originator or the Dealers in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Programme Memorandum nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by BESA, Absa, the Issuer, the Arranger, the Programme Originator or the Dealers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for or purchase any Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. BESA, Absa, the Arranger, the Programme Originator and the Dealers do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of, the Programme Originator the Arranger or the Dealers.

The Notes will be obligations solely of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes will not be obligations of, or the responsibility of, or guaranteed by Absa, the Arranger, the Programme Originator, the Dealers or, save to the extent of the amount recovered from the Issuer in terms of the Indemnity and from the property realised from the other Security Agreements, the Security SPVs. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by, Absa, Arranger, the Programme Originator, the Dealers or the Security SPVs.

This Programme Memorandum does not constitute an offer or an invitation by or on behalf of Absa, the Issuer, the Arranger, the Programme Originator, the Dealers or the Security SPVs to any person to subscribe for or purchase any of the Notes. The distribution of this Programme Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by Absa, the Issuer, the Arranger, the Programme Originator, the Dealers or the Security SPVs that this Programme Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Absa, the Issuer, the Arranger, the Programme Originator, the Dealers or the Security SPVs which would permit a public offering of the Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Programme Memorandum comes are required by Absa, the Issuer, the Arranger, the Programme Originator, and the Dealers to inform themselves about and to observe any such restrictions.

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

The terms of this Programme Memorandum, if sent to persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements in any such jurisdiction. It is the responsibility of any such person wishing to subscribe for or purchase the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that this Programme Memorandum is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.

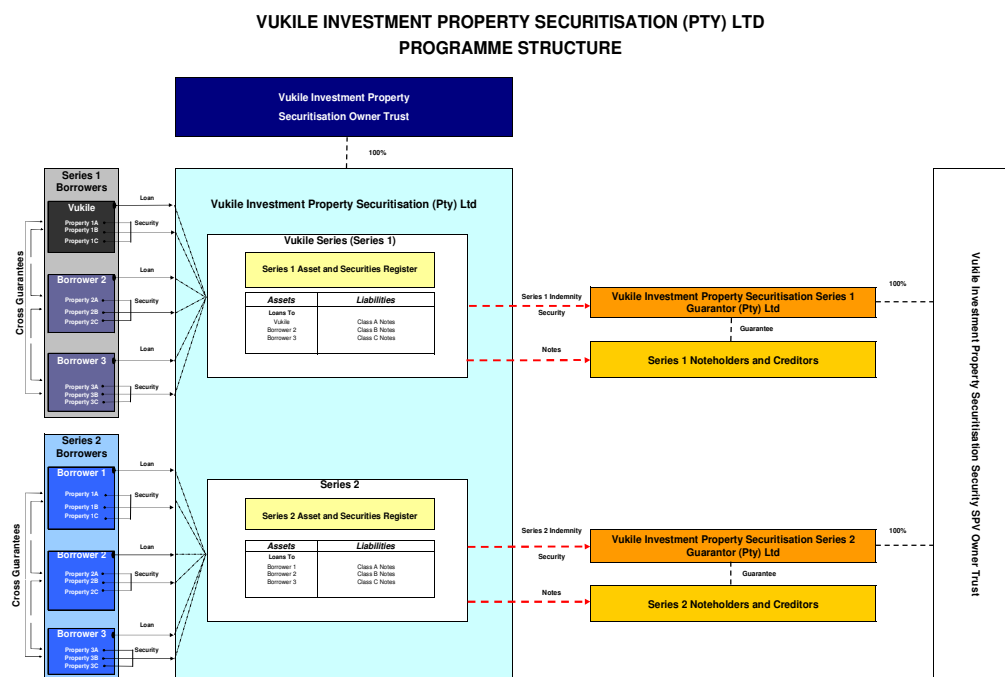
References in this Programme Memorandum to "Rands" or "R" are to the lawful currency for the time being of South Africa.

In connection with the issue and distribution of any Tranche of Notes, the Issuer or a Dealer disclosed as the approved stabilisation manager, if any, (the "Stabilisation Manager") in the Applicable Pricing Supplement may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms a part at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there may be no obligation on the Stabilisation Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

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STRUCTURE DIAGRAM



A brief overview of the transaction is as follows:

1. The Issuer is a private company which is beneficially owned by the Owner Trust.
2. The Issuer issues Notes to finance the acquisition of Eligible Loan Agreements and their Related Security Agreements.
3. Notes will be secured by the Assets of the Issuer falling within a Series, namely a segregated group of assets and liabilities to which such Notes relate. Noteholders and other Secured Creditors in respect of a Series shall not have recourse to the Assets of any other Series.
4. In respect of each Series, the Issuer appoints a Servicer to act as the Issuer's agent to monitor the collection and recovery of amounts owing under the Loan Agreements of that Series and to perform the functions of Recovery Agent and Back-Up Manager.
5. In respect of each Series, the Issuer appoints a Calculation Agent to manage the day to day operations of the Issuer in respect of that Series, including performing all calculations that need to be performed in relation to the Transaction Documents, administering the Loan Agreements and the Priority of Payments and exercising, as agent, the Issuer's rights and duties under the Transaction Documents.
6. In respect of each Series, the Issuer appoints a Liquidity Facility Provider to provide a Liquidity Facility in respect of that Series to meet specified cash flow mismatches, and to the extent it is entitled to do so, the Issuer draws down under the Liquidity Facility Agreement.
7. The Issuer is required to enter into appropriate Derivative Contracts, to the extent that there are any interest rate or other mismatches between the assets and liabilities of the Issuer in respect of any Series.
8. The Security SPV in respect of each Series furnishes a limited recourse guarantee to the Noteholders and other Secured Creditors of the relevant Series. All the Security SPVs are owned by a single Security SPV Owner Trust.

9. In respect of each Series, the Issuer indemnifies the relevant Security SPV for any loss suffered by the relevant Security SPV arising out of the limited recourse guarantee furnished by the relevant Security SPV in respect of that Series. As security for such Indemnity, the Issuer cedes to the relevant Security SPV the Series Collateral in respect of that Series.
10. Vukile Property Fund Limited is the Programme Originator of the Programme.

DOCUMENTS INCORPORATED BY REFERENCE

The documents listed below are deemed to be incorporated in, and to form part of, this Programme Memorandum and are available for inspection by Noteholders of the relevant Series, during normal office hours after the date of this Programme Memorandum, at the Specified Office of the Issuer:

- (i) the audited annual financial statements of the Issuer, together with such statements, reports and notes attached to or intended to be read with such financial statements in respect of all financial years of the Issuer after the date of this Programme Memorandum, as and when such are approved and become available;
- (ii) the Applicable Series Supplement;
- (iii) each Applicable Pricing Supplement; and
- (iv) any other supplement to this Programme Memorandum circulated by the Issuer from time to time in respect of the relevant Series;

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

The Issuer will publish a new Programme Memorandum or a further supplement to this Programme Memorandum, as the case may be, on the occasion of any subsequent issue of Notes where there has been:

- (a) a material adverse change in the condition (financial or otherwise) in respect of the Issuer which is not then reflected in this Programme Memorandum or any supplement to this Programme Memorandum; or
- (b) any modification of the terms of the Programme which would make this Programme Memorandum inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented, as the case may be, will be deemed to have substituted the previous Programme Memorandum from the date of issue of the new Programme Memorandum or Programme Memorandum as supplemented, as the case may be.

GENERAL DESCRIPTION OF THE PROGRAMME

A general description of the Programme and the Terms and Conditions is set out below. The general description does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to a particular Series, the Applicable Series Supplement, and in relation to any particular Tranche of Notes, the Applicable Pricing Supplements.

Under the Programme, the Issuer may from time to time issue Notes denominated in Rand. The applicable terms of any Notes will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Supplements relating to the Notes and any supplementary Programme Memorandum.

Notes will be secured by the Assets of the Issuer falling within a segregated group of assets and liabilities to which such Notes relate, as specified in the Applicable Series Supplement. Such segregated group of assets and liabilities is referred to as a Series. Noteholders and other Secured Creditors in respect of a Series shall not have recourse to the Assets of any other Series. Notes will be issued in individual Tranches, which together with other Tranches, may form a Class of Notes. Notes within a Class of Notes rank without preference or priority among other Notes in that Class (unless otherwise specified in the Applicable Pricing Supplement) regardless of the Issue Date of the relevant Tranche of Notes. Before the Issuer issues any Tranche of Notes in respect of a new Series, the Issuer shall complete and sign an Applicable Series Supplement based on the pro forma Applicable Series Supplement included in the Programme Memorandum, setting out details of such Notes. Before the Issuer issues any Tranche of Notes forming part of a Series, the Issuer shall complete and sign an Applicable Pricing Supplement based on the pro forma Applicable Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Series Supplement and the Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions set out in this Programme Memorandum, replace or modify such Terms and Conditions for the purpose of such Series or Tranche of Notes.

All payments to be made under the Notes will be made subject to a Priority of Payments applicable in respect of the relevant Series.

Each Tranche of Notes will be listed on BESA or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws.

In the event that any Tranche of Notes is listed on any exchange other than BESA, the Issuer will, no later than the last day of the month of issue of such Tranche, inform BESA in writing of the aggregate Principal Amount, the Scheduled Maturity Date and the Final Maturity Date of such Tranche.

This Programme Memorandum will apply to Notes in issue by the Issuer under the Programme in an aggregate Outstanding Principal Amount which does not exceed R2 000 000 000, unless such aggregate Outstanding Principal Amount is increased as set out below.

From time to time the Issuer may wish to increase the aggregate Outstanding Principal Amount of the Notes that may be in issue by the Issuer under the Programme. Subject to the requirements of BESA and/or such other or further exchange(s) on which any Tranche of Notes may be listed and to any Applicable Law, the Issuer may, without the consent of Noteholders, increase the aggregate Outstanding Principal Amount of the Notes that may be in issue by the Issuer under the Programme by delivering a notice thereof to the Noteholders and the relevant exchange. Upon such notice being given, all references in this Programme Memorandum, or any other agreement, deed or document relating to the Programme, to the aggregate Outstanding Principal Amount of the Notes that may be in issue by the Issuer under the Programme will be, and will be deemed to be, references to the increased aggregate Outstanding Principal Amount set out in such notice.

The Programme is not rated, but it is expected that certain Tranches of Notes issued under the Programme will be rated by the Rating Agency on a national scale basis. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Notes, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

The Issuer shall not:

- (a) establish a new Series unless the Rating Agency, if any, in respect of each existing Series has confirmed in writing that all its respective current Rating(s) of Tranches of Notes in issue in respect of the existing Series will not be adversely affected by the establishment of such new Series and unless the prior written consent of the Security SPV of each Series is obtained; or
- (b) issue new Notes in respect of an existing Series, unless the Rating Agency, if any, has confirmed in writing that all its respective current Rating(s) of Tranches of Notes in issue in respect of the Series will not be adversely affected by the issue of such other Tranches of Notes in respect of the Series.

SUMMARY OF THE PROGRAMME

The information set out below is a brief summary of certain aspects of the Programme. This summary should be read in conjunction with, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to a particular Series, the Applicable Series Supplement and in relation to any particular Tranche of Notes, the Applicable Pricing Supplements.

Transaction Parties

Programme Wide

Issuer	Vukile Investment Property Securitisation (Proprietary) Limited (Registration number 2005/025698/07).
Programme Originator	Vukile Property Fund Limited.
Programme Manager	ACMB or any replacement programme manager appointed under the Programme Management Agreement.
Owner Trust	Vukile Investment Property Securitisation Owner Trust (Master's reference number IT 9449/05), which is the holder of all of the ordinary shares in the capital of the Issuer. The current trustee of the Owner Trust is Steinway Trustees (Proprietary) Limited.
Security SPV Owner Trust	Vukile Investment Property Securitisation Security SPV Owner Trust (Master's reference number IT 9448/05), which is the holder of all of the shares in the capital of each Security SPV. The current trustee of the Security SPV Owner Trust is Steinway Trustees (Proprietary) Limited.
 <i>Series Wide</i>	
Arranger and Dealer	In respect of a Series, ACMB or such other person with whom the Issuer has entered into a Series Note Subscription Agreement for that Series, as identified in the Applicable Series Supplement.
Servicer	In respect of a Series, ACPF or such other person with whom the Issuer has entered into a Servicing Agreement for that Series, in terms of which the relevant servicer is appointed as the agent of the Issuer to monitor the performance of the Loan Agreements and to perform all recovery and back-up management functions in relation to the Assets of that Series, as set out in the Applicable Series Supplement.
Calculation Agent	In respect of a Series, ACMB or such other person with whom the Issuer has entered into a Calculation Agent Agreement for that Series, in terms of which the relevant calculation agent manages the day to day operations of the Issuer in respect of that Series, including performing all calculations that need to be performed in relation to the Transaction Documents, administering the Loan Agreements and the Priority of Payments and exercising, as agent, the Issuer's rights and duties under the Transaction Documents, as set out in the Applicable Series Supplement.
Safe Custody Agent	In respect of a Series, ACMB, or such other Participant with

whom the Issuer has entered into a Safe Custody Agent Agreement for that Series, as set out in the Applicable Series Supplement.

Transfer Agent

In respect of a Series, ACMB, or such other person with whom the Issuer has entered into a Transfer Agent Agreement (which may be incorporated into the Calculation Agent Agreement) for that Series, as set out in the Applicable Series Supplement.

Sellers

In respect of a Series, each Warehouse Lender that enters into a Sale Agreement with the Issuer in relation to the sale and assignment of Loan Agreements from that Warehouse Lender to the Issuer, as described in the Applicable Series Supplement.

Liquidity Facility Provider

In respect of a Series, ACPF, or such other person with the Required Credit Rating with whom the Issuer has entered into a Liquidity Facility Agreement for that Series, as identified in the Applicable Series Supplement.

Account Bank

In respect of a Series, Absa, or such other bank with the Required Credit Rating with which the Issuer has entered into the Bank Agreement for that Series, at which the Issuer maintains its Bank Accounts, as identified in the Applicable Series Supplement.

Derivative Counterparty/ies

In respect of a Series, any person which meets the Rating Agency's hedge criteria from time to time with whom the Issuer has entered into one or more Derivative Contracts for that Series, as identified in the Applicable Series Supplement.

Subordinated Lender

In respect of a Series, Vukile or such other person with whom the Issuer has entered into a Subordinated Loan Facility Agreement for that Series, as set out in the Applicable Series Supplement.

Preference Shareholder

In respect of a Series, such person which is the holder of the Preference Share(s).

Security SPV

In respect of each Series, the company which is incorporated to hold and realise security for the benefit of Secured Creditors of that Series, subject to the Priority of Payments.

Rating Agency

Such rating agency as may be appointed in respect of any Series under the Programme.

Auditor

Grant Thornton, or such other independent auditor (or independent firm of auditors) as may be selected by the Issuer from time to time.

Noteholder(s)

In respect of a Series, the holders of all Notes falling within that Series as recorded in the Register.

Secured Creditors

In respect of each Series, each of the creditors of the Issuer set out in the Priority of Payments of that Series that is a party to a

Transaction Document.

Programme Description

Description of the Programme

Vukile Investment Property Securitisation (Proprietary) Limited Commercial Mortgage Backed Securities Programme.

Size of the Programme

Up to R 2 000 000 000 outstanding at any time. The Issuer may, without the consent of Noteholders, increase the amount of the Programme in accordance with Applicable Laws and subject to any required regulatory approvals. The total authorised amount of the Programme at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.

Listing

The Programme has been registered with BESA. Notes issued under the Programme will be listed on BESA or such other or further exchange(s) as may be selected by the Issuer and any relevant Dealer(s) and subject to Applicable Law.

Rating of Notes

The Programme is not rated, but it is expected that certain Tranches of Notes issued under the Programme will be rated by the Rating Agency on a national scale basis. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Notes, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

The Issuer shall not:

- (a) establish a new Series, unless the Rating Agency, if any, in respect of each existing Series has confirmed in writing that all its respective current Rating(s) of Tranches of Notes in issue in respect of the existing Series will not be adversely affected by the establishment of such new Series and unless the prior written consent of the Security SPV of each Series is obtained; or
- (b) issue new Notes in respect of an existing Series, unless the Rating Agency, if any, has confirmed in writing that all its respective current Rating(s) of Tranches of Notes in issue in respect of the Series will not be adversely affected by the issue of such other Tranches of Notes in respect of the Series and unless the prior written consent of the Security SPV of that Series is obtained.

Notes

The Notes are direct, limited recourse, secured obligations of the Issuer. The description of, and terms and conditions applicable to, Notes other than those specifically described in this Programme Memorandum will be set out in the Applicable Pricing Supplements.

Form of Notes	Notes will be issued in the form of registered form.
Currency	Notes may only be issued in Rand, the lawful currency of South Africa.
Terms and Conditions	The terms and conditions of the Notes are set out below in this Programme Memorandum under the section " <i>Terms and Conditions of the Notes</i> " and in the Applicable Supplements in relation to specific terms and conditions of the Notes of each Series and any Tranche of Notes issued in respect of that Series.
Issue Price	Notes may be issued at an issue price which is at their Principal Amount or at a discount to, or premium over, their Principal Amount as indicated in the Applicable Supplements.
Denomination of Notes	Notes will be issued with a minimum denomination of not less than R1 000 000, as indicated in the Applicable Supplements.
Maturities	The Notes are not subject to any minimum or maximum maturity. The maturity of each Tranche of Notes will be specified in the Applicable Pricing Supplement.
Interest Rate and Interest Payment Dates	As specified in the Applicable Pricing Supplement.
Assets of the Issuer	Loan Agreements in respect of commercial Properties, assigned to the Issuer pursuant to various Sale Agreements. The Assets of the Issuer are segregated into separate sub-sets, each of which is attributable to a separate Series.
Status of Notes	In respect of each Series, the claims of each Noteholder of a Class of Notes (whether in respect of principal, interest or otherwise) are subordinated to the claims of higher ranking creditors of the Issuer (including Noteholders of higher ranking Classes of Notes) in accordance with the Priority of Payments. In respect of each Series, the Notes of each Class of Notes rank <i>pari passu</i> among themselves.
Security	In respect of each Series, the Security SPV of that Series shall issue a limited recourse guarantee to the Secured Creditors of that Series, as more fully described under the section "Security".
Priority of Payments	<p>In respect of each Series, the Priority of Payments is the sequence in which the Issuer or the Security SPV, as the case may be, will make payments to creditors of the Issuer in respect of that Series (including Noteholders and other Secured Creditors).</p> <p>The Issuer and the Security SPV shall contract with each Secured Creditor on the basis that payments due to it in terms of a Transaction Document shall be made, to the extent permitted by and in accordance with the Priority of Payments, so that a Secured Creditor that ranks subsequent to any other creditor in the Priority of Payments will not be paid unless and until all other creditors which rank prior to it in the Priority of Payments have been paid in full all</p>

amounts then due and payable to them by the Issuer or the Security SPV, as the case may be, or amounts accrued up to that date have been provided for.

The Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments in respect of each Series will be set out in the Applicable Series Supplement.

Limited Recourse

The Secured Creditors of each Series will have recourse only to the Series Collateral in respect of such Series and not to the Series Collateral of any other Series.

Limited Enforcement

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

Stamp Duty

In terms of current South African legislation as at the date of this Programme Memorandum, no stamp duty is payable by the Issuer on the original issue of, or on the registration of transfer of, Notes which constitute an instrument as defined in section 24J of the Income Tax Act. Any future stamp duties that may be introduced will be for the account of Noteholders.

Withholding Tax

Payments in respect of interest and principal will be made without withholding or deduction for Taxes unless such withholding or deduction is required by law. In the event that such withholding or deduction is required by law, the Issuer will not be obliged to pay additional amounts in relation thereto.

Tax Status

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

Governing Law

The Notes and the other Transaction Documents will be governed by, and construed in accordance with, the laws of South Africa.

Distribution

Notes may be offered by way of private placement or any other means permitted by law as determined by the Issuer and reflected in the Applicable Pricing Supplement.

Register

The Register will be maintained by the Transfer Agent in terms of the Terms and Conditions.

Register Closed

The Register will, in respect of each Tranche of Notes, be closed prior to each Interest Payment Date and Redemption Date, for the periods described in Condition 16, in order to determine those Noteholders entitled to receive payments.

Selling Restrictions

The distribution of this Programme Memorandum and any offering or sale of a particular Tranche of Notes may be restricted by law in certain jurisdictions, and are restricted by law in the United

States of America, the United Kingdom and South Africa. Any relevant selling restrictions and other restrictions as may be required to be met in relation to an offering or sale of a particular Tranche of Notes shall be included in the Applicable Supplements. Persons who come into possession of this Programme Memorandum or the Applicable Supplements must inform themselves about and observe such restrictions.

Blocked Rand

Blocked Rand may be used for the subscription for or purchase of Notes, subject to South African Exchange Control Regulations, 1961, promulgated under the Currency and Exchanges Act, 1933.

FORM OF THE NOTES

Each Tranche of Notes will be listed on BESA or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws.

Each Tranche of Notes will be issued in accordance with the Terms and Conditions and represented by a single Global Certificate in registered form, which will be lodged and immobilised in the Central Securities Depository. The Central Securities Depository will hold each Tranche of Notes, represented by the Global Certificate, subject to the Securities Services Act and the Applicable Procedures. Each Tranche of Notes, represented by the Global Certificate, 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 Terms and Conditions, all amounts to be paid and all rights to be exercised in respect of the Notes represented by the Global Certificate, will be paid to and may be exercised only by the Central Securities Depository's Nominee for the holders of Beneficial Interests in such Notes.

