

Programme Memorandum dated 25 July 2012



(Incorporated in South Africa with limited liability under registration number 1994/000732/06)

R1 000 000 000 Domestic Medium Term Note Programme

Arranger, Dealer and Debt Sponsor



Affiliated with
 BARCLAYS

Attorneys to the Arranger and Issuer



PROGRAMME MEMORANDUM

Esorfranki Limited

(Incorporated in South Africa with limited liability under registration number 1994/000732/06)

R1 000 000 000 Domestic Medium Term Note Programme

Under this R1 000 000 000 Domestic Medium Term Note Programme (the "Programme"), Esorfranki Limited (the "Issuer") may from time to time issue secured or unsecured 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 "*Terms and Conditions of the Notes*".

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, 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 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 Tranche of Notes.

Each Note will be a Senior Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement. Save as set out in this Programme Memorandum, the Notes will not be subject to any minimum or maximum maturity. The Programme Amount will not exceed R1 000 000 000 unless such Programme 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 the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE 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 the Interest Rate Market of the JSE, the Applicable Pricing Supplement(s) relating to that Tranche will be delivered to the JSE and the Central Securities Depository before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement. The trading of Notes listed on the Interest Rate Market of the JSE will take place in accordance with the rules and operating procedures for the time being of the JSE. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE 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 the Interest Rate Market of the JSE as well, will be specified in the Applicable Pricing Supplement.

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

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

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.

Tranches of Notes issued under the Programme may be rated and, if so, this rating will be available on the Issuer's website and contained in the Applicable Pricing Supplement.

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

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

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.

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than the information and representations 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 the JSE, the Issuer, the Debt Sponsor, the Arranger or the Dealers, or any of their respective subsidiary or holding companies or a subsidiary of their holding company ("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. The JSE, the Debt Sponsor, the Arranger, the Dealers and other advisers have not separately verified the information contained in this Programme Memorandum. Accordingly, none of the JSE, the Debt Sponsor, the Arranger, the Dealers 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 the JSE, the Debt Sponsor, the Arranger, the Dealers or any other person affiliated with the JSE, the Debt Sponsor, the Arranger 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 the JSE, the Issuer, the Debt Sponsor, the Arranger 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 creditworthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The JSE, the Debt Sponsor, the Arranger 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 Arranger or the Dealers.

The Notes will be obligations of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by the Debt Sponsor, the Arranger or the Dealers. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by, the Debt Sponsor, the Arranger or the Dealers.

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

This Programme Memorandum does not constitute an offer or an invitation by or on behalf of the Issuer, the Debt Sponsor, the Arranger, the Dealers or 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 the Issuer, the Debt Sponsor, the Arranger or the Dealers 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 the Issuer, the Debt Sponsor, the Arranger or the Dealers or 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 the Issuer, the Debt Sponsor, the Arranger 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, the European Economic Union 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 approved by the JSE and permitted by applicable laws and regulations, over-allot or effect transactions for a limited period after the Issue Date with a view to supporting the market price of the Notes 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 and the price/yield and amount of Notes to be issued under this Programme will be determined by the Issuer and each Dealer and/or Lead Manager(s) at the time of issue in accordance with the prevailing market conditions.

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DOCUMENTS INCORPORATED BY REFERENCE

The documents listed below are deemed to be incorporated into, and to form part of, this Programme Memorandum:

- (a) the audited consolidated annual financial statements of the Issuer, for the financial years ended 28 February 2009, 28 February 2010, 28 February 2011 and 29 February 2012, together with such statements, reports and notes attached to or intended to be read with such financial statements, and the reviewed unaudited interim consolidated financial results of the Issuer for the financial half-year ended 31 August 2011;
- (b) the audited consolidated annual financial statements of the Issuer, for its financial years ended after the Programme Date, together with such statements, reports and notes attached to or intended to be read with such financial statements;
- (c) each Applicable Pricing Supplement;
- (d) each supplement to this Programme Memorandum circulated by the Issuer from time to time;
- (e) all information pertaining to the Issuer which is relevant to the Notes which is electronically disseminated on SENS to SENS subscribers;
- (f) the constitutional documents of the Issuer, as amended from time to time; and
- (g) in respect of each Tranche of Notes, any other Transaction Documents referred to in the Applicable Pricing Supplement.