The Central Securities Depository maintains central securities accounts only for Participants. As at the date of this Programme Memorandum, the Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

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

A certificate or other document issued by such a Participant as to the nominal amount of such Beneficial Interest in the Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest.

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

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

The Issuer may agree with any Dealer that a Tranche of Notes be issued in a form not contemplated by the Terms and Conditions, in which case a supplement to this Programme Memorandum or the Applicable Pricing Supplement, if appropriate, will be issued which will describe the effect of the agreement reached in relation to such Tranche of Notes.

PRO FORMA PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme:

Vukile Investment Property Securitisation (Proprietary) Limited
(Incorporated with limited liability in South Africa under registration number 2005/025698/07)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Under its R2 000 000 000 Commercial Mortgage Backed Securities Programme**

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

This Pricing Supplement must be read in conjunction with the Programme Memorandum issued by Vukile Investment Property Securitisation (Proprietary) Limited dated ● and the Applicable Series Supplement in respect of Series ●, dated ●. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum or the Applicable Series Supplement, the provisions of this Pricing Supplement shall prevail.

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

DESCRIPTION OF THE NOTES

1.	Issuer	Vukile Investment Property Securitisation (Proprietary) Limited
2.	Security SPV	[Insert Security SPV in respect of this Series]
3.	Status and Class of the Notes	Secured Class [●] Notes
4.	Tranche number	[]
5.	Series number	[]
6.	Aggregate Principal Amount of this Tranche	[]
7.	Issue Date(s)	[]
8.	Minimum Denomination per Note	R1 000 000
9.	Issue Price(s)	[]
10.	Applicable Business Day Convention	[]
11.	Interest Commencement Date(s)	[]
12.	Scheduled Maturity Date	[]
13.	Final Maturity Date	[]
14.	Use of Proceeds	[The net proceeds of the issue of this Tranche of Class [●] Notes, together with [the net proceeds from the issue of Tranche [●] of the [Class [●] Notes] referred to in this Pricing Supplement (together the " Funding Notes "), will be used to [purchase the Eligible Loan Agreements specified in Part 1 and, if applicable, Part 2 of Annex "B"]/[redeem [describe Tranche/s of Notes to be redeemed] with an aggregate Outstanding Principal

- Amount of R[•]], having a Scheduled Maturity Date of [•]
15. Pre-Funding Amount [R •], being the difference between the net proceeds of the issue of this Tranche of Class [•] Notes, together with the net proceeds of Tranche • of the Class [•] Notes, and the face value of the Eligible Loan Agreements set out in Part 1 of Annex "B" acquired by the Issuer which are to be paid for from the proceeds of such Tranche of Notes. Such amount shall be allocated [in full to the Class [A] Funding Notes/specify other Notes, if applicable], and shall be recorded in the Pre-Funding Amount Ledger.
16. Pre-Funding Period []
17. Specified Currency Rand
18. Set out the relevant description of any additional/other Terms and Conditions relating to the Notes []

FLOATING RATE NOTES

19. Note Interest Payment Date(s) []
20. Interest Period(s) []
21. Manner in which the Interest Rate is to be determined Screen Rate Determination/other (insert details)
22. Margin/Spread for the Interest Rate [(+/-) ()% per annum to be added to/subtracted from the relevant Reference Rate]
23. If Screen Determination
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [e.g. 3 month JIBAR]
- (b) Rate Determination Date(s) []
- (c) Relevant Screen page and Reference Code []
24. If Interest Rate to be calculated otherwise than by reference to Screen Rate Determination, insert basis for determining Interest Rate/Margin/Fall back provisions []
25. If different from the Calculation Agent, agent responsible for calculating amount of principal and interest []
26. Any other terms relating to the particular method of calculating interest []

GENERAL

27. Additional selling restrictions []
28. International Securities Numbering (SIN) []
29. Stock Code []
30. Financial Exchange []
31. Dealer(s) []

32. Method of distribution	[]
33. Rating assigned to this Tranche of Notes (if any)	[]
34. Rating Agency	[]
35. Governing Law	South Africa
36. Last Day to Register	[]
37. Books Closed Period	[]
38. Calculation Agent, if not ACMB	[]
39. Specified Office of the Calculation Agent	[]
40. Transfer Agent, if not ACMB	[]
41. Specified Office of the Transfer Agent	[]
42. Stabilisation Manager, if any	[]
43. Programme Limit	R●
44. Aggregate Outstanding Principal Amount of Notes in issue on the Issue Date of this Tranche	R●, excluding this Tranche of Notes and any other Tranche(s) of Notes to be issued on the Issue Date
45. Aggregate Principal Amount of Tranche ● of the [Class A Notes/Class B Notes/Class • Notes] to be issued simultaneously with this Tranche	R[•]

REPORT OF THE INDEPENDENT AUDITORS SEE ANNEX "A"

At the date of this Pricing Supplement:

- the Issuer is a going concern and can be reasonably expected to meet its obligations under the Notes;
- there has not been any material adverse change in the Issuer's financial position since the date of its last audited financial statements;
- the Outstanding Principal Amount of all Notes in issue by the Issuer in respect of this Series and every other Series of the Issuer, excluding this Tranche of Notes and any other Notes to be issued on the Issue Date of this Tranche of Notes, is R• ;
- it is [anticipated/not anticipated] that the Issuer will issue additional Notes in respect of Series [•]/[•] during the remainder of its current financial year [in the amount of R•], in addition to the Notes forming part of this Issue of Notes.

Application is hereby made to list this Tranche of the Notes, as from [•], pursuant to the Vukile Investment Property Securitisation (Proprietary) Limited Commercial Mortgage Backed Securities Programme.

VUKILE INVESTMENT PROPERTY SECURITISATION (PROPRIETARY) LIMITED (Issuer)

By: _____

Director, duly authorised

Date: _____

By: _____

Director, duly authorised

Date: _____

REPORT OF THE INDEPENDENT AUDITOR OF THE ISSUER

The following is the text of the letter to the Issuer by the auditors appointed for this purpose by the Issuer, confirming that the issue of the Notes of this Series referred to in the Applicable Pricing Supplement complies in all respects with the provisions of the Commercial Paper Notice promulgated in Government Notice No. 2172 (Government Gazette 16167 of 16 December 1994) pursuant to the provisions of the Banks Act, 1990:

“REPORT OF THE INDEPENDENT AUDITORS OF VUKILE INVESTMENT PROPERTY SECURITISATION (PROPRIETARY) LIMITED ON COMPLIANCE OF THE PROPOSED ISSUE BY VUKILE INVESTMENT PROPERTY SECURITISATION (PROPRIETARY) LIMITED OF SECURED NOTES, WITH THE RELEVANT PROVISIONS OF THE COMMERCIAL PAPER REGULATIONS (GOVERNMENT NOTICE 2172, GOVERNMENT GAZETTE 16167 OF 16 DECEMBER 1994) ISSUED BY THE REGISTRAR OF BANKS, AS REQUIRED BY PARAGRAPH 3(5)(j) OF THE SAID NOTICE.

Introduction

As required by paragraph 3(5)(j) of the Commercial Paper Regulations (Government Notice 2172, Government Gazette 16167 of 14 December 1994) issued by the Registrar of Banks (the "**Commercial Paper Regulations**"), we have reviewed whether or not the issue of RXXX [secured floating rate] Notes by Vukile Investment Property Securitisation (Proprietary) Limited (the "**Issuer**"), as documented in the Programme Memorandum dated [●], in the Applicable Series Supplement dated [●] and in the Applicable Pricing Supplement dated [●] (the "**Programme Memorandum and the Applicable Supplements**") will be compliant with the relevant provisions of the Commercial Paper Regulations.

Compliance with the relevant provisions of the Commercial Paper Regulations is the responsibility of the Issuer. We report on such compliance.

Scope

Our review was generally limited to an examination of the Programme Memorandum and the Applicable Supplements in regard to compliance with the relevant provisions of the Commercial Paper Regulations.

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

Findings

Our review revealed nothing which caused us to believe that the Issuer will not be in compliance with the relevant provisions of the Commercial Paper Regulations with regard to the proposed issue of [secured floating rate] Notes and the conduct of the scheme, as described in the Programme Memorandum and the Applicable Supplements.

Yours faithfully

Grant Thornton
Registered Accountants and Auditors
Chartered Accountants (SA)
Sandown
[Date]"

ANNEX "B"

PART 1 : ELIGIBLE LOAN AGREEMENTS

Warehouse Lender	Approved Borrower	Date of Signature of original Loan Agreement	Loan Value Acquired	Property Security Value Acquired	Scheduled Repayment Date
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ANNEX "B"

PART 2 : ELIGIBLE LOAN AGREEMENTS

Warehouse Lender	Approved Borrower	Date of Signature of original Loan Agreement	Loan Value Acquired	Property Security Value Acquired	Scheduled Repayment Date
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PRO FORMA SERIES SUPPLEMENT

Set out below is the form of Applicable Series Supplement which will be completed for each Series established under the Programme:

Vukile Investment Property Securitisation (Proprietary) Limited
(Incorporated with limited liability in South Africa under registration number 2005/025698/07)

Issue of Notes of Series [•]

Under its R[•]2 000 000 000 Commercial Mortgage Backed Securities Programme

This document constitutes the Series Supplement relating to the Series described in this Series Supplement.

This Series Supplement must be read in conjunction with the Programme Memorandum issued by Vukile Investment Property Securitisation (Proprietary) Limited dated • and the Applicable Pricing Supplements issued in relation to the Notes described in this Series Supplement. To the extent that there is any conflict or inconsistency between the contents of this Series Supplement and the Programme Memorandum, the provisions of this Series Supplement shall prevail.

In addition to disclosing information about the Issuer, the Series and the Assets, this Series Supplement may specify other terms and conditions of the Notes of the Series (which replace, modify or supplement the Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in this Series Supplement or to the extent inconsistent with the Terms and Conditions, replace, modify or supplement the Terms and Conditions.

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

None of the Issuer, the Programme Originator, the Arranger, the Dealers, the Calculation Agent, the Transfer Agent, the Safe Custody Agent, the Programme Manager, the Account Bank, the Security SPVs (save to the limited extent of the amount recovered in terms of the Indemnity and then subject to the payment of higher ranking creditors in the Priority of Payments), the Derivative Counterparty, the Servicer, the Seller, the Liquidity Facility Provider, the Preference Shareholder, the Subordinated Lender nor any other party referred to in this Supplement in any way guarantees the capital value and/or performance of:

- (a) the Notes; or
- (b) the Assets of the Series.

None of the Programme Originator, the Arranger, the Dealers, the Calculation Agent, the Transfer Agent, the Safe Custody Agent, the Programme Manager, the Account Bank, the Derivative Counterparty, the Servicer, the Seller, the Liquidity Facility Provider, the Preference Shareholder, the Subordinated Lender nor any other party referred to in this supplement guarantees the payment of interest or the repayment of principal due on the Notes or the obligations of the Issuer or the Security SPVs.

Any reference in this Series Supplement to the credit ratings of various parties and/or the Notes is not a recommendation to subscribe for, buy, sell or hold the Notes. The credit rating of these parties and/or the Notes is subject to revision, suspension or withdrawal at any time by the Rating Agency. No rating agency has been involved in the preparation of this Series Supplement.

SERIES STRUCTURE DIAGRAM

SERIES TRANSACTION PARTIES

SERIES TRANSACTION DOCUMENTS

CERTAIN FEATURES OF THE NOTES

SECURITY ARRANGEMENTS

STRUCTURAL ENHANCEMENTS

CONTROLS ON CASH FLOW

PRIORITY OF PAYMENTS

ASSET POOL STRATIFICATION

PROPERTY MANAGEMENT

DESCRIPTION OF THE SECURITY SPV

INVESTMENT CONSIDERATIONS

SERIES SPECIFIC DEFINITIONS

AUTHORISATIONS

COPIES

VUKILE INVESTMENT PROPERTY SECURITISATION (PROPRIETARY) LIMITED (THE ISSUER)

Issuer

By: _____
Director, duly authorised

By: _____
Director, duly authorised

Date: _____

Date: _____

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer. Each Note will be secured by and will relate exclusively to the Assets of the Series specified in the Applicable Series Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Class of Notes. Before the Issuer issues any Tranche of Notes in respect of a new Series, the Issuer shall complete and sign an Applicable Series Supplement based on the pro forma Applicable Series Supplement included in the Programme Memorandum, setting out details of such Notes. Before the Issuer issues any Tranche of Notes forming part of a Series, the Issuer shall complete and sign an Applicable Pricing Supplement based on the pro forma Applicable Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Series Supplement and the Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions (including additional definitions) which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace, modify or supplement the following Terms and Conditions for the purpose of such Series or Tranche of Notes. The Terms and Conditions set out below and the Applicable Supplements will be deemed to be incorporated by reference into each Certificate evidencing any Notes.

1. Interpretation

- 1.1 The section of the Programme Memorandum headed "*Glossary of Definitions*" is incorporated by reference into the Terms and Conditions. In the Terms and Conditions, unless inconsistent with the context, capitalised terms will bear the meanings ascribed to such terms in the section of the Programme Memorandum headed "*Glossary of Definitions*", except to the extent that any such capitalised term is separately defined in the Programme Memorandum (including the Terms and Conditions) or in the Applicable Pricing Supplements.
- 1.2 For the sake of clarity, any reference in these Terms and Conditions to a defined term is a reference to such term in respect of the relevant Series under the Programme, except as otherwise expressly provided. For example, and without limitation, a reference to:
- 1.2.1 "Notes" is a reference to the Notes in respect of the relevant Series only;
- 1.2.2 "Noteholders" is a reference to the Noteholders in respect of the relevant Series only;
- 1.2.3 "Note Event of Default" is a reference to a Note Event of Default in respect of the relevant Series only;
- 1.2.4 "Security SPV" is a reference to the Security SPV in respect of the relevant Series only; and
- 1.2.5 "Transaction Document" is a reference to a Transaction Document in respect of the relevant Series only.

2. Issue

- 2.1 Notes may be issued by the Issuer in Tranches pursuant to the Programme, without requiring the consent of Noteholders, provided that:
- 2.1.1 the conditions precedent in the Series Note Subscription Agreement have been fulfilled; and
- 2.1.2 if the Rating Agency has assigned a Rating to any Tranche of Notes, such Rating Agency confirms in writing that the respective current Ratings of such Tranches of Notes in issue in respect of the Series will not be downgraded or withdrawn as a result of the issue of such further Tranche of Notes in respect of the Series.
- 2.2 A Tranche of Notes may, together with a further Tranche or Tranches, form a Class of Notes issued under the Programme in respect of the Series. The Notes of each Series (being each segregated subset of assets and liabilities of the Issuer) shall be secured by reference to the Series Collateral.

- 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.
- 2.4 The Applicable Pricing Supplement for each Tranche of Notes is incorporated in these Terms and Conditions for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify, or supplement these Terms and 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 Terms and Conditions, replace, modify or supplement these Terms and Conditions for the purpose of that Tranche of Notes.
- 2.5 The Applicable Series Supplement for each Series is incorporated in these Terms and Conditions for the purposes of that Series and supplements these Terms and Conditions. The Applicable Series Supplement may specify other terms and conditions (which may replace, modify, or supplement these Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Series Supplement or to the extent inconsistent with these Terms and Conditions, replace, modify or supplement these Terms and Conditions for the purposes of that Series.
- 2.6 Notwithstanding the Priority of Payments, the proceeds of the issue of any Tranche of Notes will, except as otherwise expressly permitted in the Applicable Pricing Supplement, only be used to:
- 2.6.1 purchase Eligible Loan Agreements in accordance with the provisions of the Sale Agreements; and/or
- 2.6.2 to redeem the Notes in a Tranche of Notes on the Scheduled Maturity Date of that Tranche of Notes, and the Notes in all other Tranches of Notes having that Scheduled Maturity Date (the "**Refinanced Notes**"), in reducing order of rank (and *pari passu* if of equal rank) as determined by the respective Classes of such Notes,
- as the case may be, and no other creditor of the Issuer will have any claim to such proceeds.
- 2.7 The proceeds of the issue of any Tranche of Notes may, pending application for its permitted purpose, only be invested in Permitted Investments, being Permitted Investments having maturity date(s) on or prior to the Scheduled Maturity Date of the Refinanced Notes or the date for payment of the purchase consideration for the Eligible Loan Agreements, as the case may be.
- 2.8 Upon each issue of Notes, the Issuer represents and warrants that it is not in breach of any of its obligations under the Transaction Documents, including, without limitation, its obligation to keep the Assets of each Series separately identifiable from the Assets of any other Series.

3. **Form and Denomination**

- 3.1 Notes will be issued in registered form with a minimum denomination of R1 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 The Notes in a Tranche of Notes will be issued in the form of the Global Certificate which will be deposited and immobilised in the Central Securities Depository and registered in the name, and for the account of, the Central Securities Depository's Nominee. The Central Securities Depository will hold the Notes subject to the Securities Services Act and the Applicable Procedures.

4. **Title**

- 4.1 Title to the Notes will pass upon registration of transfer in the Register in accordance with Condition 15. 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 lodged in the Central Securities Depository in the form of the Global Certificate may, in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the central securities accounts of the Participants. Such transfers will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of the Global Certificate, notwithstanding such transfers.
- 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 of Notes

- 5.1 The Notes constitute direct, limited recourse, secured obligations of the Issuer.
- 5.2 The claims of the Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of higher ranking creditors in accordance with the Priority of Payments.
- 5.3 Notwithstanding the subordinations envisaged in this Condition, the Noteholders shall be entitled to be paid any amounts due and payable to them in accordance with the Priority of Payments, on any Note Interest Payment Date, provided that all amounts required to be paid or provided for in terms of the Priority of Payments in priority thereto, have been paid, provided for or discharged in full.
- 5.4 The Notes of each Class rank *pari passu* among themselves.
- 5.5 The Assets of the Issuer shall be segregated into separate sub-sets, each referable to a separate Series. Noteholders and other Secured Creditors shall have recourse only to the Assets of the Series by reference to which their claims are identified in the Applicable Supplements and shall have no recourse to the Assets of any other Series.

6. Interest

6.1 Interest Rate

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

6.2 Note Interest Payment Dates

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

6.3 Determination of Interest Rate and calculation of Interest Amount

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

6.4 **Publication of Interest Rate and Interest Amount by the Calculation Agent**

6.4.1 The Calculation Agent will cause the Interest Rate for each Tranche of Notes determined upon each Rate Determination Date to be notified to the Noteholders in the manner set out in Condition 17, BESA and the Issuer as soon as practicable after such determination but in any event not later than 5 Business Days after such determination.

6.4.2 The Calculation Agent will, in relation to each Tranche of Notes, at least 2 Business Days before each Note 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 17), BESA and the Issuer.

6.5 **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 Terms and Conditions and the Transaction Documents will, in the absence of gross negligence, wilful deceit, bad faith, or manifest error, be binding on the Issuer, the Security SPV and all Secured Creditors (including Noteholders), and, in the absence of gross negligence, wilful deceit, bad faith and manifest error, no liability to the Issuer, the Security SPV or the Secured Creditors (including Noteholders) will attach to the Calculation Agent in connection therewith.

7. **Redemption and purchases**

7.1 **Final Redemption**

Unless previously redeemed or purchased and cancelled as specified below, the Issuer shall redeem each Note in a Tranche of Notes at its Outstanding Principal Amount (together with interest accrued thereon) on the Final Maturity Date of that Note.

7.2 **Scheduled Redemption**

The Issuer shall, subject to Condition 7.3, in respect of each Class of Notes, redeem each Note in a Tranche of Notes at its Outstanding Principal Amount on the Scheduled Maturity Date of the Notes in that Tranche, in accordance with the Priority of Payments applicable prior to the Early Amortisation Period.

7.3 **Mandatory Redemption in part (as from the Scheduled Maturity Date, post Loan Event of Default)**

7.3.1 If any Notes in a Tranche of Notes are not redeemed in full on the Scheduled Maturity Date of the Notes of that Tranche in terms of Condition 7.2, then:

7.3.1.1 this shall not constitute a Note Event of Default by the Issuer in respect of the Notes in that Series; and

7.3.1.2 on each Note Interest Payment Date on and after the Scheduled Maturity Date of the Notes of that Tranche, the Issuer shall redeem the Outstanding Principal Amount of each Note of all Tranches of Notes of that Series (regardless of the Scheduled Maturity Dates of such Tranches of Notes), in reducing order of rank (and pari passu if of equal rank) as determined by the respective Classes of such Notes, to the extent permitted by and in accordance with the Priority of Payments applicable during the Early Amortisation Period, until the Outstanding Principal Amount of each Note of all Tranches of Notes of that Series is reduced to zero.

7.3.2 The principal amount redeemable in respect of each Note in a Class of Notes on a Note Interest Payment Date, in terms of Condition 7.2 and 7.3, respectively, shall be the amount allocated to the Notes in that Class of Notes in accordance with the applicable Priority of Payments on such Note Interest Payment Date, allocated pro-rata to such Note in the proportion which the Outstanding Principal Amount of such Note bears to the Outstanding Principal Amount of all the Notes in that Class of Notes on such Note Interest Payment Date (regardless of the Scheduled Maturity Dates of the Tranches of Notes comprising that Class of Notes), rounded to the nearest cent; provided

always that no such amount may exceed the Outstanding Principal Amount of such Note. Following any 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 by the Issuer.

7.4 Mandatory Redemption in part (prior to the Scheduled Maturity Date, post Loan Event of Default)

7.4.1 If there is a Loan Event of Default, and the Issuer claims immediate payment of all amounts outstanding under the Loan Agreements of the Series, then:

7.4.1.1 this shall not constitute a Note Event of Default by the Issuer in respect of the Notes in that Series; and

7.4.1.2 on each Note Interest Payment Date thereafter, the Issuer shall redeem the Outstanding Principal Amount of each Note of all Tranches of Notes of that Series (regardless of the Scheduled Maturity Dates of such Tranches of Notes), in reducing order of rank (and pari passu if of equal rank) as determined by the respective Classes of such Notes, to the extent permitted by and in accordance with the Priority of Payments applicable during the Early Amortisation Period, until the Outstanding Principal Amount of each Note of all Tranches of Notes of that Series is reduced to zero.

7.4.2 The principal amount redeemable in respect of each Note in a Class of Notes on a Note Interest Payment Date, in terms of Condition 7.4, shall be the amount allocated to the Notes in that Class of Notes in accordance with the applicable Priority of Payments on such Note Interest Payment Date, allocated pro-rata to such Note in the proportion which the Outstanding Principal Amount of such Note bears to the Outstanding Principal Amount of all the Notes in that Class of Notes on such Note Interest Payment Date (regardless of the Scheduled Maturity Dates of the Tranches of Notes comprising that Class of Notes), rounded to the nearest cent; provided always that no such amount may exceed the Outstanding Principal Amount of such Note. Following any 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 by the Issuer.

7.5 Mandatory Redemption in part (prior to the Scheduled Maturity Date, voluntary Loan Prepayment)

7.5.1 In the event that the Issuer receives a Loan Prepayment (together with a Release Premium, if any) then, on the Note Interest Payment Date following that receipt, the Issuer shall redeem the Funding Notes of that Series in respect of the relevant Loan Agreement. If such Loan Prepayment is made from Equity Proceeds or funds other than Sale Proceeds or Insurance Proceeds, the Issuer may allocate such proceeds as between the different Classes of such Funding Notes of the Series as directed by the Borrower (including junior Tranches before senior Tranches of Funding Notes), to the extent permitted by and in accordance with the Priority of Payments applicable prior to the Early Amortisation Period. If such Loan Prepayment is made from Debt Proceeds, then the Issuer shall redeem such Funding Notes of the Series in reducing order of rank (and pari passu if of equal rank) as determined by the respective Classes of Funding Notes, to the extent permitted by and in accordance with the Priority of Payments applicable prior to the Early Amortisation Period. In each case, such redemption shall not apply except to the extent that the Issuer applies the receipts in respect of such Loan Prepayment in buying back Funding Notes in accordance with Condition 7.8 and the relevant Loan Agreement.

7.5.2 The principal amount redeemable in respect of each Funding Note in a Class of Notes on the Note Interest Payment Date, in terms of Condition 7.5.1, shall be the amount allocated to the Funding Notes in that Class of Notes in accordance with the applicable Priority of Payments on such Note Interest Payment Date, allocated pro-rata to such Funding Note in the proportion which the Outstanding Principal Amount of such Funding Note bears to the Outstanding Principal Amount of all the Funding Notes in that Class of Notes on such Note Interest Payment Date, rounded to the nearest cent; provided always that no such amount may exceed the Outstanding Principal Amount of such Note. Following any partial redemption of the Funding Notes (or the Funding Notes in a Class of Notes, as the case may be), the Principal Amount of such Funding Notes redeemed cannot be re-issued or resold by the Issuer.

7.6 **Mandatory Redemption in part (Pre-Funding Amount)**

7.6.1 The Issuer may acquire additional Eligible Loan Agreements up to an amount equal to the Pre-Funding Amount, at any time up to the expiry of the Pre-Funding Period in respect of such Pre-Funding Amount. In the event that any part of the Pre-Funding Amount is not applied to acquiring additional Eligible Loan Agreements during the Pre-Funding Period, then, on the Note Interest Payment Date falling on the expiry of the relevant Pre-Funding Period, the Issuer shall apply such balance of the Pre-Funding Amount in redeeming the Pre-Funding Amount allocated in respect of each Note, in reducing order of rank (and *pari passu* if of equal rank) as determined by the respective Classes of such Notes, as an Excluded Item.

7.6.2 The principal amount redeemable in respect of each Note in a Class of Notes on the Note Interest Payment Date, in terms of Condition 7.6.1, shall be the Pre-Funding Amount allocated to the Notes in that Class of Notes (or such balance of the Pre-Funding Amount as remains after the acquisition of additional Eligible Loan Agreements in terms of Condition 7.6.1), allocated pro-rata to such Note in the proportion which the Outstanding Principal Amount of such Note bears to the Outstanding Principal Amount of all the Notes in that Class of Notes on such Note Interest Payment Date, rounded to the nearest cent; provided always that no such amount may exceed the Outstanding Principal Amount of such Notes. Following any partial redemption of the Notes (or the Notes in a Class of Notes, as the case may be), the Principal Amount of such Notes redeemed cannot be re-issued or resold by the Issuer.

7.7 **Optional redemption for tax reasons**

7.7.1 If the Issuer immediately prior to the giving of the notice referred to below satisfies the Security SPV of that Series that as a result of any change in, or amendment to, the laws or regulations of South Africa or any political subdivision of, or any authority in, or of, South Africa having power to tax becoming effective after the first issue of Notes in respect of that Series, the Issuer is or would be required to deduct or withhold from any payment of principal or interest on the Notes of that Series any amounts as provided or referred to in Condition 9 and such requirements cannot be avoided by the Issuer taking reasonable measures available to it, then, on any Note Interest Payment Date, the Issuer may at its option, having given not less than 20 days' notice to the Security SPV and Noteholders of that Series in accordance with Condition 17 (which notice shall be irrevocable), redeem all, but not some only, of the Notes of that Series at their Outstanding Principal Amount (together with interest accrued thereon) provided that no notice of redemption shall be given earlier than 90 days before the earliest date of which the Issuer would incur the obligation to make such deduction or would necessarily receive such lesser amount for interest.

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

7.7.2.1 a certificate signed by 2 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 of that Series as set out above; and

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

7.8 **Purchases**

7.8.1 The Issuer may at any time purchase Notes at face value or below in the open market in the event that the Issuer receives a Loan Prepayment and, at the request of the relevant Borrower, applies such Loan Prepayment in buying back Notes on the Note Interest Payment Date following that receipt. If such Loan Prepayment is made from Equity Proceeds or funds other than Sale Proceeds or Insurance Proceeds, the Issuer may allocate such proceeds as between the different Classes of Funding Notes as directed by the Borrower (including junior Tranches before senior Tranches of Funding Notes). If such Loan Prepayment is made from Debt Proceeds, then such buy-back shall be implemented in terms of a bid auction procedure, facilitated by the Borrower, which shall be completed by the time that the relevant Borrower delivers the prepayment notice to the Issuer (which notice will be required, in terms of the relevant Loan Agreement, to be delivered to the Issuer at least 21 Business Days prior to any Note Interest Payment Date) in terms of which:

- 7.8.1.1 the Issuer may only buy back the Funding Notes in respect of the relevant Loan Agreement;
- 7.8.1.2 all the Noteholders of such Funding Notes, in reducing order of rank, will be invited to submit bids to sell their Notes to the Issuer;
- 7.8.1.3 if any Noteholder, in the highest ranking Class of Funding Notes that is still outstanding, does not wish to sell such Notes to the Issuer, then, notwithstanding the fact that there are Noteholders, in Classes of Funding Notes ranking lower than the highest ranking Funding Notes, that are willing to accept the buy back offer, such prepayment cannot be applied to buy back such lower ranking Funding Notes;
- 7.8.1.4 all such Noteholders who are willing to sell their Notes to the Issuer at the clearing bid price will be allocated re-purchase proceeds, to the extent permitted by and in accordance with the Priority of Payments applicable prior to the Early Amortisation Period, which shall be allocated pro-rata to each Note being sold in the relevant Class of Funding Notes, in the proportion which the Outstanding Principal Amount of each Funding Note being sold in the relevant Class of Funding Notes bears to the Outstanding Principal Amount of all the Funding Notes being sold in the relevant Class of Funding Notes.

7.9 Cancellation

All Notes which are redeemed in full will forthwith be cancelled. Each Certificate representing any Tranche of Notes so redeemed shall be forwarded to the Transfer Agent for cancellation. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.8, shall be held by the Issuer and cannot be re-issued or resold by the Issuer. The Transfer Agent shall notify the Central Securities Depository and BESA of any cancellation or partial redemption of Notes so that such entities can record the reduction in the aggregate Principal Amount of the Notes in issue. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

8. Payment

8.1 Method of payment

- 8.1.1 Payments of interest and principal in respect of Notes represented by the Global Certificate will be made to the Central Securities Depository's Nominee, as the registered holder of the Global Certificate, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, as the holders of Beneficial Interests shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to, or for the order of, the registered holder of the Global Certificate. 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 represented by the Global Certificate shall be recorded by the Central Securities Depository's Nominee, as the registered holder of the Global Certificate, distinguishing between interest and principal, and such record of payments by the registered holder of the Global Certificate shall be *prima facie* proof of such payments.
- 8.1.2 The Issuer shall pay the interest and principal payable in respect of each Note, in immediately available and freely transferable funds, in Rands by electronic funds transfer, to the bank account of the Noteholder as set forth in the Register at 17h00 (South African time) on the Last Day To Register (whether or not such day is a Business Day) preceding the relevant Note Interest Payment Date or Redemption Date, as the case may be, or, in the case of joint Noteholders, the account of that one of them who is first named in the Register in respect of that Note. If several persons are entered into the Register as joint Noteholders, then without affecting the previous provisions of this condition, payment to any one of them of any monies payable on or in respect of the Note shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Note or interest therein.

- 8.1.3 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with Condition 8.1.1 (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, government interference or control or any other cause or contingency beyond the control of the Issuer) such inability will not constitute a Note Event of Default and the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice).
- 8.1.4 All monies so payable by cheque will be sent by post, at the risk of the Noteholders, to the address of the Noteholder as set forth in the Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note. Each such cheque shall be made payable to or for the order of the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that the Issuer shall not be responsible for any loss, including any loss due to theft or fraud, in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purpose of all cheques posted in terms of this Condition 8. Payment by cheque sent in terms of this Condition 8 shall be a complete discharge by the Issuer of its obligations in respect of the amount of the cheque.
- 8.1.5 Only Noteholders reflected in the Register at 17h00 (South African time) on the relevant Last Day to Register will be entitled to payments of interest and/or principal in respect of Notes.
- 8.1.6 Payments will be subject in all cases to the Priority of Payments and any Taxation or other laws, directives and regulations applicable to such payment in the place of payment.

8.2 Surrender of Certificates

- 8.2.1 On or before the Last Day to Register prior to any Redemption Date (including a Redemption Date relating to mandatory redemption in part), the holder of a Certificate, in respect of a Note to be redeemed (in part or in whole, as the case may be) shall deliver to the Transfer Agent the Certificates to be redeemed. This will enable the Transfer Agent to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.
- 8.2.2 In the case of the Global Certificates, mandatory redemptions in part will be handled in accordance with the Applicable Procedures. In the case of final redemption, the Global Certificates must be delivered to the Transfer Agent on or before the Last Day to Register prior to the Final Maturity Date to enable the Transfer Agent to cancel the relevant Global Certificates.
- 8.2.3 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.
- 8.2.4 Documents required to be presented and/or surrendered to the Transfer Agent in accordance with the Terms and Conditions will be so presented and/or surrendered at the Specified Office of the Transfer Agent.

8.3 Payment date

Notwithstanding anything to the contrary contained in the Terms and Conditions, if the date for payment of any amount payable in respect of any Note is not a Business Day, then:

- 8.3.1 if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 8.3.2 if a Business Day Convention is specified in the Applicable Pricing Supplement, such date for payment shall be adjusted according to such Business Day Convention,

and interest shall accrue to and be paid on the relevant date of payment.

8.4 **Calculation and notice of principal payments**

The Calculation Agent will calculate the aggregate amount of principal due and payable by the Issuer for each Note on each date that payment is due and payable in accordance with the Priority of Payments. The Calculation Agent will, at least 2 Business Days before each such date, cause such aggregate amount of principal to be notified to the Noteholders in the manner set out in Condition 17, BESA and the Issuer.

9. **Taxation**

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

9.2 The payment of any Taxes by the Issuer as an agent or representative taxpayer for a Noteholder shall not constitute a withholding or deduction for the purposes of this Condition 9.

9.3 If any such withholding or deduction is required by Applicable Law in respect of Taxes imposed or levied on any payments (whether in respect of principal, interest or otherwise) in respect of any Notes, the Issuer will, subject to the Issuer's rights to redeem such Notes in terms of Condition 7.7, make such payments after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. **Undertakings of the Issuer**

10.1 **Comply with obligations**

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

10.2 **Positive undertakings**

The Issuer undertakes that it shall:

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

10.2.2 **(Accounts)** provide to the Security SPV and the Rating Agency its audited financial statements for each financial year within 120 days of the end of that year;

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

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

10.2.5 **(Note Event of Default)** notify the Security SPV and the Rating Agency of the occurrence of any Note Event of Default (in respect of the relevant Series and every other Series), as soon as it becomes aware of it;

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

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

- 10.2.7.1 should the Security SPV be requested to give its consent to anything in relation to the Transaction Documents and the response of the Security SPV to such request;
- 10.2.7.2 should the Issuer and a Dealer agree to issue Notes in a form not contemplated by the Terms and Conditions;
- 10.2.7.3 should a new Programme Memorandum or a supplement to the Programme Memorandum be issued by the Issuer;
- 10.2.8 **(maintain records)** maintain records in such a manner that it is possible, at any point in time, to determine from such records the Assets relating to each Series (separately identifiable from the assets it holds for any other person and from the assets it holds in respect of any other Series);
- 10.2.9 **(attribute to Series)** ensure that when transacting with any person, unless that transaction is not a transaction in respect of a particular Series, all documents relating to such transaction identify the Series to which such transaction relates;
- 10.2.10 **(separate bank accounts)** open and operate a separate Transaction Account and other Bank Accounts, if any, in respect of each Series;
- 10.2.11 **(pay monies)** subject to the Transaction Documents, pay all monies received by it in respect of a Series into the relevant Bank Accounts of that Series;
- 10.2.12 **(Liquidity Facility)** give drawdown notices in accordance with the Liquidity Facility Agreement where permitted under the Liquidity Facility Agreement and necessary to make payments in respect of the Notes on any particular Note Interest Payment Date and to apply the proceeds of any drawdown in accordance with the Liquidity Facility Agreement;

10.3 **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:

- 10.3.1 **(negative pledge)** create or permit to subsist any Encumbrance (unless arising by operation of law) upon the whole or any part of its Assets (in respect of the Series), present or future, save for any Encumbrance upon the Assets (in respect of the Series) pursuant to the Security Agreements;
- 10.3.2 **(disposal of assets)** transfer, sell, exchange, realise, alienate, lend, part with or otherwise dispose of, or deal with, or grant any right of first refusal, option or present or future right to acquire any of its Assets (in respect of the Series) or any interest, right, title or benefit therein, save as in accordance with any Transaction Document;
- 10.3.3 **(winding-up)** cause itself to be voluntarily wound-up or placed under judicial management;
- 10.3.4 **(restrictions on activities)** engage in any activity which is not in terms of or necessarily incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
- 10.3.5 **(shares)** issue any further shares or repurchase shares, except those Preference Shares created pursuant to the Transaction Documents which:
- 10.3.5.1 Preference Shares grant a preference only in relation to the Assets and voting rights of the Series and not the assets and voting rights of the Issuer generally;
- 10.3.5.2 Preference Shares have no rights which conflict with the rights of Noteholders;
- 10.3.5.3 Preference Shares are subordinated in all respects to the rights of Noteholders; and

- 10.3.5.4 Preference Shares shall not be issued to the Borrower or a Group Company of the Borrower, unless the Security SPV grants its prior written approval for such issue and the Rating Agency is furnished with at least 10 Business Days prior written notice of such issue and does not notify the Issuer in writing that the proposed issue may cause it to downgrade or withdraw its respective current Ratings of Tranches of Notes in issue;
- 10.3.6 **(dividends)** authorise the payment of, or pay, any dividend or other distribution to its shareholders, except any preference dividend, and any Tax thereon, payable only from the Assets of the Series and in accordance with the Priority of Payments and pursuant to the Transaction Documents;
- 10.3.7 **(bank accounts)** open or operate any bank accounts in respect of the Series, other than the Bank Accounts opened in terms of the Transaction Documents;
- 10.3.8 **(Derivative Contracts)** enter into any Derivative Contract, unless the Derivative Counterparty meets the Rating Agency hedging criteria from time to time;
- 10.3.9 **(no payment)** make or attempt or purport to make any payment in respect of a Note or other amount owing in respect of the Series prior to the date on which the payment is due for payment in terms of the Priority of Payments;
- 10.3.10 **(borrowings)** raise or incur any obligation, whether as principal or surety, for the payment or repayment of money, whether present or future, actual or contingent, other than as envisaged in the Transaction Documents;
- 10.3.11 **(other financial accommodation)** grant any guarantee or other assurance whatsoever against financial loss or allow any such guarantee or assurance to be outstanding in connection with any money borrowed or raised by any person other than as part of the Issuer's Business;
- 10.3.12 **(general acts)** do any of the following things:
- 10.3.12.1 register any transfer of shares in its issued share capital;
- 10.3.12.2 amend its memorandum or articles of association;
- 10.3.12.3 engage any employees;
- 10.3.12.4 have or acquire any subsidiaries;
- 10.3.12.5 occupy any premises;
- 10.3.13 **(Transaction Documents)**
- 10.3.13.1 cancel or amend any Transaction Documents;
- 10.3.13.2 grant a waiver in respect of any Transaction Document;
- 10.3.13.3 discharge or release any person from their obligations under any Transaction Document if that person has not performed its obligations in full;
- 10.3.13.4 novate or assign any Transaction Document;
- 10.3.13.5 cede any of its rights or delegate any of its obligations under any Transaction Document; or
- 10.3.14 **(other transactions)** enter into any document, agreement or arrangement other than in terms of the Transaction Documents;

- 10.3.15 (new Series) establish a new Series, unless the Rating Agency confirms in writing that its respective current Ratings of the Notes in issue in respect of the Series will not be downgraded or withdrawn as a result of the establishment of such new Series.

10.4 Insolvency remoteness and segregation of Series

The Issuer undertakes that it will not amend any provision in any Transaction Document (including the Terms and Conditions of the Notes) in respect of the Series or any other Series, in terms of which the Secured Creditors of the Series or any other Series agree that they will:

- 10.4.1 have recourse only to the Assets of the relevant Series and not to the Assets of any other Series;
- 10.4.2 not 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, judicial management of, or any compromise or scheme of arrangement or related relief in respect of the Issuer or for the appointment of a liquidator, judicial manager or similar officer of the Issuer, until 2 years after the Security SPV in respect of the Series informs Noteholders that the Issuer has no further Assets of the Series available for payment of any sums still outstanding and owing by the Issuer under the Notes of that Series and the Issuer informs Noteholders that no further Notes in respect of any other Series are outstanding under the Programme;

without the approval of a Special Resolution of the Controlling Class of Noteholders in respect of the Series and every other Series, the prior written consent of the Security SPV of the Series and the Security SPV of every other Series and without furnishing the Rating Agency with at least 10 Business Days prior written notice of the proposed action.

10.5 Security SPV consents

In giving any consent to the foregoing, the Security SPV may require the Issuer to make such modifications or additions to the Terms and Conditions and/or to the provisions of any of the Transaction Documents (subject to Condition 18) or may impose such other conditions or requirements as the Security SPV may deem expedient (in its absolute discretion) in the interests of the Secured Creditors, including the Noteholders (and subject to Condition 19); provided that the Rating Agency is furnished with at least 10 Business Days prior written notice of the proposed action.

11. Note Events of Default

- 11.1 A Note Event of Default in respect of the Series will occur should any of the following events occur in respect of the Series:
- 11.1.1 the Issuer fail to pay an amount of interest due and payable to the Controlling Class Noteholders of the Series within 3 Business Days of the Note Interest Payment Date or principal due and payable to the Controlling Class Noteholders of the Series within 3 Business Days of the Final Maturity Date, in each case irrespective of whether or not there are available funds for that purpose in terms of the Priority of Payments; or
- 11.1.2 the Issuer fail to pay any amount, whether in respect of interest, principal or otherwise, due and payable in respect of any of any other Class of Notes in respect of the Series within 3 Business Days of the due date for the payment in question, to the extent permitted by available funds for that purpose in terms of the Priority of Payments; or
- 11.1.3 the Issuer fail duly to perform or observe any other obligation binding on it under the Terms and Conditions or any of the other Transaction Documents in respect of the Series, which breach is not remedied within the cure period permitted therefor in the relevant Transaction Document or, if no such cure period is provided (and an immediate default is not triggered under such Transaction Document), within 7 Business Days (or such other period as the Security SPV in its reasonable discretion may specify) after receiving written notice from either the Security SPV or a party to the relevant Transaction Document requiring such breach to be remedied, unless the Security SPV has notified the Issuer in writing that such breach does not, in the opinion of the Security SPV, have a Material Adverse Effect on the Issuer in respect of the Series; or

- 11.1.4 the Issuer cease to be wholly owned by the Owner Trust without the prior written consent of the Security SPV; or
- 11.1.5 the Guarantee in favour of Secured Creditors of the Series, or any security interests in favour of the Security SPV pursuant to any of the Security Agreements in respect of the Series be or become, or be reasonably claimed by the relevant Security SPV to be or have become, wholly or partly void, voidable, illegal or unenforceable for any reason whatsoever or should any security pursuant to any of the Security Agreements in respect of the Series be reasonably claimed by the Security SPV not to grant or cease to grant the Security SPV a first priority security interest over all the Series Collateral; or
- 11.1.6 it be or become unlawful for the Issuer to perform any of its obligations under the Transaction Documents in respect of the Series and the Security SPV has notified to the Issuer in writing that such event has, in its opinion, a Material Adverse Effect on the Issuer in respect of the Series; or
- 11.1.7 the Issuer alienate or encumber any of the Series Collateral (other than as provided for in terms of the Transaction Documents) without the prior written consent of the Security SPV; or
- 11.1.8 any additional Note Event of Default specified in the Applicable Supplements.