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 into this Programme Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Programme Memorandum and any amendments or supplements thereto (including the Applicable Pricing Supplements) and the financial statements of the Issuer referred to above will be made available on the website of the JSE (www.jse.co.za) and on the website of the Issuer (www.esorfranki.co.za). The financial statements of the Issuer referred to above and the most recently obtained monthly beneficial disclosure report made available by the relevant Participants to the Central Securities Depository will also be available for inspection at the Specified Office of the Issuer.

The Issuer will, for so long as any Notes in a Tranche remain outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if any of the information contained in this Programme Memorandum becomes outdated in a material respect; provided that, in the circumstances set out in paragraph (b), no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required

in respect of the Issuer's annual financial statements if such annual financial statements are incorporated by reference into this Programme Memorandum and such annual financial statements are sent to Noteholders as required by the Companies Act, and submitted to the JSE within six months after the financial year end of the Issuer. The Issuer's annual consolidated financial statements may include risk factors which may be updated from time to time.

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 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 any particular Tranche of Notes, the Applicable Pricing Supplement.

Under the Programme, the Issuer may from time to time issue Notes denominated in the Specified Currency. 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 Pricing Supplements relating to the Notes and any supplementary Programme Memorandum.

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, 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 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 Tranche of Notes. Each Note will be a Senior Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement.

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE 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. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

In the event that any Tranche of Notes is listed on any exchange other than the JSE or the Issuer issues unlisted Notes, the Issuer will, no later than the last day of the month of issue of such Tranche, inform the JSE in writing of the aggregate Principal Amount, the Step-Up Date and the Final Redemption Date of such Tranche.

The Programme Amount will not exceed R1 000 000 000, unless the Programme Amount is increased as set out below. For the purpose of calculating the aggregate Principal Amount of Notes issued under the Programme from time to time:

- (a) the Rand equivalent of a Tranche of Notes denominated in another currency shall be determined, at or about the relevant Issue Date, on the basis of the spot rate at such time for the sale of such Rand amount against the purchase of such currency or unit of account in the Johannesburg inter-bank foreign exchange markets, as quoted by any leading bank selected by the Issuer;
- (b) the amount of a Tranche of Indexed Notes shall be calculated by reference to the aggregate Principal

- Amount of that Tranche of Notes (regardless of the Issue Price of that Tranche of Notes); and
- (c) the amount of a Tranche of Zero Coupon Notes (and any other Tranche of Notes issued at a discount or a premium) shall be calculated with reference to the Principal Amount of that Tranche of Notes.

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Programme Agreement, the listings requirements of the JSE 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 Programme Amount by delivering a notice thereof to the Noteholders and to the relevant exchange. Upon such notice being given (and following compliance with the provisions of the Programme Agreement), all references in this Programme Memorandum, or any other agreement, deed or document relating to the Programme, to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

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 any particular Tranche of Notes, the Applicable Pricing Supplements.

Transaction Parties

Issuer	Esorfranki Limited, a company incorporated on 8 February 1994, in accordance with the laws of South Africa, (registration number 1994/000732/06), the ordinary shares of which are listed on the JSE.
Debt Sponsor	Absa Capital and/or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement.
Arranger	Absa Capital, or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement.
Dealer(s)	Absa Capital, and/or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement, which appointment may be for a specific issue of Notes or on an ongoing basis, as specified in the Applicable Pricing Supplement.
Transfer Agent	Absa Capital, or such other person appointed by the Issuer from time to time, as specified in the Applicable Pricing Supplement.
Calculation Agent	Absa Capital, or, in relation to a particular Tranche or Series of Notes, such person appointed by the Issuer from time to time, as specified in the Applicable Pricing Supplement.
Rating Agency	In relation to a particular Tranche or Series of Notes, any of Standard & Poor's, Fitch Southern Africa Proprietary Limited, Moody's Investors Service Limited and/or such other rating agency as may be appointed by the Issuer from time to time, if any, as specified in the Applicable