It is recorded for the avoidance of doubt, that the occurrence of a Note Event of Default in respect of any other Series that may be established by the Issuer under the Programme shall not constitute a Note Event of Default in respect of this Series.

- 11.2 If a Note Event of Default occurs in respect of the Series:
 - 11.2.1 the Calculation Agent will forthwith inform the Security SPV and the Rating Agency;
 - 11.2.2 the Security SPV will, as soon as such Note Event of Default comes to its notice (whether as a result of having been informed by the Calculation Agent thereof pursuant to Condition 11.2.1 or otherwise), forthwith notify the Issuer and the Secured Creditors of the Series and forthwith call a meeting of the Controlling Class Noteholders of the Series;
 - 11.2.3 all the Notes of the Series will become immediately due and payable:
 - 11.2.3.1 if, at such meeting, the Controlling Class Noteholders 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 Noteholders decide that the Notes of the Series will become immediately due and payable as contemplated in Condition 11.2.3.1, the Controlling Class Noteholders will notify the Issuer and the Security SPV accordingly.
- 11.4 If the Controlling Class Noteholders decide that the Notes of the Series will become immediately due and payable as contemplated in Condition 11.2.3.1 or if the Security SPV decides that the Notes of the Series will become immediately due and payable as contemplated in Condition 11.2.3.2, as the case may be, the Security SPV will, by written notice to the Issuer (an "**Enforcement Notice**"), declare the Notes of the Series and any amounts owing under any other Transaction Document of the Series, to be immediately due and payable, and require the Outstanding Principal Amount of the Notes of the Series, together with any accrued interest thereon, and the amounts owing under any other Transaction Document of the Series, to be forthwith paid or repaid, to the extent permitted by and in accordance with the Post-Enforcement Priority of Payments. The Issuer shall forthwith do this, failing which the Security SPV may take all necessary steps, including legal proceedings, to enforce the rights of the Noteholders and other Secured Creditors of the Series set out in, and the security given therefor in terms of, these Terms and Conditions and the other Transaction Documents of the Series, subject always to the provisions of the Post-Enforcement Priority of Payments. Should the Security SPV fail to deliver the Enforcement Notice within 10 Business Days of being called upon to do so by the Controlling Class Noteholders, the notification by the Controlling Class Noteholders to the Issuer in accordance with Condition 11.3 shall constitute delivery of the Enforcement Notice.

- 11.5 The Security SPV will not be required to take any steps to ascertain whether any Note Event of Default has occurred or to monitor or supervise the observance and performance by the Issuer of its obligations under the Terms and Conditions and the other Transaction Documents and until the Security SPV has actual knowledge or has been served with express notice thereof it will be entitled to assume that no such Note Event of Default has taken place.
- 11.6 If the Notes of the Series become immediately due and payable following delivery of an Enforcement Notice, they will be redeemed and paid strictly in accordance with the Post-Enforcement Priority of Payments. If the Issuer has insufficient available funds to redeem all the Notes of the Series in full, the Notes of the Series will be redeemed, in reducing order of rank in the Post-Enforcement Priority of Payments, in each case *pro rata* to their Outstanding Principal Amount.

12. Enforcement, subordination and non-petition

- 12.1 Each Noteholder agrees that its claims against the Issuer and the Security SPV are subordinated for the benefit of other Secured Creditors in accordance with the Priority of Payments. The Issuer and the Security SPV will not be obliged to make payment of, and Noteholders will not be entitled to receive payment of, any amount due and payable under the Notes, except in accordance with the Priority of Payments, unless and until all amounts required to be paid or provided for in terms of the Priority of Payments in priority thereto have been paid, provided for or discharged in full, and then only to the extent that there are available funds in the Priority of Payments for that purpose. Should the Issuer fail to pay all or part of any amount then due and payable by it to the Noteholders on any date, as a result of lack of available funds for that purpose in terms of the Priority of Payments:
- 12.1.1 the Issuer will not be in default of its obligations under the Notes (other than a failure to pay amounts due and payable to the Controlling Class Noteholders, which shall constitute a Note Event of Default in accordance with Condition 11.1.1);
- 12.1.2 the unpaid amount will not bear penalty interest and any unpaid interest on the Notes will not bear interest or penalty interest; and
- 12.1.3 payment of the unpaid amount will be deferred to the following date upon which there are available funds to make such payment in terms of the Priority of Payments applicable on such date.
- 12.2 Notwithstanding any other provision of any Transaction Document, the obligation of the Issuer to make payment to the Noteholders of the Series is limited to the lesser of:
- 12.2.1 the amounts owing to the Noteholders of the Series; and
- 12.2.2 the aggregate of the actual amount recovered and available for distribution from the Assets of the Series to such Noteholders,
- and the payment of such amount that is available for distribution to the Noteholders in accordance with the Priority of Payments will constitute fulfilment of the Issuer's obligations to make payment to the Noteholders. Once all the Assets of the Series have been extinguished, each Noteholder of the Series abandons all claims it may have against the Issuer in respect of amounts still owing to it in respect of the Series but unpaid, and the Issuer's liability to the Noteholders of the Series shall be completely discharged.
- 12.3 The Series Collateral in respect of a Series is not available in any circumstances to meet any obligations of the Issuer in respect of any other Series and if, upon realisation of the Series Collateral in respect of a Series, sufficient funds are not realised to discharge in full the obligations of the Issuer in respect of that Series, no further claims may be made against the Issuer in respect of such obligations.
- 12.4 It is recorded that as security for the due, proper and timeous fulfilment by the Issuer of all its obligations under the Notes of the Series, the Security SPV of the Series has executed the Guarantee in favour of the Secured Creditors (including the Noteholders of the Series). Each Noteholder expressly accepts the benefits of the Guarantee and acknowledges the limitations on its rights of recourse in terms of such Guarantee.

- 12.5 Subject to the provisions of Condition 12.7, each Noteholder agrees that only the Security SPV of the Series may enforce the security created in favour of the Security SPV by the Security Agreements in accordance with the provisions of the Security Agreements and the Transaction Documents.
- 12.6 The rights of Noteholders against the Issuer will be limited to the extent that the Noteholders will not be entitled to take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to them under or in connection with the Notes (including not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement will be exercised in accordance with the provisions of the Guarantee, provided that:
- 12.6.1 if the Security SPV of the Series is entitled and obliged to enforce its claim against the Issuer pursuant to the Indemnity but fails to do so within 60 Business Days of being called upon to do so by any Secured Creditor (other than a Noteholder) or by a Special Resolution of the Controlling Class Noteholders; or
- 12.6.2 if the Security SPV of the Series is wound-up, liquidated, de-registered or placed under judicial management (in each case whether voluntarily or compulsorily, provisionally or finally) or if the Guarantee and/or Indemnity of the Series 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 of the Series, the Noteholders of the Series (by way of Special Resolution of the Controlling Class Noteholders) and other Secured Creditors of the Series),
- then Noteholders of the Series will be entitled to take action themselves to enforce their claims directly against the Issuer if a Note Event of Default of the Series occurs, but only in respect of the Assets of the Series.
- 12.7 The Noteholders of the Series will not, until 2 years after the Security SPV in respect of the Series informs Noteholders that the Issuer has no further Assets of the Series available for payment of any sums still outstanding and owing by the Issuer under the Notes of that Series and the Issuer informs Noteholders that no further Notes in respect of any other Series are outstanding under the Programme, 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, judicial management of, or any compromise or scheme of arrangement or related relief in respect of:
- 12.7.1 the Issuer or for the appointment of a liquidator, judicial administrator or similar officer of the Issuer; or
- 12.7.2 the Security SPV of the Series or for the appointment of a liquidator, judicial administrator or similar officer of the Security SPV.
- 12.8 Without prejudice to the foregoing provisions of this Condition, each Noteholder of the Series undertakes to the Issuer and the Security SPV of the Series that if any payment is received by it other than in accordance with the Priority of Payments in respect of amounts due to it by the Issuer of the Series and/or the Security SPV of the Series, the amount so paid will be received and held by such Noteholder as agent for the Issuer and/or the Security SPV of the Series, as the case may be, and will be paid to the Issuer and/or the Security SPV, as the case may be, immediately on demand. Each Noteholder further undertakes to the Issuer that if any payment is received by it from the Assets of any other Series, the amount so paid shall be held by such Noteholder as agent for the Issuer and/or the Security SPV in respect of that other Series and shall be refunded to the Issuer or the Security SPV of that other Series on demand.
- 12.9 The Security SPV of the Series has acknowledged in the Common Terms Agreement that it holds the security created pursuant to the Security Agreements to be distributed, on enforcement of the Security Agreements, in accordance with the provisions of the Priority of Payments.
- 12.10 Each Noteholder of the Series undertakes that it will not set off or claim to set off any amounts owed by it to the Issuer or the Security SPV of the Series against any amount owed to it by the Issuer or the Security SPV of the Series.
- 12.11 Notwithstanding the provisions of the preceding sub-Conditions, in the event of a liquidation or a winding-up of the Issuer or the Security SPV of the Series or of the Issuer or the Security SPV of the Series being placed under judicial management, Secured Creditors of the Series ranking prior to others in the Priority of Payments will be entitled to receive payment in full

from the Assets of the Series of amounts due and payable to them in respect of the Series, before other Secured Creditors of the Series that rank after them in the Priority of Payments receive any payment of amounts owing to them in respect of the Series.

- 12.12 In order to ensure the fulfilment of the provisions of the Priority of Payments in the event of a liquidation or a winding-up of the Issuer or the Issuer being placed under judicial management, each Noteholder of the Series agrees that in the event of a liquidation or winding-up of the Issuer or of the Issuer being placed under judicial management, it will recover all amounts due and payable by the Issuer in respect of the Series to such Noteholder of the Series in accordance with the provisions of the Guarantee. The Security SPV of the Series will, in turn, make a claim in the winding-up, liquidation or judicial management proceedings of the Issuer against the Assets of the Series pursuant to the Indemnity and, out of any amount recovered in such proceedings, pay the Secured Creditors of the Series in accordance with the Post-Enforcement Priority of Payments.
- 12.13 In the event that the Security SPV of the Series fails, for whatever reason, to make a claim in the liquidation, winding-up or judicial management proceedings of the Issuer pursuant to the Indemnity or should the liquidator or judicial administrator not accept a claim tendered for proof by the Security SPV of the Series pursuant to the Indemnity, then each Noteholder of the Series will be entitled to lodge such claims itself but each Noteholder of the Series agrees that:
- 12.13.1 any claim made or proved by a Noteholder in the liquidation, winding-up or judicial management proceedings in respect of amounts owing to it by the Issuer in respect of the Series will be subject to the condition that no amount will be paid in respect thereof to the extent that the Assets of any other Series are utilised to meet such claim or to the extent that the effect of such payment would be that the amount payable to the Secured Creditors of the Series that rank prior to it in terms of the Post-Enforcement Priority of Payments would be reduced; and
- 12.13.2 if the liquidator or judicial administrator does not accept claims proved subject to the condition contained in Condition 12.14.1 then each Noteholder will 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 of the Series for distribution in accordance with the Post-Enforcement Priority of Payments to the extent that the payment relates to the Assets of the Series and, to the extent that the payment relates to the Assets of any other Series, then for distribution to the Security SPV of that other Series.
- 12.14 In respect of the Series, nothing in the Terms and Conditions limits:
- 12.14.1 the exercise of any right or power by the Security SPV of the Series under the Security Agreements of the Series and/or the Indemnity;
- 12.14.2 the entitlement of the Security SPV of the Series to levy or enforce any attachment or execution upon the Assets of the Series;
- 12.14.3 any Secured Creditor of the Series from obtaining or taking any proceedings to obtain an interdict, mandamus or other order to restrain any breach of any Transaction Document of the Series or any other Series by any party;
- 12.14.4 any Secured Creditor of the Series from obtaining or taking any proceedings to obtain declaratory relief in relation to any provision of any Transaction Document of the Series or any other Series in relation to any party; or
- 12.14.5 the exercise by any Derivative Counterparty under a Derivative Contract of the Series of rights of netting or set-off, where such rights are explicitly provided for in accordance with the terms of the relevant Transaction Document of the Series; provided that a Derivative Contract shall not be entitled to allow a netting of payments owed by the Derivative Counterparty in respect of the Series against amounts owed by the Derivative Counterparty in respect of any other Series.

13. Benefits

- 13.1 The Terms and Conditions, insofar as they confer benefits on any Secured Creditor of the Series (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 of the Series by each such Secured Creditor.
- 13.2 The Terms and Conditions, insofar as they confer benefits on any Secured Creditor of any other Series, comprise a stipulation for the benefit of such Secured Creditors and will be deemed by each such Secured Creditor upon the execution of the Common Terms Agreement of such other Series by such Secured Creditor or, in the case of the Noteholders of such other Series, upon the issue of, or transfer to, the Noteholders of such other Series of the Notes of that other Series.
- 13.3 Each Noteholder of the Series, upon its subscription for Notes of the Series and the issue of Notes of the Series to it, or upon the transfer of Notes of the Series to it, as the case may be, accepts the benefits of those provisions of the Common Terms Agreement which confer benefits on the Noteholders of the Series and the provisions of the Transaction Documents of any other Series which confer benefits on the Noteholders of the Series.
- 13.4 It is recorded that the Security SPV of the Series, upon signing the Guarantee of the Series, is deemed to have notice of the Terms and Conditions, and the Security SPV of the Series shall be bound by those provisions of the Terms and Conditions of the Series which confer rights and/or impose obligations on the Security SPV.

14. Replacement of Notes**14.1 Costs**

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

14.2 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.

14.3 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.

15. Transfer of Notes

- 15.1 Beneficial Interests in the Notes may be transferred in terms of the Applicable Procedures through the Central Securities Depository.
- 15.2 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.

- 15.3 Transfers of Beneficial Interests to and from clients of Participants occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Participants for their clients. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Securities Depository for the Participants. Such transfers of Beneficial Interests will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of the Global Certificate notwithstanding such transfers. Beneficial Interests may be transferred only in accordance with these Terms and Conditions, and the Applicable Procedures.
- 15.4 In order for any transfer of Notes represented by a Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
- 15.4.1 the transfer of such Notes must be embodied in the Transfer Form;
- 15.4.2 the Transfer Form must be signed by the registered Noteholder and the transferee, or any authorised representative of that registered Noteholder and/or transferee; and
- 15.4.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the relevant Certificate for cancellation.
- 15.5 Transfers of Notes represented by a Certificate will only be in a denomination of R1 000 000 or more. Notes represented by a Certificate may be transferred in whole or in part (in amounts of not less than R1 000 000).
- 15.6 Subject to the preceding provisions of this Condition 15, the Transfer Agent will, within 3 Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), record the transfer of Notes represented by a Certificate in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate in respect of such Notes reflecting the same Outstanding Principal Amount as the Notes transferred. Where a Noteholder has transferred part only of his holding of Notes represented by a Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, a new Certificate in respect of the balance of the Notes held by such Noteholder.
- 15.7 The transferor of any Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 15.8 Before any transfer of any Notes represented by a Certificate is registered, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Transfer Agent reasonably requires as to the identity and title of the transferor and the transferee.
- 15.9 No transfer of any Notes represented by a Certificate will be registered while the Register is closed as contemplated in Condition 16.
- 15.10 If a transfer of any Notes represented by a Certificate is registered, the Transfer Form and cancelled Certificate will be retained by the Transfer Agent.

16. Register

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

- 16.2 The Register will, in respect of a Tranche of Notes, be closed during the 5 days preceding each Note Interest Payment Date and Redemption Date, as the case may be, from 17h00 (South Africa time) on the Last Day to Register or such other Books Closed Period as is specified in the Applicable Pricing Supplement. All periods referred to for the closure of the Register may be shortened by the Issuer from time to time, upon notice thereof to the Noteholders in accordance with Condition 17.
- 16.3 The Transfer Agent will alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with Condition 17.

17. Notices

- 17.1 All notices (including all demands or requests under the Terms and Conditions) to the Noteholders will be valid if:
- 17.1.1 mailed by registered post or delivered by hand to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa; and
- 17.1.2 for so long as the Notes are listed on BESA, published in a daily newspaper of general circulation in Johannesburg, which newspapers are respectively expected to be the Business Day and The Star (or their respective successors).

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

- 17.2 For so long as the Notes are held in their entirety by the Central Securities Depository, there may be substituted for publication as contemplated in clause 17.1.1 and 17.1.2 the delivery of the relevant notice to the Central Securities Depository's Nominee, the Participants and BESA for communication by them to the holders of Beneficial Interests in the Notes represented by the Global Certificate, in accordance with the Applicable Procedures.
- 17.3 Where any provision of the Terms and Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice will be given *mutatis mutandis* as set out in Condition 17.1 and Condition 17.2, respectively, subject to compliance with any other time periods prescribed in the provision concerned.
- 17.4 All notices (including all communications, demands and/or requests under the Terms and Conditions) to be given by any Noteholder to the Issuer, the Security SPV or the Transfer Agent, as the case may be, will be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Certificate, to the Specified Office of the Issuer, the Specified Office of the Security SPV or the Specified Office of the Transfer Agent, as the case may be, and marked for the attention of the chief executive officer, with a copy sent by hand or by registered post to the Specified Office of the Calculation Agent and marked for the attention of the chief executive officer. Any notice to the Issuer, the Security SPV or the Transfer Agent, as the case may be, will be deemed to have been received by the Issuer, the Security SPV or the Transfer Agent, as the case may be, on the second Business Day after being delivered by hand to the Specified Office of the Issuer, the Security SPV or the Transfer Agent, as the case may be, or on the 14th day after the day on which it is mailed by registered post to the Specified Office of the Issuer, the Security SPV or the Transfer Agent, as the case may be.
- 17.5 Whilst any of the Notes are represented by the Global Certificate, notices to be given by any holder of a Beneficial Interest to the Issuer shall be given by such holder through such holder's relevant Participant in accordance with the Applicable Procedures.

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

- 18.1 Subject to Condition 18.6 the Issuer and the Security SPV may effect, without the consent of any Noteholder, any amendment to the Terms and Conditions and/or the Priority of Payments which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa. Any such

amendment will be binding on Noteholders and such amendment will be notified to Noteholders in accordance with Condition 17 as soon as practicable thereafter.

- 18.2 The Issuer and the Security SPV may amend the Terms and Conditions and/or the Priority of Payments by written agreement, subject to the following provisions of this Condition 18.
- 18.3 Any amendment to the Terms and Conditions and/or the Priority of Payments which, in the reasonable opinion of the Security SPV, may prejudice the rights, under the Terms and Conditions and/or the Priority of Payments, of (i) all of the Noteholders or (ii) a particular Class (or Classes) of Noteholders, as the case may be, may be made only with the prior authorisation of a Special Resolution of all of the Noteholders or a Special Resolution of that Class (or those Classes) of Noteholders, as the case may be.
- 18.4 Accordingly, if in the reasonable opinion of the Security SPV any proposed amendment to the Terms and Conditions and/or the Priority of Payments may prejudice the rights, under the Terms and Conditions and/or the Priority of Payments, of (i) all of the Noteholders or (ii) a particular Class (or Classes) of Noteholders, as the case may be, the Security SPV will call a meeting of all of the Noteholders or a meeting of that Class of Noteholders or separate meetings of each of those Classes of Noteholders, as the case may be. Such meeting or meetings will be regulated by the provisions set out in Condition 22 and no proposed amendment will be made to the Terms and Conditions and/or the Priority of Payments until such amendment has been approved by Special Resolution at such meeting or meetings.
- 18.5 No amendment to the Terms and Conditions and/or the Priority of Payments which may prejudice the rights and/or obligations of a Secured Creditor (other than a Noteholder) may be made without the prior written consent of such Secured Creditor.
- 18.6 No amendment to the Terms and Conditions and/or any of the other Transaction Documents may be made unless the Security SPV grants its prior written approval for such amendment and the Rating Agency is furnished with at least 10 Business Days prior written notice of the proposed amendment and does not notify the Issuer in writing that the proposed amendment may cause it to downgrade or withdraw its respective current Ratings of Tranches of Notes in issue.
- 18.7 For the avoidance of doubt, any reference in this Condition 18 to the Security SPV, the Terms and Conditions, the Priority of Payments, the Noteholders, a Class of Noteholders, a Secured Creditor, the Transaction Documents and the Rating Agency, refers to such terms in respect of the relevant Series only.

19. **Consent of the Security SPV**

- 19.1 Where in any Transaction Document provision is made for the consent to be given by the Security SPV, unless expressly stated otherwise, such consent:
- 19.1.1 may be given (conditionally or unconditionally) or withheld in the discretion of the Security SPV; provided that, in exercising such discretion, the Security SPV shall act in what it reasonably believes to be in the best interests of Secured Creditors and, if (in giving or withholding the consent) the interests of any one category of Secured Creditors conflict with those of another category of Secured Creditors, the Security SPV shall act in what it reasonably believes to be in the interests of the Controlling Class Noteholders (or failing any Noteholders, in the best interests of the category of Secured Creditors ranking highest in the Priority of Payments); and
- 19.1.2 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.
- 19.2 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.

- 19.3 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.

20. No voting rights on Notes held by Issuer

The Issuer will not have any voting rights on any Notes held by it.

21. Prescription

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

22. Meetings of Noteholders

For the avoidance of doubt, any reference in this Condition 22 to a defined term, is a reference to that term in respect of the relevant Series only.

22.1 Directions of Noteholders

- 22.1.1 The provisions with regard to meetings of Noteholders are set out in this Condition 22. The provisions of this Condition 22 will apply, *mutatis mutandis*, to each separate meeting of each Class of Noteholders.

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

- 22.1.3 Subject to Condition 22.1.5, a meeting of Noteholders will have power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions:

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

- 22.1.3.2 by Special Resolution:

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

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

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

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

22.2 Convening of meetings

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

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

22.2.3 Whenever the Issuer wishes to convene a meeting, it will forthwith give notice in writing to the Noteholders and the Security SPV in the manner prescribed in Condition 17 of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.

22.2.4 Whenever the Security SPV wishes or is obliged to convene a meeting it will forthwith give notice in writing to the Noteholders and the Issuer in the manner prescribed in Condition 17, of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.

22.2.5 All meetings of Noteholders will be held in Johannesburg.

22.3 Requisition

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

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

22.4 Convening of meetings by requisitionists

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

22.5 Notice of meeting

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

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

22.6 Quorum

22.6.1 A quorum at a meeting shall:

22.6.1.1 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 Outstanding Principal Amount of the Notes or Class of Notes, as the case may be;

22.6.1.2 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 Outstanding Principal Amount of the Notes or Class of Notes, as the case may be.

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

22.6.3 If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting will 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 will constitute a quorum for the purpose of considering any resolution, including a Special Resolution.

22.7 Chairman

The Security SPV or its representative will 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 will choose one of their own number to preside as chairman.

22.8 Adjournment

22.8.1 Subject to the provisions of this Condition 22, the chairman may, with the consent of, and will on the direction of, the meeting adjourn the meeting from time to time and from place to place.

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

22.8.3 At least 14 days' written notice of the place, day and time of an adjourned meeting will be given by the Security SPV to each Noteholder and the Issuer. In the case of a meeting adjourned in terms of Condition 22.6.3, the notice will state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

22.9 How questions are decided

22.9.1 At a meeting, a resolution put to the vote will be decided on a poll.

22.9.2 In the case of an equality of votes, the chairman will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

22.10 Votes

Voting shall only take place on a poll and not on a show of hands. On a poll every Noteholder, present in person or by proxy, will be entitled to that proportion of the total votes which the aggregate Outstanding Principal Amount of the Notes held by such Noteholder bears to the aggregate Outstanding Principal Amount of all of the Notes or Class of Notes, as the case may be. In relation to joint Noteholders, the vote may be exercised only by that Noteholder whose name appears first on the Register in the event that more than one of such Noteholders is present, in person or by proxy, at the meeting.

22.11 Proxies and representatives

- 22.11.1 Noteholders present either in person or by proxy may vote on a poll. A Noteholder may by an instrument in writing (a “**proxy form**”) signed by the Noteholder (or his duly authorised agent) or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a “**proxy**” or “**proxies**”) to act on his or its behalf in connection with any meeting or proposed meeting.
- 22.11.2 A person appointed to act as proxy need not be a Noteholder.
- 22.11.3 The proxy form will be deposited at the Specified Office of the Issuer or at the Specified Office of the Transfer Agent, as the case may be, 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.
- 22.11.4 No proxy form will be valid after the expiration of 6 months from the date named in it as the date of its execution.
- 22.11.5 Notwithstanding Condition 22.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.
- 22.11.6 A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the Noteholder’s instructions pursuant to which the proxy form was executed or of the authority under which the proxy form 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, revocation or amendment shall have been received by the Issuer at its Specified Office or the Transfer Agent at its Specified Office, as the case may be, 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.
- 22.11.7 Any Noteholder which is a juristic person may authorise any person to act as its representative in connection with any meeting or proposed meeting of Noteholders by resolution of the directors or other governing body of the juristic person. Any reference in the Terms and Conditions to a Noteholder present in person includes the duly authorised representative of a Noteholder which is a juristic person.

22.12 Minutes

- 22.12.1 The Security SPV will cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be provided by the Issuer for that purpose.
- 22.12.2 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, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders or Class of Noteholders, as the case may be, in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

23. Calculation Agent and Transfer Agent

- 23.1 The Issuer is entitled to vary or terminate the appointment of the Calculation Agent and/or the Transfer Agent and/or to appoint additional or other agents.
- 23.2 There will at all times be a Calculation Agent and a Transfer Agent with a Specified Office. The Transfer Agent and the Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

24. Governing law

The Notes and the Terms and Conditions are governed by, and will be construed in accordance with, the laws of South Africa.

25. Multiple roles

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

- 25.1 Absa 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 it or he had not been 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 or he had not so been a party to any Transaction Document;
- 25.2 information, knowledge or notification obtained by Absa in any one such capacity shall not be attributed to it, whether constructively or otherwise, in any other capacity; and
- 25.3 any payments made by the Issuer in accordance with the Transaction Documents to Absa in one capacity shall be construed as a payment to Absa only in such capacity and not in any other capacity.

26. Rating Agency

- 26.1 It is agreed and acknowledged that a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders, including, without limitation, in the case of a rating confirmation, whether an event or amendment (i) is permitted by the terms of the relevant Transaction Document or (ii) is in the best interests of, or prejudicial to, some or all of the Noteholders. In being entitled to have regard to the fact that the Rating Agency has confirmed that the respective current Ratings of the Notes in issue would not be adversely affected, it is expressly agreed and acknowledged by each of the Security SPV, the Noteholders and the other Secured Creditors that the above does not impose or extend any actual or contingent liability for the Rating Agency to the Security SPV, the Noteholders, the other Secured Creditors or any other person or create any legal relations between the Rating Agency and the Security SPV, the Noteholders, the other Secured Creditors or any other person whether by way of contract or otherwise.
- 26.2 Such confirmation may or may not be given at the sole discretion of the Rating Agency. Depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agency cannot provide rating confirmation in the time available or at all, and would not be responsible for the consequences thereof. Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A rating confirmation represents only a restatement of the opinions given, and cannot be construed as advice for the benefit of any parties to the transaction.

USE OF PROCEEDS

1. The Issuer shall use the net proceeds of the Notes of a Series solely for the purpose of the acquisition by the Issuer, as ultimate borrower, of operating capital primarily to:
 - 1.1 acquire Eligible Loan Agreements and the Related Security Agreements for that Series, pursuant to Sale Agreements;
 - 1.2 redeem outstanding Notes of that Series; and
 - 1.3 as may otherwise be described in the Applicable Series Supplement;and such proceeds may not be applied, directly or indirectly, for the granting of money loans or credit to the general public.
2. Provided that the Loan Agreements and the Related Security Agreements acquired by the Issuer meet the Loan Eligibility Criteria set out in the Transaction Documents in respect of the relevant Series, there is no restriction on the Issuer buying Loan Agreements.

SECURITY FOR THE NOTES

1. GUARANTEE

The Security SPV in respect of each Series will, in respect of that Series, bind itself under a Guarantee to Secured Creditors of that Series. Pursuant to such Guarantee, the relevant Security SPV will undertake in favour of each Secured Creditor to pay it the full amount then owing to it by the Issuer in respect of that Series, if an Enforcement Notice is delivered following a Note Event of Default under the Notes of that Series or should an Event of Default occur under the respective Transaction Documents. The liability of the Security SPV pursuant to the Guarantee will, however, be limited in the aggregate to the net amount recovered by the Security SPV from the Issuer arising out of the Indemnity and, if necessary, the Security Agreements referred to below. Payment of amounts due by the Security SPV pursuant to the Guarantee will be made strictly in accordance with the Pre-Enforcement Priority of Payments prior to delivery of an Enforcement Notice and the Post-Enforcement Priority of Payments after delivery of an Enforcement Notice, as the case may be.

2. INDEMNITY

The Issuer will, in respect of each Series, give an Indemnity to the Security SPV of that Series in respect of claims that may be made against the relevant Security SPV arising out of the Guarantee in respect of that Series. The Issuer's obligation to make payment under the Indemnity is limited to the lesser of the amounts owing to the Secured Creditors of that Series and the aggregate of the actual amount recovered and available for distribution from the Assets of that Series. The Issuer shall not be entitled to refuse to make payment under the Indemnity to the relevant Security SPV by reason of the fact that the Security SPV has not paid the claims of the Secured Creditors under the Guarantee nor shall the Issuer be entitled to refuse to make payment by reason of the fact that the liability of the Security SPV in respect of any such Guarantee is limited in the manner set out in the Guarantee.

3. SECURITY AGREEMENTS

In accordance with the Security Agreements the Issuer agrees in respect of each Series to cede and pledge its right, title and interest in and to the Series Collateral to the Security SPV of that Series as security for the obligations of the Issuer to the relevant Security SPV under the Indemnity. To the extent appropriate, the relevant Security SPV shall have special rights and powers, and the Issuer shall provide appropriate directions in this respect, in relation to the Safe Custody Agent, the Account Bank in respect of the operation of the Bank Accounts and the Servicer, each as specified in the Transaction Documents.

4. ENFORCEMENT

If an Enforcement Notice is delivered, all monies in the Transaction Account and other Bank Accounts, if any, of the relevant Series will be applied in accordance with the Post-Enforcement Priority of Payments.

4.1 Security SPV's duties on the occurrence of a Note Event of Default

If a Note Event of Default occurs in relation to the Notes of a Series:

- (a) the Calculation Agent shall forthwith inform the Security SPV of the relevant Series, the Rating Agency and BESA thereof;
- (b) the Security SPV of the relevant Series shall, as soon as such Note Event of Default comes to its notice (whether as a result of having been informed by the Calculation Agent thereof pursuant to the previous sub-clause or otherwise), forthwith notify the Issuer and each Secured Creditor of the relevant Series and call a meeting of the Noteholders of that Series;
- (c) all the Notes of that Series shall become immediately due and payable if, at such meeting, the Noteholders so decide, by Special Resolution of Noteholders or if the relevant Security SPV in its discretion so decides;

- (d) if the Noteholders decide that the Notes shall become immediately due and payable, such Noteholders shall notify the Issuer and the relevant Security SPV accordingly.

4.2 **Security SPV not bound to take steps**

The Security SPV in respect of a Series is not bound to take any steps to enforce payment of the amounts owing in respect of that Series pursuant to the Indemnity unless it has been directed to do so by a Special Resolution of Noteholders of that Series at a meeting convened by the Issuer or the relevant Security SPV Terms and Conditions, or it has otherwise been directed as specified in respect of that Series in the Applicable Series Supplement.

In taking any such steps, the relevant Security SPV is not bound to enquire as to whether the provisions of any Transaction Document have been complied with.

At any time after a Note Event of Default in respect of a Series has occurred, the relevant Security SPV in its discretion may, or, if instructed to do so by a Special Resolution of Noteholders, shall:

- (a) institute such proceedings as it thinks fit to enforce payment of the amounts owing in respect of that Series;
- (b) operate the Transaction Account and other Bank Accounts, if any, in respect of that Series by the signature only of an Authorised Person of the relevant Security SPV after giving notice to the Account Bank holding that account that such right has arisen; and
- (c) exercise its rights under the Security Agreements in respect of that Series.

4.3 **Indemnity for costs**

Despite any other provision of a Transaction Document, the Security SPV in respect of a Series is not obliged to take any action (including the exercise of any right, power, discretion or obligation) until the Secured Creditors of the relevant Series place it in funds equivalent to the amount which the relevant Security SPV determines may become payable, or it is indemnified by the Secured Creditors of that Series to its reasonable satisfaction in a form acceptable to it, in respect of any liabilities, costs or expenses which will or may arise from the relevant Security SPV taking that action.

THE ISSUER**1. Introduction**

The Issuer was incorporated and registered in South Africa on 18 July 2005, under registration number 2005/025698/07, under the Companies Act, 1973 as a private company with limited liability. The authorised share capital of the Issuer comprises 1000 ordinary shares of R1,00 each and 100 Series 1 Preference Shares of R0,01 each. The issued share capital of the Issuer comprises 100 ordinary shares of R1,00 each, held by the Owner Trust. Preference Shares may be issued from time to time, subject to the restrictions contained in the Terms and Conditions of the Notes and the other Transaction Documents. The Issuer has no subsidiaries.

2. Directors

The directors of the Issuer are Donald Guthrie, Bernard Clive Beaver and David Braidwood Gibbon.

3. Registered office

The registered office of the Issuer is situated at The Manor House, 14 Nuttall Gardens, Morningside, Durban, 4001.

4. Auditor

The current auditor of the Issuer is Grant Thornton.

5. Activities

The activities of the Issuer will be restricted to those contemplated in this Programme Memorandum. At the date of this Programme Memorandum the Issuer has not traded and has no assets or liabilities other than the assets constituted by its issued share capital. This is the Issuer's first year of incorporation and, accordingly, as at the date of this Programme Memorandum, no audited financial statements have been prepared for the Issuer.

THE PROGRAMME ORIGINATORS

Introduction

Vukile is a property fund listed on the JSE Securities Exchange. Vukile was listed on 24 June 2004 and has a gross consolidated asset value in excess of R3 billion as at 31 March 2005. The listing of Vukile was supported by Sanlam as vendor of a number of properties.

Vukile acquired in excess of 75% of the linked units in MICC Property Income Fund Limited ("MICC"), another JSE listed property fund, during the year ended 31 March 2005. The rationale behind the acquisition of this stake in MICC was to enhance Vukile's asset base and to increase the potential for earnings growth. The enlarged size of Vukile will allow it to compete more effectively in the property market and will also create synergies within the two companies. It is Vukile's intention to acquire the remaining units in MICC and various alternatives in this regard are being considered.

Vukile's directly held property portfolio consists of commercial, industrial and retail exposures distributed across South Africa. Vukile's primary strategy is to invest in properties with strong contractual cash flows and to deliver meaningful capital appreciation and to grow income distribution for unit holders.

Legal structure

With the exception of properties owned by MICC, all Vukile's property investments are held directly in the JSE listed Vukile entity.

In terms of a Property and Asset Management Agreement entered into between Vukile and Sanlam Properties (Proprietary) Limited ("SP") (a subsidiary of Sanlam Limited), Vukile has outsourced the key functions of Asset and Property Management to SP. Vukile's executive team maintains overall control of these outsourced functions. The Vukile board of directors and management are also responsible for the strategic direction and operations of the company.

SP has, with the consent of Vukile, outsourced certain property management functions to third party property managers. These property managers are responsible for the daily management of the properties owned by Vukile and include tenant liaison, collections, enforcement procedures and maintenance of the property.

Management

Vukile has an experienced board of directors with experience across a wide variety of industries and businesses.

Non-executive directors

Anton Dirk Botha Chairman
BCom, BProc, BCom (Hons), Stanford Executive Program

Anton spent most of his career building Genbel Securities (Gensec) into a leading South African investment banking group. Before becoming a wholly owned subsidiary of Sanlam in December 2000, Gensec had a market capitalisation of R10 billion and was one of the 40 largest companies in South Africa. He serves as a non-executive director on the boards of the JSE Securities Exchange South Africa and The University of Pretoria and Sanlam Capital Markets Limited. He is a past president of the Afrikaanse Handelsinstituut and a member of the Institute of Directors. He has also held positions on the boards of most of Gencor's gold mines, Alexander Forbes, Genbel Investment, Sanlam (alternate director) and New SA Fund Inc (a New York listed investment trust) and was chairman of Randex Limited, a mineral rights holding company, Sanlam Investment Management (South Africa's second largest asset manager) and Gensec Bank Limited.

Sidney Bernic

Sidney has 20 years' property management and development experience. Since 1980 he has built a group of private companies operating in healthcare management consulting and insurance, property development and investments, and retail stores.

Hendrik Schalk Conradie Bester
BCom (Hons), FIA, AMP

Hendrik was a senior general manager and later an executive director of Sanlam between 1997 and 2000. Before 1997, he held various positions in the Sanlam group. Other previous directorships include Gensec, Sankorp and Sanlam Unit Trusts and the Board of Quantity Surveyors. He is a past president of SAPOA, a former director of the Board of Quantity Surveyors and served on the Van Huysteen Commission on government properties. He currently serves on the boards of SA Retail Properties Limited and Barnard Jacobs Mellet Holdings Limited.

Keith Mogola Khupe Bothongo
BA, MBA, MIM

Keith is a widely traveled real estate agent, appraiser and developer. Before establishing his own businesses in 1998, he held senior management positions in Botswana, the United States and South Africa. He is a member of the Real Estate Institute of Botswana, the Institute of Realtors, the SA Institute of Valuers, the Institute of Auctioneers, the National Land Affairs Board and the Northern Metropolitan Valuation Board.

Peter John Cook
BSc Eng, MBA

Peter is currently a director of Sanlam Capital Marktes Limited and was, until 2003, the deputy chief executive of Gensec Bank as well as an executive director of Genbel Securities. From 1975 to 1993 Peter held various managerial positions in Gencor and was a member of its executive committee from 1988 to 1993. During his period with Gencor, Peter served on a number of its subsidiaries' boards. From 1993 to 1997 he was the finance and administration director at Engen. He also has extensive experience in the property industry, having served on the board of Gensec Property Services.

Peter Siphon Moyanga

Peter is a recognised expert in the field of franchising, property and business development. He has been employed by McDonalds Corporation since 1995, initially as senior property network developer in South Africa, where he was responsible for strategic physical brand positioning. In 1999 he was appointed franchising manager for McDonalds South Africa and in 2001, he was promoted to multi-department head, responsible for the information and technology department, operations development and franchising. In addition to his responsibilities at McDonalds, Peter has served on the board of directors of the Franchise Association of South Africa since 1999 and in February 2003 was elected as its chairman.

Mervyn Serebro (58)

Mervyn is the chairman of Southpoint Property Services and managing director of Lembra Property Services, a property consortium embracing retail and the provision of accommodation to students in university precincts. He held a number of key positions and directorships in the OK Bazaars group and he was instrumental in its restructuring. In 1993 he was appointed group managing director of OK Bazaars and in 1997 he was appointed a divisional director of Shoprite Checkers Limited, a position held until 2001.

Executive directors

Gerhard van Zyl Chief executive (*age*)
B Eng (Hons) Hons B (B & A), MBA

Gerhard has 14 years experience in the property industry and was the president of SAPOA during 2003/2004. He is also a member of the South African Institute of Civil Engineers. He worked as a site and design engineer at the Department of Water Affairs of Namibia from 1984 to 1985 whereafter he studied full time towards an MBA degree at the University of Stellenbosch. Following the completion of his MBA, Gerhard was appointed as senior engineer at MBB Consulting Engineers. Between 1988 and 1992, he was an investment analyst for Sanlam Investments and later for Sanlam Properties, following which he was appointed as general manager of investments at Sanlam Properties. In 1996 Gerhard was appointed senior portfolio manager at Sanlam Investments, and in 1997 he became general projects manager at RPP Developments. Between 1999 and 2003 he was regional general manager and later managing director of Gensec Property Services.

Michael John Potts Financial director
CA(SA), HDip Tax Law (Wits)

Michael was previously an independent advisor to the Bridge Capital Group on property transactions, property portfolio assembly, financial structuring and capital raising. Prior to that, he was managing and financial director of the South African company that forms part of the UK-based Hanover Acceptances Group. Michael was also a non-executive director of Hanover Acceptances Limited (United Kingdom) and Outspan International.

Corporate Governance

As stated in Vukile's latest Annual Report, the company and its directors believe in and support the principles of good corporate governance. The company endorses the principles of the King Code of Corporate Practice and Governance and applies these principles in its operations.

Further information

Further information on Vukile is available at the company's official website: <http://www.vukileprops.co.za>.

SETTLEMENT, CLEARING AND TRANSFERS FOR NOTES LISTED ON BESA

Each Tranche of Notes will be issued in accordance with the Terms and Conditions and represented by a single Global Certificate in registered form, which will be lodged and immobilised in the Central Securities Depository. The Central Securities Depository will hold each Tranche of Notes, represented by the Global Certificate, subject to the Securities Services Act and the Applicable Procedures. Each Tranche of Notes, represented by the Global Certificate, will be registered in the name of the Central Securities Depository's Nominee, and the Central Securities Depository's Nominee will be named in the Register as the sole Noteholder of such Notes.

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

The Central Securities Depository maintains central securities accounts only for Participants. The Participants are also approved Settlement Agents of BESA. As at the date of this Offering Circular, the Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Securities Depository only through the Participants. Euroclear Bank S.A./N.V and Clearstream Banking société anonyme may hold Notes through their Participant.

A certificate or other document issued by such a Participant as to the nominal amount of such Beneficial Interest in the Notes standing to the account of any person will be *prima facie* proof of such Beneficial Interest.

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Participants occur by electronic book entry in the 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 Terms and Conditions and the rules and operating procedures for the time being of the Central Securities Depository, Participants and BESA.

Payments of interest and principal in respect of Notes represented by the Global Certificate, or any other Notes represented by a Certificate immobilised in the Central Securities Depository and registered in the name of the Central Securities Depository's Nominee, will be made in accordance with Condition 8 to the Central Securities Depository's Nominee, or such other registered holder of the Global Certificate 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 Global Certificate 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 Global Certificate.

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.

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.

1. Stamp Duty on Creation and Transfer of Notes

In terms of the Stamp Duties Act, 1968:

- 1.1 the original issue of any Note, being a debenture of a company which constitutes an instrument as contemplated in section 24J of the Income Tax Act, is exempt from the payment of stamp duty;
- 1.2 the issuing of a Certificate in respect of Notes in substitution of a similar Certificate which has been withdrawn, cancelled or lost, does not attract stamp duty; and
- 1.3 the registration of the transfer of any Note, being a debenture of a company which constitutes an instrument as contemplated in section 24J of the Income Tax Act, is exempt from the payment of stamp duty or other transfer duty.

2. Income Tax

2.1 Nature of any original issue discount

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. The amount to be included in the Noteholder's taxable income is normally calculated on a yield to maturity basis.

2.2 Position in respect of the current tax year

Under current taxation law in South Africa:

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

3. Capital gains

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

EXCHANGE CONTROL

The comments below are intended as a general guide to the current position under the Exchange Control Regulations, 1961 as promulgated under the Currency and Exchanges Act, 1933 (the "Regulations") and are not a comprehensive statement of the Regulations. The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective subscriber for, or purchaser of any Notes. Prospective subscribers for, or purchasers of any Notes who are non-South African residents or who are emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the subscription for, or purchase of any Notes.

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 Rands 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 Rands may not, in terms of the Regulations, be remitted out of South Africa or paid into any non-South African bank account. For the purposes of this clause, "Blocked Rands" are defined as 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.

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 Rands 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.

SUBSCRIPTION AND SALE

In respect of each Series, in terms of (and subject to) the Series Note Subscription Agreement, the Issuer may from time to time agree with the Dealer(s) to issue, and the Dealer(s) may agree to place, one or more Tranches of Notes.

South Africa

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 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 and any regulations promulgated thereunder. Notes will not be offered for subscription to any single addressee for an amount of less than R1 000 000.

United States of America

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from 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, 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, sold or delivered any Notes in that Tranche and will not offer, or sell or deliver, any Notes in that Tranche within the United States except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act; and
- (iii) it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes 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.

United Kingdom

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:

- (i) it has not offered or sold, and prior to the expiry of a period six months from the Issue Date 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.

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.

GLOSSARY OF DEFINITIONS

1. Terms and expressions set out below shall have the meanings set out below in the Terms and Conditions of the Notes and the other Transaction Documents, unless such term is separately defined in the Applicable Supplements or the Transaction Documents or the context otherwise requires.
- 1.1 **"Absa"** Absa Bank Limited, a public company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 1986/004794/06;
- 1.2 **"Account Bank"** means:
- 1.2.1 in respect of a Series, the bank with which the Issuer has concluded the Bank Agreement, which shall be a bank authorised to conduct the business of a bank under the Banks Act; and
- 1.2.2 in respect of a Borrower, the bank/s at which the Rent Collections Accounts are maintained, which shall be a bank/s authorised to conduct the business of a bank under the Banks Act;
- 1.3 **"Account Monies"** in respect of a Series, all monies held from time to time in all bank accounts (existing and future) in the name of or on behalf of the Issuer, including monies in the Bank Accounts;
- 1.4 **"Accounts"** the accounting statements of the Issuer, including income statements and balance sheets, together with statements, reports and notes (including, without limitation, directors' reports and auditor's reports (if any)) attached to or intended to be read with any of those income statements or balance sheets;
- 1.5 **"Accounting Records"** the books of account and accounting systems of the Issuer;
- 1.6 **"ACPF"** Absa, acting through its division, Absa Commercial Property Finance;
- 1.7 **"ACMB"** Absa, acting through its division, Absa Corporate and Merchant Bank;
- 1.8 **"Actual Redemption Date"** in relation to a Tranche of Notes, the date upon which the Notes in that Tranche are redeemed in full by the Issuer;
- 1.9 **"Additional Business Centre"** in respect of a Series, any commercial centre set out in the Applicable Series Supplement in relation to the settlement of payments in Rand;
- 1.10 **"Additional Margin"** in respect of a Loan Agreement, such amounts as may be required to cover the Borrower's pro-rata share of the Senior Costs in respect of the relevant Series plus such amounts as may be required to cover the Borrower's pro-rata share of the negative carry on the Pre-Funding Amount in respect of the relevant Series plus the Borrower's pro-rata share of interest payable by the Issuer in terms of the Subordinated Loan Facility Agreement in respect of the Series, in each case calculated in respect of the relevant Loan Interest Calculation Period based on such costs as are determinable by the Calculation Agent on each Loan Interest Notification Date. The Borrower's pro rata share of the Senior Costs, the negative carry on the Pre-Funding Amount and the interest on the Subordinated Loan Facility Agreement shall be

based on the proportion which the outstanding balance of the Capital under such Loan Agreement as at the commencement of the Loan Interest Calculation Period bears to the outstanding balances as at the commencement of the Loan Interest Calculation Period of all other performing Loan Agreements acquired by the Issuer in respect of that Series. The Additional Margin attributable to each Borrower shall also include any basis rate mismatches resulting from a difference between the amount payable by the Issuer to the holders of the Funding Notes and the amounts received by the Issuer in terms of the Derivative Contract entered into by the Issuer with the Derivative Counterparty in respect of that Loan Agreement. For the purposes of this definition, the negative carry on the Pre-Funding Amount in respect of a Series, is the difference between the interest payable on the Notes in respect of such Series to which the Pre-Funding Amount has been allocated and the interest earned by the Issuer on the Pre-Funding Amount in respect of such Series;

- 1.11 **"Administrative Expenses"** in respect of a Borrower, head office and staff related costs (but excluding other Operating Costs such as property management and property administration expenses) as reflected in the most recent annual financial statements of that Borrower;
- 1.12 **"Affiliate"** in relation to any company, means that company's subsidiary or holding company, or a subsidiary of that company's holding company;
- 1.13 **"this Agreement"** when used in a Transaction Document, refers to that Transaction Document in which it is used;
- 1.14 **"Allowable Maintenance Table"** in respect of a Property in the relevant Series Property Portfolio, the table setting out the maintenance expenditure allowed as a percentage of the value of such Property, as set out in the Applicable Series Supplement;
- 1.15 **"Applicable Laws"** in relation to a person, all and any:
- 1.15.1 statutes and subordinate legislation;
- 1.15.2 regulations, ordinances and directives;
- 1.15.3 by-laws;
- 1.15.4 codes of practice, circulars, guidance notices, judgements and decisions of any competent authority; and
- 1.15.5 other similar provisions, from time to time,
- 1.16 **"Applicable Pricing Supplement"** in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to the issue of that Tranche of Notes, setting out such additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the *pro forma* pricing supplement which is set out in the section of the Programme Memorandum headed "*Pro Forma Pricing Supplement*";

- 1.17 **"Applicable Procedures"** the rules and operating procedures for the time being of the Central Securities Depository, Settlement Agents and BESA, as the case may be;
- 1.18 **"Applicable Series Supplement"** in respect of each Series, the supplement to the Programme Memorandum completed and signed by the Issuer in relation to that Series, setting out such additional and/or other terms and conditions of the Transaction Documents as are applicable to that Series, based upon the *pro forma* series supplement which is set out in the section of the Programme Memorandum headed "*Pro Forma Series Supplement*";
- 1.19 **"Applicable Supplements"** the Applicable Pricing Supplements applicable to any Tranche of Notes and/or the Applicable Series Supplement, as the case may be;
- 1.20 **"Approved Borrower"** in respect of a Series, a Group Company:
- 1.20.1 which the Programme Manager confirms in writing may be included in that Series;
- 1.20.2 which the Programme Originator confirms in writing may be included in that Series;
- 1.20.3 which the Security SPV confirms in writing may be included in that Series;
- 1.20.4 which the Issuer confirms in writing may be included in that Series;
- 1.20.5 which the Issuer notifies the Rating Agency in writing is proposed to be included in that Series;
- 1.20.6 which guarantees to the Issuer the performance by all other Borrowers included in that Series from time to time of all the obligations owed by such Borrowers to the Issuer in respect of that Series; and
- 1.20.7 which when having regard to the other Borrowers in respect of that Series and any other Series of the Issuer, would not be regarded as the general public for the purposes of the Banks Act;
- 1.21 **"Approved Entity"**
- 1.21.1 a person which has the Required Credit Rating; or
- 1.21.2 a person which is a wholly owned subsidiary of an entity which has the Required Credit Rating, and whose obligations are unconditionally guaranteed by such entity. For the purposes of this definition, the term "subsidiary" will bear the meaning ascribed thereto in the Companies Act, save that the relevant entity shall not be limited to being a South African company;
- 1.22 **"Approved Property Type"** in respect of a Series, a type of Property as described under the heading "Property Type" in the Series Portfolio Covenants;

- 1.23 **"Arranger"** in respect of a Series, ACMB, or such other person with whom the Issuer has entered into a Series Note Subscription Agreement for that Series, as identified in the Applicable Series Supplement;
- 1.24 **"Assets"** in respect of a Series, the Issuer's right, title and interest in and to all of its assets in respect of that Series, including the following:
- 1.24.1 the Loan Agreements of that Series and the Related Security Agreements;
 - 1.24.2 any Permitted Investments of that Series;
 - 1.24.3 any prepayment of expenditure of that Series;
 - 1.24.4 any right, title and interest in and to the Transaction Documents of that Series, including the benefit of all representations, warranties, undertakings, indemnities and promises made by any party in favour of the Issuer under the Transaction Documents of that Series;
 - 1.24.5 the Bank Accounts of that Series and amounts standing to the credit of such Bank Accounts;
 - 1.24.6 any other assets of or acquired by the Issuer from time to time in respect of that Series; and
 - 1.24.7 income, or amounts in the nature of income, accrued from investments of that Series, to the extent not included in the preceding paragraphs of this definition,
- being, in all cases, a segregated subset of assets identified separately by the Calculation Agent in the Accounting Records as being attributable to that Series, denoted by the prefixing of a unique numeral in the Accounting Records;
- 1.25 **"Auditor"** the auditor of the Issuer, from time to time;
- 1.26 **"Authorisations"** in respect of a Loan Agreement, any consent, registration, filing, agreement, notarisation, certificate, licence, approval, permit, authority, or any exemption from the aforesaid, by, with or from any Authority, which is required from time to time in respect of the Properties in the Series Property Portfolio or to be held by the Borrower or which has any impact (whether direct or indirect) on such Properties or the Borrower;
- 1.27 **"Authorised Person"** in respect of a Transaction Document, a director or any other person duly authorised to act as an authorised person for the purposes of that Transaction Document;
- 1.28 **"Authority"** any government (whether national, provincial or local), government department (whether national, provincial or local), governmental, administrative, fiscal or judicial authority, body, court, commission, tribunal, registry or any state owned or controlled entity that performs governmental functions;

1.29	"Back-up Property Management Services"	in respect of each Series, the services provided by the Servicer in accordance with clause headed "Back-up Property Management Services" in the Servicing Agreement for that Series;
1.30	"Back-up Property Management Fee"	in respect of each Series, the fee payable to the Servicer in respect of the Back-up Property Management Services and determined in accordance with the provisions of the Servicing Agreement for that Series;
1.31	"Back-Up Manager"	in respect of a Series, the person appointed in respect of that Series, in accordance with the provisions of the Servicing Agreement, to perform the functions of the back-up property manager on behalf of the Issuer, as set out in the Applicable Series Supplement;
1.32	"Bank Accounts"	in respect of a Series, the Transaction Account, Sale Account and Early Warning Cash Trap Account of that Series, and any other bank accounts of the Issuer in respect of that Series as set out in the Applicable Series Supplement;
1.33	"Bank Agreement"	in respect of a Series, an agreement concluded between the Issuer, the Account Bank and the Security SPV of that Series, in accordance with which the Bank Accounts are opened by the Issuer with the Account Bank, as amended, novated and/or substituted from time to time in accordance with its terms;
1.34	"Banks Act"	the Banks Act, 1990;
1.35	"Base Rate"	in respect of a Loan Agreement, the fixed rate of interest payable in respect of the Capital, as set out in the relevant Loan Agreement;
1.36	"Beneficial Interest"	in relation to a Note, an interest as co-owner of an undivided share in a Note represented by a Global Certificate, in accordance with the Securities Services Act;
1.37	"BESA"	the Bond Exchange of South Africa, a duly licensed financial exchange in terms of the Securities Services Act, or any exchange which operates as a successor exchange to BESA;
1.38	"Books Closed Period"	the period during which the Transfer Agent will not record any transfer of Notes in the Register, as specified in the Applicable Pricing Supplement;
1.39	"Borrower"	in respect of a Loan Agreement, the person which is bound to the Issuer as borrower in respect of that Loan Agreement;
1.40	"Borrower Report"	in respect of a Loan Agreement, the report to be provided by the Borrower pursuant to that Loan Agreement, in substantially the form of the <i>pro-forma</i> report attached to that Loan Agreement;
1.41	"Borrower Report Date"	in respect of a Loan Agreement, each date upon which the Borrower is required to furnish a Borrower Report, as set out in such Loan Agreement;

1.42	"Breakage Costs"	in respect of a Loan Agreement, all fees, costs and expenses incurred by or for the account of the Issuer as a result of the repayment of the Capital prior to or on the Scheduled Repayment Date, including any costs incurred in closing out, settling or unwinding any hedging or other funding transactions which may have been entered into in respect of the Capital, any legal costs and any administrative costs;
1.43	"Business Centre"	Johannesburg;
1.44	"Business Day"	a day (other than a Saturday, Sunday or statutory public holiday) on which commercial banks settle payments in Rand in Johannesburg or any Additional Business Centre specified in the Applicable Supplements;
1.45	"Business Day Convention"	the business day convention, if any, specified as such and set out in the Applicable Pricing Supplement;
1.46	"Business Proceeds"	in respect of a Series, any proceeds of or arising in connection with the disposal by the Issuer of the whole or any part of the Assets of that Series;
1.47	"Calculation Agent"	in respect of a Series, ACMB or such other person with whom the Issuer has entered into a Calculation Agent Agreement for that Series, as set out in the Applicable Series Supplement;
1.48	"Calculation Agent Agreement"	in respect of a Series, the agreement concluded between the Issuer, the Calculation Agent and the Security SPV of that Series in terms of which the relevant Calculation Agent is appointed to manage the day to day operations of the Issuer in respect of that Series, including performing all calculations that need to be performed in relation to the Transaction Documents, administering the Loan Agreements and the Priority of Payments and exercising, as agent, the Issuer's rights and duties under the Transaction Documents, as described in the Applicable Series Supplement, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms;
1.49	"Calculation Agent Report"	in respect of a Series, the report to be provided by the Calculation Agent to the Issuer, the Security SPV of that Series and the Rating Agency, in accordance with the provisions of the relevant Calculation Agent Agreement;
1.50	"Capex Project"	in respect of a Borrower, a project involving the expenditure of Capital Expenditure undertaken, or to be undertaken, by or on behalf of that Borrower in relation to a Property;
1.51	"Capital"	in respect of a Loan Agreement, the aggregate principal amount of the loan, as set out in such Loan Agreement, plus any interest which is capitalised in terms of such Loan Agreement;
1.52	"Capital Expenditure"	in respect of a Property, expenditure on capital works to be undertaken in improving, upgrading or redeveloping that Property or in acquiring, replacing, improving or upgrading any plant, equipment, fixtures or fittings appurtenant to that Property (but excluding expenditure on

		tenant installation costs) which expenditure is intended to be income producing rather than income protecting;
1.53	"Capitalisation Rate"	the rate at which the annual net rental of a Property is to be capitalised to arrive at its fair market value;
1.54	"Cash Collateral"	in respect of a Series, the monies standing to the credit of the Sale Account of that Series from time to time;
1.55	"Central Securities Depository"	STRATE Limited (registration number 1998/022242/06), or its nominee, a central securities depository established and operating in terms of the Securities Services Act, or any additional or alternate depository approved by the Issuer, the Dealer and BESA;
1.56	"Central Securities Depository's Nominee"	any wholly owned subsidiary (as defined in the Companies Act) of the Central Securities Depository approved by the Registrar (as defined in the Securities Services Act) for purposes of, and as contemplated in, section 40 of the Securities Services Act and any reference to "Central Securities Depository's Nominee" shall, whenever the context permits, be deemed to include a reference to its successor operating in terms of the Securities Services Act;
1.57	"Certificate"	a Global Certificate;
1.58	"Class" or "Class of Notes"	all of the Notes having the same ranking in the Priority of Payments, designated by a letter of the alphabet (such as Class A Notes and Class B Notes), on the basis that a Note in a Class of Notes identified by a letter closer to the beginning of the alphabet will rank higher than Notes in those Classes of Notes identified by a letter closer to the end of the alphabet and a Class may comprise separate Tranches of Notes having different Interest Rates, Scheduled Maturity Dates, Final Maturity Dates and other terms as set out in the Applicable Pricing Supplement (and, if so, these will be designated by a letter of the alphabet followed by a numeral, such as Class A1 and Class A2);
1.59	"Clearing System"	STRATE Limited acting as the approved electronic clearing house, carrying on the role of matching, clearing and facilitation of settlement of all transactions carried out on BESA;
1.60	"Common Terms Agreement"	in respect of a Series, the agreement entered into by the Issuer and the Secured Creditors (other than Noteholders) setting out certain terms and provisions common to all or some of the Transaction Documents in respect of that Series, as amended, novated and/or substituted from time to time in accordance with its terms;
1.61	"Companies Act"	the Companies Act, 1973;
1.62	"Condition"	a numbered term or condition of the Notes forming part of the Terms and Conditions (and reference in the Transaction Documents to a particular numbered Condition shall be construed as a reference to the corresponding condition in the Terms and Conditions);

1.63	"Controlling Class" or "Controlling Class Noteholders"	the holders of the highest-ranking Class of Notes at any point in time, and if there is only one Class of Notes, then the holders of such Notes;
1.64	"Core Loan Documents"	in respect of a Loan Agreement, that Loan Agreement, the Related Security Agreements and the Underlying Related Security Agreements;
1.65	"Date of Signature"	the date of signature of a Transaction Document by the signatory which signs it last;
1.66	"Dealer"	a dealer in relation to an issue of Notes, being in respect of a Series, ACMB or such other person with whom the Issuer has entered into a Series Note Subscription Agreement for that Series, as identified in the Applicable Series Supplement;
1.67	"Debt Proceeds"	in respect of any Property, an amount which is the lower of:
1.67.1		the Insurance Proceeds paid on the damage to, or total or partial destruction of, the relevant Property or the Sale Proceeds, as the case may be; and
1.67.2		an amount calculated as follows:
1.67.2.1		the Loan to Valuation Ratio multiplied by the Funding Date Open Market Valuation of the relevant Property or the Most Recent Open Market Valuation of the relevant Property, whichever is the higher; plus
1.67.2.2		the Release Premium in respect of the relevant Property;
1.68	"Derivative Contract"	in respect of each Series, any interest rate swap, forward rate agreement or other hedging transaction or agreement, any option with respect to such transaction or agreement, or any combination of such transactions or agreements or other similar arrangements entered into by the Issuer and a Derivative Counterparty, as amended, novated and/or substituted from time to time in accordance with its terms;
1.69	"Derivative Counterparty"	in respect of a Series, any person with the Required Credit Rating, with whom the Issuer concludes a Derivative Contract in respect of that Series, as set out in the Applicable Series Supplement;
1.70	"Derivative Termination Amount"	all amounts payable to the Derivative Counterparty by the Issuer under any Derivative Contract following the occurrence of an early termination date as defined in that Derivative Contract;
1.71	"Determination Date"	with respect to any Note Interest Payment Date, the first Business Day after the Loan Interest Payment Date which precedes that Note Interest Payment Date;
1.72	"Discharge Date"	in respect of a Loan Agreement, the date on which all the Outstandings have been repaid or prepaid in full, irrevocably and unconditionally, and, if a Loan Event of Default has occurred, the Borrower also has no obligations or liabilities of any nature under any of the Core Loan Documents in respect of that Series and the Issuer no longer has any

1.82	"Environmental Authorisations"	any and all Authorisations issued by any Authority in respect of or under any Environmental Law, and including (without limitation) any record of decision and any Authorisations issued under the National Heritage Resources Act, 1999 and/or the World Heritage Convention Act, 1999;
1.83	"Environmental Laws"	all Applicable Laws that deal with any aspect of the environment and/or any impact thereon, including (without limitation) the Water Act, 1956, the National Water Act, 1998, the Water Services Act, 1997, the Environment Conservation Act, 1989, the National Environmental Management Act, 1998, the Atmospheric Pollution Act, 1965, the Hazardous Substances Act, 1973, the National Heritage Resources Act, 1999 and the World Heritage Convention Act, 1999;
1.84	"Environmental Management Plan"	in respect of a Borrower, the environmental management plan, if any, that such Borrower is required to prepare and implement in terms of any Environmental Authorisation;
1.85	"Environmental Management System"	in respect of a Borrower, the environmental management system that such Borrower shall prepare and implement pursuant to the Environmental Management Plan and any Environmental Authorisation;
1.86	"Equity Proceeds"	in respect of any Property, an amount calculated as follows:
1.86.1		the Insurance Proceeds paid on the damage to, or the total or partial destruction of, the relevant Property or the Sale Proceeds, as the case may be; minus
1.86.2		the Debt Proceeds;
1.87	"Event of Default"	in respect of a Series, in relation to any Transaction Document of that Series, a failure by the Issuer duly to perform or observe any obligation binding on it under any such Transaction Document which breach gives rise to a claim by a Secured Creditor of that Series against the Issuer;
1.88	"Excluded Items"	in respect of a Series, those items, set out in the Applicable Series Supplement, which rank above all other items in the Priority of Payments and the payment of which is not limited to Note Interest Payment Dates;
1.89	"Final Maturity Date"	in relation to a Tranche of Notes, the legal final maturity date of the Notes of that Tranche, as set out in the Applicable Pricing Supplement;
1.90	"Financial Indebtedness"	in respect of all the Borrowers included in a Series, any indebtedness (including accrued interest), present or future, actual or contingent, in respect of money borrowed provided that " <i>Financial Indebtedness</i> " does not include trade debts which are incurred by a person to trade creditors in the normal course of day-to-day business;
1.91	"Financial Year"	the financial year of the Issuer, which ends on 31 March of each year, or such other date as the Issuer notifies a Borrower from time to time;
1.92	"Fixed Rate Notes"	Notes which will bear interest at a fixed Interest Rate, as specified in the Applicable Pricing Supplement;

1.93	"Floating Rate Notes"	Notes which will bear interest at a floating Interest Rate as specified in the Applicable Pricing Supplement;
1.94	"Funding Date Open Market Valuation"	in respect of a Property, the value of that Property as reflected in the Open Market Valuation at the time of inclusion of such Property in the Series Property Portfolio;
1.95	"Funding Notes"	in respect of a Loan Agreement, the Notes issued to fund the acquisition by the Issuer of the claims under such Loan Agreement;
1.96	"GAAP"	Generally Accepted Accounting Practice in South Africa;
1.97	"Global Certificate"	as contemplated in the Terms and Conditions, a single certificate for a Tranche of Notes, registered in each case in the name of the Central Securities Depository's Nominee and representing those Notes issued in terms of the Terms and Conditions which are lodged and immobilised in the Central Securities Depository;
1.98	"Group Company"	in relation to a Borrower, means that company's subsidiary or holding company, or a subsidiary of that company's holding company;
1.99	"Guarantee"	in relation to a Series, the limited recourse guarantee given by the Security SPV of that Series to the Secured Creditors of that Series, as amended, novated and/or substituted from time to time in accordance with its terms;
1.100	"Indemnity"	in respect of a Series, the written indemnity given by the Issuer to the Security SPV of that Series, indemnifying the Security SPV against claims by Secured Creditors of that Series in terms of the Guarantee furnished in respect of that Series, as such indemnity may be amended, novated and/or substituted from time to time in accordance with its terms;
1.101	"Initial Issue Date"	in respect of a Series, the Issue Date of the Initial Notes, as specified in the Applicable Pricing Supplement;
1.102	"Initial Loans"	in respect of each Series, all the Loan Agreements acquired by the Issuer in respect of that Series on the Initial Issue Date, as specified in the Applicable Pricing Supplement;
1.103	"Initial Notes"	in respect of each Series, the first Tranche of Notes issued by the Issuer in respect of that Series (or if more than one Tranche of Notes is issued on the same date, then all of those Tranches of Notes);
1.104	"Insurance Expense Cap"	in respect of a Series, the amount set out in the Applicable Series Supplement;
1.105	"Insurance Policies"	any insurance policies, taken out or to be taken out in relation to the Properties in the Property Portfolio by or on behalf of the Borrower, including public liability, business interruption, loss of income, SASRIA and building insurance;
1.106	"Insurance Proceeds"	the proceeds of any claim under any of the Insurance Policies, net of any deductibles;

1.107	"Institute of Valuers "	The South African Institute of Valuers, founded in 1909, the national society of professional real estate Valuers, or its successor;
1.108	"Intercreditor Agreement"	in respect of each Borrower in each Series, the agreement entered into between the Issuer, that Borrower and each entity that lends and advances or agrees to lend and advance any monies to such Borrower (in amount which individually or in the aggregate, exceeds R1 500 000), and which relates to limited enforcement of rights (including in respect of security) and non-petition provisions in respect of that Borrower;
1.109	"Interest Amount"	the amount of interest payable in respect of each Note, as determined in accordance with the Terms and Conditions;
1.110	"Interest Commencement Date"	in respect of a Tranche of Notes, the first date from which interest on such Notes will accrue, as specified in the Applicable Pricing Supplement;
1.111	"Interest Cover Ratio"	at any time, (in respect of the previous 6 month period), the ratio as expressed as follows: Interest Cover Ratio = Y divided by X Where: Y = EBITDA for that period X = Interest Expense for that period;
1.112	"Interest Expense"	in respect of any period, all interest and amounts in the nature of interest, fees and charges paid or payable in respect of Financial Indebtedness incurred by all the Borrowers included in the relevant Series during that period;
1.113	"Interest Period"	each period, as specified in the Applicable Pricing Supplement, in respect of which interest accrues on the Notes of that Series, commencing on (and including) each Note Interest Payment Date and ending on (but excluding) the following Note Interest Payment Date, provided that the first Interest Period in respect of any Tranche of Notes shall be from (and including) the Interest Commencement Date to (but excluding) that Note Interest Payment Date thereafter, as specified in the Applicable Pricing Supplement;
1.114	"Interest Rate"	either:
1.114.1		in relation to each Tranche of Notes, the interest rate specified in the Applicable Pricing Supplement; or
1.114.2		in relation to the Capital owing in respect of a Loan Agreement, the sum of the Base Rate and the Margin;
		as the case may be;
1.115	"Interest Receipt"	in respect of any period, income in the nature of interest or having a similar purpose or effect to interest, received or receivable by or on

behalf of all the Borrowers included in the relevant Series during that period;

1.116	"IFRS"	International Financial Reporting Standards and the interpretation of those standards as adopted by the International Accounting Standards Board;
1.117	"ISDA"	International Swaps and Derivatives Association, Inc;
1.118	"ISDA Definitions"	the 2000 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
1.119	"ISDA Master Agreement"	an agreement entered into in accordance with the <i>pro-forma</i> agreement approved by ISDA from time to time;
1.120	"Issue"	the issue by the Issuer of a Tranche of Notes under the Programme or of so many Tranches of Notes, in relation to different Classes of Notes, which are issued on the same date and relate to the same Series;
1.121	"Issue Date"	in relation to each Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
1.122	"Issue Price"	in relation to each Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
1.123	"Issuer"	Vukile Investment Property Securitisation (Proprietary) Limited, a private company incorporated in accordance with the laws of South Africa, registration number 2005/025698/07 and its successors-in-title and assigns;
1.124	"Issuer Expense Cap"	in respect of a Series, the amount set out in the Applicable Series Supplement;
1.125	"Issuer Insolvency Event"	the occurrence of any of the following events:
1.125.1		the Issuer becoming subject to a scheme of arrangement or compromise as envisaged in section 311 of the Companies Act (other than a scheme of arrangement or compromise the terms of which have been approved by a Special Resolution of the Noteholders of each Series and where the Issuer is solvent);
1.125.2		the Issuer being wound-up, liquidated, deregistered or placed under judicial management, whether provisionally or finally and whether voluntarily or compulsorily or passing a resolution providing for any such event;
1.125.3		the Issuer compromising or attempting to compromise with or deferring or attempting to defer payment of debts owing by it to its creditors generally or any significant class of its creditors (except a deferral provided for in the Transaction Documents as a result of a lack of available funds for that purpose in terms of the Priority of Payments);

- 1.125.4 the Issuer committing an act which would be an act of insolvency, in terms of the Insolvency Act, 1936, were the Issuer a natural person (except as provided for in the Transaction Documents as a result of lack of available funds for that purpose in terms of the Priority of Payments);
- 1.125.5 the Issuer being deemed to be unable to pay its debts in terms of the Companies Act (except where such is as a result of a lack of available funds for that purpose in terms of the Priority of Payments); or
- 1.125.6 the members or creditors of the Issuer meeting in order to pass a resolution providing for the Issuer to be wound-up, liquidated, deregistered or placed under judicial management, or any resolution being passed to this effect;
- 1.126 **"Issuer's Business"** the business of the Issuer in acquiring Assets, issuing Notes (the proceeds of which are raised solely for the purposes of the acquisition by the Issuer of operating capital and may not be applied, directly or indirectly, for the granting of money loans or credit to the general public), entering into Transaction Documents (and related documents) and any other incidental or related activity, as described in the memorandum and articles of association of the Issuer;
- 1.127 **"JIBAR"** means:
- 1.127.1 the mid-market rate for 3 month deposits in Rand for the relevant Interest Period which appears on the Reuters screen SAFEY page under caption "Yield" (or on the SAFEX nominated successor screen for JIBAR) as of approximately 11h00, Johannesburg time, on the relevant Rate Determination Date, rounded to the third decimal point; or
- 1.127.2 if such rate does not appear on the Reuters screen SAFEY page (or on the SAFEX nominated successor screen for JIBAR) for the relevant Interest Period for any reason whatsoever, the rate determined on the basis of the mid-market rate for 3 month deposits in Rand quoted by at least 2 of the Reference Banks at approximately 11h00, Johannesburg time, on the Rate Determination Date. (The requesting party will request the principal Johannesburg office of each of the Reference Banks to provide a quotation of such rate. If at least 2 quotations are provided, the rate for that date will be the arithmetic mean of those quotations); or
- 1.127.3 if on any Rate Determination Date on which the previous subparagraph applies, fewer than 2 quotations are provided by the Reference Banks, the rate for that date will be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, using a representative rate which in its opinion is as close as possible to 3 month JIBAR;

1.128	"Last Day to Register"	with respect to a particular Tranche of Notes, the Business Day preceding the first day during which the Register is closed for further transfers or entries, as specified in the Applicable Pricing Supplement;
1.129	"Latest Accounts"	at any time, the most recently prepared annual or semi-annual Accounts of all the Borrowers included in a Series;
1.130	"Lease Agreement"	each lease agreement in respect of a Property, as amended, novated and/or substituted from time to time;
1.131	"Lease Payments"	the periodic and other payments payable by a Tenant to or for the account of the Borrower under a Lease Agreement, including, rentals, insurance premiums and operating expenses;
1.132	"Liquidity Facility"	in respect of a Series, any loan facility provided to the Issuer by the Liquidity Facility Provider in respect of that Series under the relevant Liquidity Facility Agreement, as described in the Applicable Series Supplement;
1.133	"Liquidity Facility Agreement"	in respect of a Series, the agreement entered into by the Issuer, the Liquidity Facility Provider and the Security SPV of that Series in order to provide liquidity for the payment of interest and/or other amounts payable in accordance with the terms of issue of the Notes of that Series, as described in the Applicable Series Supplement, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms;
1.134	"Liquidity Facility Provider"	in respect of a Series, the person with whom the Issuer has entered into a Liquidity Facility Agreement for that Series, as set out in the Applicable Series Supplement;
1.135	"Loan"	in respect of a Borrower, the Capital owing by such Borrower under a Loan Agreement;
1.136	"Loan Agreement"	in respect of a Borrower, the loan agreement entered into between a Seller (whether originally or as permitted assignee) and such Borrower, as amended with effect from the relevant Transfer Date and assigned to the Issuer pursuant to the Sale Agreement concluded with that Seller, as further amended, novated and/or substituted from time to time in accordance with its terms, and includes the schedules and annexures to such agreement;
1.137	"Loan Eligibility Criteria"	in respect of a Series, the criteria that a Loan Agreement must satisfy to be acquired by the Issuer for the purposes of that Series, as set out in the Applicable Series Supplement, as such criteria may be amended subject to the prior written approval of the Security SPV;
1.138	"Loan Event of Default"	any of the events specified as such in a Loan Agreement;
1.139	"Loan Interest Calculation Period"	in relation to a Loan Agreement, each period beginning on (and including) each Note Interest Payment Date and ending on (but excluding) the following Note Interest Payment Date, provided that the first Loan Interest Calculation Period shall be from (and including) the

Transfer Date to (but excluding) the following Note Interest Payment Date;

- 1.140 **"Loan Interest Notification Date"** in respect of a Loan Agreement, the date on which the Calculation Agent notifies the Borrower of the interest and other amounts payable by the Borrower on the following Loan Interest Payment Date, as set out in such Loan Agreement;
- 1.141 **"Loan Interest Payment Date"** in respect of a Loan Agreement, each date specified in such Loan Agreement upon which interest is due and payable;
- 1.142 **"Loan Potential Event of Default"** any event or the existence of any circumstances which, with the giving of notice, lapse of time, any determination of materiality, the satisfaction or non-satisfaction of any applicable condition, or any combination of them would bring about a Loan Event of Default;
- 1.143 **"Loan Prepayment"** in respect of a Loan Agreement, a voluntary repayment of all or part of the Capital prior to the Scheduled Repayment Date (but other than in circumstances following a Loan Event of Default);
- 1.144 **"Loan Repayment"** in respect of a Loan Agreement, a voluntary repayment of all of the Capital on the Scheduled Repayment Date (but other than in circumstances following a Loan Event of Default);
- 1.145 **"Loan Servicing Agent"** in respect of a Series, the person appointed in respect of that Series, in accordance with the provisions of the Servicing Agreement, to perform the functions of the loan servicing agent on behalf of the Issuer, as set out in the Applicable Series Supplement;
- 1.146 **"Loan to Valuation Ratio"** at any time, the ratio as expressed as follows:
- Loan to Valuation Ratio = A divided by V
- Where:
- A = Financial Indebtedness;
- V = the amount of the Most Recent Open Market Valuation of all the Properties in the Property Portfolios of all the Borrowers included in a Series plus the face value of monies standing to the credit of the Sale Account;
- 1.147 **"the Margin"** in respect of a Loan Agreement, the weighted average issue margin of the Funding Notes that are outstanding from time to time during the applicable Loan Interest Calculation Period. For the avoidance of doubt, prior to the Issue Date of the Funding Notes, the Margin shall be zero;
- 1.148 **"Material Adverse Effect"** in respect of a Series, an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a material adverse effect on:
- 1.148.1 the ability of the Issuer to meet any of its obligations under a Transaction Document of that Series in a timely manner; or

1.148.2		the enforceability or recoverability of any of the Assets of that Series;
1.149	"Material Adverse Effect"	in respect of a Borrower, an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a materially adverse effect on:
1.149.1		the assets, business or financial condition or trading prospects of the Borrower as a whole; or
1.149.2		the ability of the Borrower to meet any of its obligations in terms of the relevant Loan Agreement or the Specified Loan Security Agreements in a timely manner; or
1.149.3		the value of the Secured Assets;
1.150	"Moody's"	Moody's Investors Service Limited;
1.151	"Most Recent Open Market Valuation"	at any time in relation to a Property, the value of that Property as reflected in the most recent Open Market Valuation and any update of such valuation or any revaluation, as attached to the most recent Servicer Report;
1.152	"Net Rentals"	at any time for a period, the amount determined as follows for all the Borrowers included in a Series:
		Net Rentals = X minus Y
		Where:
		X = Property Revenue received or receivable by the Borrowers during that period; and
		Y = Operating Expenses paid or payable by the Borrowers for that period;
1.153	"Note Payment Notification Date"	in respect of a Series, the date on which the Calculation Agent notifies Noteholders (including the Central Securities Depository) and BESA of the amount of interest and/or principal payable on the following Note Interest Payment Date, as set out in the Applicable Series Supplement;
1.154	"Noteholder"	in respect of a Note, the holder of that Note in respect of a Series, as recorded in the Register;
1.155	"Noteholders"	in respect of a Series, the holders of all Notes falling within that Series, as recorded in the Register;
1.156	"Note Event of Default"	in respect of a Series, in relation to any Notes of that Series, any of the events specified as such in Condition 11 of the Terms and Conditions;
1.157	"Note Interest Payment Date(s)"	in respect of each Series, the dates specified as such in the Applicable Pricing Supplement upon which Interest Amounts are due and payable in respect of the Notes of that Series;

1.158	"Notes"	in respect of a Series, the limited recourse, secured, registered Notes issued or to be issued by the Issuer under the Programme in relation to that Series in terms of the Terms and Conditions;
1.159	"Open Market Valuation"	in respect of the Properties in the Series Property Portfolio, the annual property valuation undertaken and prepared at the instance of the relevant Borrower in regard to all the Properties in the Series Property Portfolio, which in relation to a minimum of 1/3 of the Properties in the Series Property Portfolio, shall be undertaken by a Valuer or Valuers appointed by that Borrower and conducted in accordance with the valuation methodology approved by the Institute of Valuers from time to time; provided that in respect of any 3 year period all of the Properties in the Series Property Portfolio will have been valued, in accordance with the valuation methodology approved by the Institute of Valuers from time to time or such other methodology approved in writing by the Security SPV and the Loan Servicing Agent, by Valuers approved by that Borrower;
1.160	"Operating Expenses"	the total costs and expenses incurred or to be incurred by all the Borrowers included in a Series in relation to the upkeep, management, administration, letting, operation or maintenance of any Property in the Property Portfolios of those Borrowers and all administration and operational expenses of those Borrowers;
1.161	"Ordinary Resolution"	in respect of Series, a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, by a majority of the votes cast at a poll by Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy;
1.162	"Outstanding Principal Amount"	in relation to any Note, the Principal Amount of that Note less the aggregate amounts in respect of principal redeemed and paid to the Noteholder;
1.163	"Outstandings"	in respect of a Loan Agreement, the total amount owing by the Borrower to the Issuer at any point in time in terms of such Loan Agreement, including the Capital, plus any interest accrued or capitalised on such Capital, plus Breakage Costs, plus any fees or other costs or amounts owing to the Issuer in terms of such Loan Agreement, which have not been repaid or prepaid, irrevocably, unconditionally and in full;
1.164	"Owner Trust"	Vukile Investment Property Securitisation Owner Trust, the trust established and registered in accordance with the laws of South Africa, under Master's reference IT 9449/05, which owns or will own all of the ordinary shares in the capital of the Issuer;
1.165	"Owner Trustee"	the trustee for the time being of the Owner Trust;
1.166	"Participant"	a person that holds in custody and administers securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of the Securities Services Act;

- 1.167 **"Permitted Indebtedness"** in respect of a Borrower, any borrowings by that Borrower, provided that:
- 1.167.1 the Loan to Valuation Ratio does not exceed 65%; and
- 1.167.2 the relevant entity that lends and advances or agrees to lend and advance money to the Borrower (in an amount which, individually or the aggregate, exceeds R1 500 000) is the Issuer or an entity that has bound itself to the Intercreditor Agreement;
- 1.168 **"Permitted Investments"** any:
- 1.168.1 cash deposited with an Approved Entity;
- 1.168.2 any debt instrument which has the Required Credit Rating or which is issued or secured or guaranteed by an Approved Entity;
- 1.168.3 any negotiable instruments accepted, drawn or endorsed, by an Approved Entity;
- 1.168.4 investments in money market funds regulated in terms of the Collective Investment Schemes Control Act, 2002, provided that such money market funds have been assigned the Required Credit Rating; and
- being, in all cases:
- 1.168.5 purchased at or below face value;
- 1.168.6 purchased in Rand;
- 1.168.7 an investment which, in respect of monies in the Transaction Account, has a maturity date on or prior to the next Note Interest Payment Date in respect of that Series and, in respect of monies in the Sale Account and the Early Warning Cash Trap Account, has a maturity date prior to the next Loan Interest Payment Date; and
- 1.168.8 an investment which, in respect of a Series, is designated by the Calculation Agent in the Accounting Records as being referable to that Series; or
- 1.168.9 any other investment with an Approved Entity stipulated in the Applicable Series Supplement;
- 1.169 **"Post-Enforcement Priority of Payments"** in respect of a Series, the order in which payments will be made by the Issuer or the Security SPV after the delivery of an Enforcement Notice in respect of that Series, as set out in the Applicable Series Supplement;
- 1.170 **"Pre-Enforcement Priority of Payments"** in respect of a Series, the order in which payments will be made by the Issuer prior to delivery of an Enforcement Notice in respect of that Series, as set out in the Applicable Series Supplement;

1.171	"Pre-Funding Amount"	an amount equal to the difference between the net proceeds of Notes issued on an Issue Date and the face value of the Eligible Loan Agreements acquired by the Issuer which are to be paid for from the net proceeds of such issue of Notes, as specified in the Applicable Pricing Supplement, which amount shall be allocated to the highest ranking Class of Notes issued on such Issue Date or such other Notes as may be specified in the Applicable Pricing Supplement, and allocated pro-rata to each Note of the relevant Class of Notes in the proportion which the Outstanding Principal Amount of each Note of the relevant Class of Notes bears to the Outstanding Principal Amount of all the Notes of the relevant Class of Notes, rounded to the nearest cent;
1.172	"Pre-Funding Amount Ledger"	a sub-ledger in the Transaction Account, being part of the monies standing to the credit of the Transaction Account, representing the Pre-Funding Amount from time to time;
1.173	"Pre-Funding Period"	in respect of the Notes to which the Pre-Funding Amount has been allocated, the period beginning on (and including) the Issue Date of such Notes and ending on (but excluding) the second or such other Note Interest Payment Date after such Issue Date as specified in the Applicable Pricing Supplement;
1.174	"Preference Shareholder"	in respect of a Series, the person, if any, specified in the Applicable Series Supplement, which holds preference shares in the capital of the Issuer entitling the holder to such preference dividend as set out in the articles of association of the Issuer subject to the provisions of the Transaction Documents;
1.175	"Preference Share Subscription Agreement"	in respect of a Series, the agreement concluded between the Preference Shareholder and the Issuer relating to the subscription for preference shares in the Issuer in respect of that Series, as amended, novated and/or substituted from time to time;
1.176	"Principal Amount"	in relation to a Note, the nominal amount of that Note on the relevant Issue Date, as reflected on the Certificate evidencing such Note;
1.177	"Principal Payment"	in respect of any Note, the principal amount redeemed in respect of such Note on a Note Interest Payment Date;
1.178	"Priority of Payments"	the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as the case may be;
1.179	"Pro Forma Core Loan Documents"	in respect of a Series, Core Loan Documents substantially on the terms as the documents in terms of which the first portfolio of Assets is acquired by the Issuer in respect of that Series;
1.180	"Programme"	the R2 000 000 000 commercial mortgage backed securitisation programme under which the Issuer may from time to time issue Notes, as set out in the Programme Memorandum;
1.181	"Programme Limit"	the maximum Outstanding Principal Amount of Notes that may be in issue at any particular point in time, being R2 000 000 000 or such

other amount as the board of directors of the Issuer approves from time to time, as specified in the Applicable Pricing Supplement;

1.182	"Programme Management Agreement"	the agreement concluded between the Issuer, the Programme Originator and the Programme Manager in terms of which the Programme Manager is appointed to co-ordinate the management of the Programme for the Issuer, as described in the Programme Memorandum, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms;
1.183	"Programme Manager"	ACMB and its successors-in-title or any other person appointed from time to time in accordance with the provisions of the Programme Management Agreement;
1.184	"Programme Memorandum"	the information memorandum to be issued by the Issuer providing information about the Issuer, the Notes and incorporating the Terms and Conditions;
1.185	"Programme Originator"	Vukile Property Fund Limited, a public company incorporated in accordance with the laws of South Africa, registration number 2002/027194/06 and its successors-in-title and assigns;
1.186	"Projected Interest Cover Ratio"	<p>at any time, (in respect of the next 6 month period), the ratio as expressed as follows:</p> <p>Interest Cover Ratio = Y divided by X</p> <p>Where:</p> <p>Y = projected EBITDA for that period;</p> <p>X = projected Interest Expense for that period;</p>
1.187	"Propco"	a wholly-owned subsidiary of a Borrower;
1.188	"Property"	in respect of a Borrower, a property in the Property Portfolio;
1.189	"Property Eligibility Criteria"	in respect of each Series, the criteria in respect of each Property as set out in the Applicable Series Supplement, as such criteria may be amended from time to time subject to the prior written approval of the Security SPV;
1.190	"Property Management Agreement"	in respect of a Borrower, the agreement/s, if any, concluded between the Borrower and the Property Manager/s, as amended, novated or substituted from time to time;
1.191	"Property Management Services"	in respect of a Borrower, the services to be provided by Property Manager to that Borrower pursuant to the Property Management Agreement;
1.192	"Property Manager"	in respect of a Borrower, the Borrower itself or the person/s appointed by that Borrower to manage the Property Portfolio, from time to time;

1.193	"Property Portfolio"	in respect of each Borrower, the fixed immovable properties registered in the name of such Borrower or a Propco (in each case, as sole owner or co-owner, as the case may be) or in respect of which such Borrower or Propco has registered leasehold rights, from time to time, listed in a schedule to each of the Loan Agreements headed "Property Portfolio", as such schedule may be updated from time to time in accordance with the provisions of each such Loan Agreement, including following any disposal of, addition to or substitution of the Properties in accordance with the provisions of such Loan Agreement;
1.194	"Property Revenue"	in relation to a Property in the Property Portfolio:
1.194.1		the gross amount of all Lease Payments and other amounts paid or payable by a Tenant under any Lease Agreement in respect of such Property; and
1.194.2		all other gross revenues in respect of such Property, including Insurance Proceeds (other than Insurance Proceeds paid or payable on the damage to, or total or partial destruction of, such Property) but excluding Sale Proceeds;
1.195	"Property Type"	the classification of a Property, based on the use to which such Property is put, as determined in accordance with the definitions published by Investment Property Databank Limited or its successors in title from time to time;
1.196	"Pro Rata"	a proportionate sharing, reduction or attribution of a claim by specified Secured Creditors ranking <i>pari passu</i> within a Series or between differing Series, determined in respect of each such Secured Creditor within a Series on the basis of the proportion which the amount owing to such Secured Creditor bears to the amounts owing to all such other Secured Creditors ranking <i>pari passu</i> within the Series and determined for one Series in relation to another by reference to the proportion which the aggregate amounts owing to all Secured Creditors within such Series bears to the amounts owing to all Secured Creditors within such other Series;
1.197	"Rate Determination Date"	in respect of each Interest Period for a Tranche of Floating Rate Notes, the day falling on the first day of that Interest Period or, if such day is not a Business Day, the first following day that is a Business Day, being the day upon which the Interest Rate in respect of that Tranche of Floating Rate Notes for that Interest Period will be determined by the Calculation Agent in accordance with the Terms and Conditions;
1.198	"R" or "Rand"	the lawful currency of South Africa, being South African Rand, or any successor currency;
1.199	"Rating"	in relation to the Notes, a rating granted by the Rating Agency, which Rating shall be a short-term, Rand, national scale rating by the Rating Agency;

1.200	"Rating Agency"	in respect of a Series, the rating agency, if any, appointed by the Issuer to assign a Rating to any Notes issued by the Issuer in respect of that Series, as specified in the Applicable Series Supplement;
1.201	"Recovery Agent"	in respect of a Series, the person appointed in respect of that Series, in accordance with the provisions of the Servicing Agreement, to perform the functions of the recovery agent on behalf of the Issuer, as set out in the Applicable Series Supplement;
1.202	"Recovery Agent Fee"	in respect of a Series, the fee payable to the Servicer in respect of the Recovery Services and determined in accordance with the provisions of the Servicing Agreement;
1.203	"Recovery Services"	in respect of a Series, the services provided by the Servicer of that Series in accordance with clause headed "Recovery Services" in the Servicing Agreement for that Series;
1.204	"Redemption Date"	each date on which any Notes are to be redeemed, partially or finally, as the case may be, in terms of the Terms and Conditions;
1.205	"Reference Banks"	Absa, The Standard Bank of South Africa Limited, FirstRand Bank Limited, Nedbank Limited and each of their successors-in-title;
1.206	"Register"	the register of Noteholders maintained by the Transfer Agent;
1.207	"Related Security Agreement(s)"	in respect of a Loan Agreement, any document creating or evidencing security for the obligations of the Borrower or any Surety to the Issuer in terms of such Loan Agreement;
1.208	"Release Premium"	in respect of any Property, an amount determined in accordance with the following formula to compensate for a decrease in the diversity of the Series Property Portfolio:
1.208.1		15% or such other percentage as set out in the Applicable Series Supplement; multiplied by
1.208.2		the Loan to Valuation Ratio x the higher of the Funding Date Open Market Valuation and the Most Recent Open Market Valuation of the relevant Property;
1.209	"Rent Collections Accounts"	in respect of a Borrower, the bank accounts in the name of that Borrower held with the Account Bank into which Lease Payments in respect of the Properties in the Series Property Portfolio are to be transferred by Property Managers;
1.210	"Repair and Maintenance Expense Cap"	in respect of a Series, the amount set out in the Applicable Series Supplement;
1.211	"Reporting Period"	in respect of a Loan Agreement or a Servicing Agreement, the period in relation to which data set out in a Borrower Report or a Servicer Report relates, as set out in that Agreement, if applicable;
1.212	"Required Credit Rating"	in respect of each Series, such rating as is set out in the Applicable Series Supplement;

1.213	"Safe Custody Agent"	in respect of a Series, the person with whom the Issuer has concluded the Safe Custody Agreement in respect of that Series, as set out in the Applicable Series Supplement;
1.214	"Safe Custody Agreement"	in respect of a Series, the agreement between the Issuer, ACMB (or such other entity as the Issuer may elect to appoint as the Safe Custody Agent, as identified in the Applicable Pricing Supplement), and the Security SPV of that Series in terms of which the Safe Custody Agent is appointed to provide safe custody and settlement services to the Issuer in respect of that Series, as amended, novated and/or from time to time in accordance with its terms;
1.215	"Sale Account"	in respect of a Series, the bank account in the name of the Issuer held at the Account Bank, into which certain cash collateral referred to in each Loan Agreement shall be deposited from time to time;
1.216	"Sale Agreement"	in respect of a Series, an agreement entered into by the Issuer with a Seller in order to acquire Loan Agreements from that Seller, as described in the Applicable Series Supplement, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms;
1.217	"Sale Proceeds"	in respect of a Property in the Series Property Portfolio, the proceeds of sale or other disposition of such Property less all direct costs and expenses of or incidental to that sale or other disposition;
1.218	"Scheduled Maturity Date"	in relation to a Tranche of Notes, the date upon which final repayment of the Outstanding Principal Amount of the Notes of that Tranche is expected to be repaid by the Issuer, without any Note Event of Default being triggered should the Issuer fail to do so due to insufficient cash being available for this purpose in terms of the Priority of Payments, as set out in the Applicable Pricing Supplement;
1.219	"Scheduled Repayment Date"	in respect of a Borrower, the date scheduled for repayment of the Capital or such balance as shall remain outstanding, as set out in such Loan Agreement;
1.220	"Secured Assets"	in respect of a Loan Agreement, the assets, rights and undertakings subject or required to be subject to the security granted by or on behalf of that Borrower pursuant to the Related Security Agreements and the Underlying Related Security Agreements in respect of the Loan Agreements included in the Series;
1.221	"Secured Creditors"	in respect of each Series, each of the creditors of the Issuer set out in the Priority of Payments of that Series that is a party to a Transaction Document, including, for the avoidance of doubt, the Noteholders and each Seller in respect of amounts payable to such Seller as an Excluded Item;
1.222	"Securities Services Act"	the Securities Services Act, 2004;
1.223	"Security Agreements"	in respect of each Series, the documents entered into by the Issuer with the Security SPV of that Series in terms of which the Issuer agrees to

		mortgage, pledge, hypothecate, assign, cede, deposit or otherwise encumber the Series Collateral of that Series to the relevant Security SPV, as security for the obligations of the Issuer to the relevant Security SPV, including the obligations of the Issuer to the relevant Security SPV under the Indemnity of that Series;
1.224	"Security SPV"	in respect of each Series, the company described in the Applicable Series Supplement to hold and realise security for the benefit of Secured Creditors of that Series;
1.225	"Security SPV Owner Trust"	the Vukile Investment Property Securitisation Security SPV Owner Trust, a trust established and registered in accordance with the laws of South Africa, under Master's reference IT 9448/05, for the holding of the issued share capital of each of the Security SPVs;
1.226	"Security SPV Owner Trustee"	the trustee for the time being of the Security SPV Owner Trust;
1.227	"Seller"	a Warehouse Lender which sells a Loan Agreement and Related Security Agreements to the Issuer in terms of a Sale Agreement;
1.228	"Seller Insolvency Event"	in respect of each Series, such term as defined in the Applicable Series Supplement;
1.229	"Senior Costs"	in respect of a Series, those senior expenses of the Issuer attributable to that Series, as described in the Applicable Series Supplement;
1.230	"Series"	a segregated subset of assets and liabilities of the Issuer, identified separately by the Calculation Agent in the Accounting Records as being attributable to a Series, denoted by the prefixing of a unique numeral in the Accounting Records;
1.231	"Series Collateral"	in respect of each Series, the Assets of that Series and any additional collateral as described in the Applicable Supplements;
1.232	"Series Note Subscription Agreement"	in respect of a Series, the agreement concluded between the Issuer and the Arranger relating to the procuring of subscriptions for the Notes of that Series, as described in the Applicable Series Supplement, as amended, novated and/or substituted from time to time in accordance with its terms;
1.233	"Series Portfolio Covenants"	in respect of all the Properties in a Series Property Portfolio, the criteria that such Properties must collectively satisfy, as set out in the Applicable Series Supplement, as such criteria may be amended from time to time subject to the prior written approval of the Security SPV;
1.234	"Series Property Portfolio"	in respect of a Series, those Properties in the Property Portfolio of each of the Borrowers included in that Series, which in respect of each Borrower are listed in a schedule to each of the Loan Agreements acquired by the Issuer in respect of that Series headed "Properties of the Borrower in the Series Property Portfolio", as each such schedule may be updated from time to time in accordance with the provisions of each such Loan Agreement, including following any disposal of, addition to or substitution of the Properties in accordance with the provisions of such Loan Agreement;

1.235	"Servicer"	in respect of a Series, the person with whom the Issuer has entered into the Servicing Agreement in respect of that Series, as set out in the Applicable Series Supplement;
1.236	"Servicer Expense Cap"	in respect of a Series, the amount set out in the Applicable Series Supplement;
1.237	"Servicer Report"	in respect of a Series, the report to be provided by the Servicer to the Calculation Agent of that Series, in accordance with the provisions of the relevant Servicing Agreement;
1.238	"Servicer Report Date"	in respect of a Series, each date upon which the Servicer is required to furnish the Servicer Report, as set out in the Applicable Series Supplement;
1.239	"Services"	in respect of a Series, the services to be provided by the Servicer of that Series to the Issuer and the Security SPV of that Series pursuant to the Servicing Agreement;
1.240	"Servicing Agreement"	in respect of a Series, the agreement concluded between the Issuer, the Servicer and the Security SPV of that Series in accordance with which the relevant Servicer is appointed as the agent of the Issuer to monitor the performance of the Loan Agreements and to perform all recovery and back-up management functions in relation to the Assets of that Series, as described in the Applicable Series Supplement, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms;
1.241	"Servicing Fee"	in respect of a Series, the fee payable to the Servicer in respect of the Services (other than the Back-up Property Manager Services) and determined in accordance with the provisions of the Servicing Agreement;
1.242	"Settlement Agents"	means those Participants which are approved by BESA or any other relevant financial exchange from time to time, in terms of the Applicable Procedures of BESA, as settlement agents to perform electronic settlement of funds and scrip on behalf of market participants;
1.243	"South Africa"	the Republic of South Africa;
1.244	"Special Resolution"	in respect of a Series, a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, by a majority consisting of not less than three-fourths of the votes cast at a poll by Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy;
1.245	"Specified Office"	in respect of each Series, in relation to each of the Issuer, the Security SPV, the Servicer, the Calculation Agent and the Transfer Agent, the address of the office specified in respect of such entity at the end of the Series Supplement, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Noteholders in accordance with the Terms and Conditions, as the case may be;

1.246	"Subordinated Lender"	in respect of a Series, such person with whom the Issuer has entered into a the Subordinated Loan Facility Agreement for that Series, as set out in the Applicable Series Supplement;
1.247	"Subordinated Loan Facility Agreement"	in respect of a Series, the agreement concluded between the Issuer, the Subordinated Lender and the Security SPV of that Series in terms of which the relevant Subordinated Lender agrees to advance monies to the Issuer from time to time, for the purposes specified in that agreement, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms,
1.248	"Substitute Agent"	in respect of a Series, such person as may be appointed as substitute Calculation Agent and/or Transfer Agent under the terms of the Calculation Agent Agreement for that Series;
1.249	"Substitute Servicer"	in respect of a Series, such person as may be appointed as substitute servicer under the terms of the Servicing Agreement for that Series;
1.250	"Surety"	in respect of a Loan Agreement, the persons or entities who stand surety for, or guarantee the obligations of, a Borrower or provide other collateral security for a Borrower's obligations in terms of such Loan Agreement;
1.251	"Taxes"	all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in South Africa or any other jurisdiction from which any payment is made (and including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" shall be construed accordingly;
1.252	"Tenants"	persons with whom a Borrower enters into Lease Agreements in respect of the Properties in the Property Portfolio;
1.253	"Terms and Conditions"	in respect of a Series, the terms and conditions incorporated in the section headed " <i>Terms and Conditions of the Notes</i> " of the Programme Memorandum and in accordance with which the Notes of that Series will be issued;
1.254	"Tranche"	in relation to any particular Class of Notes, all Notes which are identical in all respects (including as to listing, if any) and are issued in a single issue;
1.255	"Transaction Account"	in respect of a Series, the bank account in the name of the Issuer held at the Account Bank into which all amounts payable to the Issuer in respect of that Series are to be deposited, other than amounts payable into the Sale Account or Early Warning Cash Trap Account in accordance with the provisions of the Transaction Documents;
1.256	"Transaction Documents"	in respect of each Series;
1.256.1		the memorandum and articles of association of the Issuer and the Security SPV of that Series;

- 1.256.2 the trust deeds of the Owner Trust and the Security SPV Owner Trust;
- 1.256.3 the Programme Memorandum;
- 1.256.4 the Programme Management Agreement;
- 1.256.5 the Series Note Subscription Agreement;
- 1.256.6 the Safe Custody Agreement;
- 1.256.7 the Transfer Agent Agreement;
- 1.256.8 the Notes;
- 1.256.9 the Common Terms Agreement;
- 1.256.10 each Sale Agreement;
- 1.256.11 the Servicing Agreement;
- 1.256.12 the Calculation Agent Agreement;
- 1.256.13 any Liquidity Facility Agreement;
- 1.256.14 any Derivative Contract;
- 1.256.15 the Subordinated Loan Facility Agreement;
- 1.256.16 any Preference Share Subscription Agreement;
- 1.256.17 the Intercreditor Agreement;
- 1.256.18 the Guarantee;
- 1.256.19 the Indemnity;
- 1.256.20 the Security Agreements;
- 1.256.21 the Bank Agreement;
- 1.256.22 the Applicable Supplements;
- 1.256.23 the Loan Agreements acquired in respect of that Series;
- 1.256.24 the Core Loan Documents in respect of that Series;
- 1.256.25 the letters of appointment of the Security SPV; and
- 1.256.26 any other instrument which is referable to the issue by the Issuer of the Notes relating to such Series which the Issuer and the Security SPV agree is a Transaction Document in relation to that Series;

1.257	"Transfer Agent"	in respect of a Series, ACMB, or such other person with whom the Issuer has entered into a Transfer Agent Agreement for that Series, as set out in the Applicable Series Supplement;
1.258	"Transfer Agent Agreement"	in respect of a Series, the agreement concluded between the Issuer and the Transfer Agent (which may be incorporated into the Calculation Agent Agreement), in terms of which the Transfer Agent agrees to provide note registry services to the Issuer, as described in the Applicable Series Supplement, as such agreement may be amended, novated and/or substituted from time to time in accordance with its terms;
1.259	"Transfer Date"	in respect of a Loan Agreement, the effective date of assignment by the relevant Seller to the Issuer of such Loan Agreement pursuant to the Sale Agreement concluded with that Seller;
1.260	"Transfer Form"	in relation to the transfer of a Note as contemplated in the Terms and Conditions, means a form of transfer in the usual form or in such other form approved by the Transfer Agent;
1.261	"Underlying Related Security Agreement"	in respect of a Loan Agreement, any document creating or evidencing security for the obligations of the Borrower to any Surety;
1.262	"Valuer"	an accredited property valuer registered as such in terms of the Valuer's Act, 1982, who is independent of the Borrower and any Property Manager;
1.263	"VAT"	value added tax imposed in terms of the Value-Added Tax Act, 1991, or any similar tax imposed in place thereof from time to time;
1.264	"Warehouse Lender"	in respect of each Series, any lender that binds itself to an Intercreditor Agreement in respect of that Series;
1.265	"Warehoused Property Portfolio"	in respect of each Borrower, those Properties in the Property Portfolio of that Borrower that are not included in the Series Property Portfolio.

GENERAL INFORMATION

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 establishment of the Programme and the issue of Notes under the Programme.

Material Change

Save as disclosed in the Programme Memorandum and save as required pursuant to the Transaction Documents, the Issuer has not traded at all from and including the date of its incorporation, being 18 July 2005 up to the Initial Issue Date and no transactions have occurred during this period.

Litigation

The Issuer is not engaged (whether as defendant or otherwise) 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

Grant Thornton are the current auditors of the Issuer.

Documents

So long as any Note remains outstanding, one 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 by the Noteholders of the relevant Series at the Specified Office of the Issuer.

Signed at Johannesburg on behalf of Vukile Investment Property Securitisation (Proprietary) Limited on
2005.

Director

Signed at Johanneburg on behalf of Vukile Investment Property Securitisation (Proprietary) Limited on
2005.

Director

Corporate Information

PROGRAMME ORIGINATOR

Vukile Property Fund Limited
2nd Floor, Meersig
Constantia Boulevard
Constantia Kloof
Roodepoort, 1709
Contact: **Michael John Potts**

ISSUER

Vukile Investment Property Securitisation
(Proprietary) Limited
Registration number 2005/025698/07
The Manor House
14 Nuttall Gardens
Morningside
Durban, 4001
Contact: **David Braidwood Gibbon**

ATTORNEYS TO ARRANGER AND ISSUER

Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196
Contact: **Karen Couzyn**

ARRANGER AND SPONSORING MEMBER (SERIES 1)

Absa Bank Limited, acting through its division,
Absa Corporate and Merchant Bank
(Registration number 1986/004794/06)
3rd Floor South Wing, Absa Towers North
180 Commissioner Street
Johannesburg, 2001
Contact: **Marc Hearn** and **Al Bhalerao**

AUDITORS TO THE ISSUER

Grant Thornton
137 Daisy Street
Sandown, 2196
Contact: **Ilan Zwarenstein**

CALCULATION AGENT AND TRANSFER AGENT (SERIES 1)

Absa Bank Limited, acting through its division,
Absa Corporate and Merchant Bank
Registration number 1986/004794/06
3rd Floor South Wing, Absa Towers North
180 Commissioner Street
Johannesburg, 2001
Contact: **Head: Transaction Management**

SERVICER (SERIES 1)

Absa Bank Limited, acting through its division,
Absa Commercial Property Finance
Registration number 1986/004794/06
Palazzo Towers West
Monte Casino Boulevard
Fourways, 2005
Contact: **General Manager: CPF**

SAFE CUSTODY AGENT (SERIES 1)

Absa Bank Limited, acting through its division
Absa Investor Services
Registration number 1986/004794/06
6th Floor East 1 Wing, Absa Towers North
180 Commissioner Street
Johannesburg, 2001
Contact: **Head: Absa Investor Services**

OWNER TRUSTEE AND SECURITY SPV OWNER TRUSTEE

Steinway Trustees (Proprietary) Limited
The Manor House
14 Nuttall Gardens
Morningside
Durban, 4001
Contact: **Bernard Clive Beaver**