	Pricing Supplement.
Auditor	KPMG Inc or such other auditor (or firm of auditors) as may be selected by the Issuer from time to time.
Noteholder(s)	The holders of the Notes as recorded in the Register.
Central Securities Depository	Strate Limited (registration number 1998/022242/06) or any additional or alternate depository approved by the Issuer, the Dealer(s) and the JSE.
<i>Programme Description</i>	
Description of the Programme	Esorfranki Limited Domestic Medium Term Note Programme.
Size of the Programme	Up to R1 000 000 000 outstanding at any time. The Issuer may, without the consent of Noteholders, increase the Programme Amount in accordance with the Programme Agreement, Applicable Laws and subject to any required regulatory approvals. The Programme Amount 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 the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or such other or further exchange(s) as may be selected by the Issuer and any relevant Dealer(s) and subject to Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement in respect of a Tranche of Notes will specify whether or not such Notes will be listed and, if so, on which exchange.
Rating of Notes	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 concerned.

Notes

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.

Notes may be:

- (a) interest-bearing or non-interest bearing;
- (b) secured or unsecured;
- (c) senior or subordinated;
- (d) issued at par, a premium or a discount;
- (e) issued in fully paid up form;
- (f) exchangeable for other assets; and/or
- (e) issued with such other characteristics as may be specified in the Applicable Pricing Supplement.

Form of Notes

Notes will be issued in registered form as described in the section "*Form of the Notes*". Notes will not be issued in bearer form or in order form, unless otherwise agreed by the Issuer and any applicable Dealer. The section "*Settlement, Clearing and Transfers of Notes*" describes how Beneficial Interests are created and what the rights of Beneficial Interest holders are.

Currency

Notes may be issued in Rand, the lawful currency of South Africa or, subject to Applicable Law, such other currency as the Issuer in consultation with the Arranger may determine.

Terms and Conditions

The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*". The Applicable Pricing Supplements may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in relation to specific terms and conditions of

	the Notes of any Tranche of Notes issued.
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 specified in the Applicable Pricing Supplement.
Denomination of Notes	Notes will be issued in such denominations as specified in the Applicable Pricing Supplement, subject to a minimum denomination of not less than R1 000 000.
Maturities	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.
Redemption	Save for optional redemption prior to the stated maturity of the Notes (as described below) and early redemption following an Event of Default, early redemption of the Notes will only be permitted for Tax reasons as described in Condition 8.3.
	If so specified in the Applicable Pricing Supplement, Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part).
	If so specified in the Applicable Pricing Supplement, Notes may be redeemed before their stated maturity at the option of the holders of Senior Notes (either in whole or in part).
	If a Put Event (as defined in Condition 8.6) occurs, then, if so specified in the Applicable Pricing Supplement, Senior Notes may be redeemed before their stated maturity at the option of the holders of the Senior Notes (either in whole or in part).
Status of Notes	The Issuer may issue Senior Notes or Subordinated Notes, as specified in the Applicable Pricing Supplement.
Status of the Senior Notes	The Senior Notes constitute direct, unconditional, unsubordinated, and (subject to the negative pledge and unless otherwise provided in the Applicable Pricing Supplement) unsecured obligations of the Issuer and will

	rank equally among themselves and (save for certain debts required to be preferred by Applicable Law) at least equally with all other unsecured, unsubordinated obligations of the Issuer from time to time outstanding.
Status of the Subordinated Notes	Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank equally among themselves and (save for certain debts required to be preferred by Applicable Law) at least equally with all other unsecured, subordinated obligations of the Issuer from time to time outstanding.
Negative Pledge	Condition 11 of the Terms and Conditions provides for a negative pledge in favour of the holders of Senior Notes.
Cross Default	Senior Notes will have the benefit of a cross-default to other Relevant Indebtedness of the Issuer and Restricted Group Companies above the threshold specified in Condition 12.
Securities Transfer Tax	In terms of current South African legislation as at the Programme Date, no securities transfer tax is payable by the Issuer on the original issue of, or on the registration of transfer of, Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act, 2007. Any future stamp duties or other duties or Taxes that may be introduced or may be applicable upon the transfer of the Notes will be for the account of Noteholders.
Withholding Tax	Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges. From 1 January 2013, withholding tax on interest in respect of certain debt instruments (which could include any Notes issued) may be applicable to certain persons, who are regarded as non-resident for tax purposes in South Africa. Certain exemptions may or may not be applicable in this regard. In the event that such withholding or deduction is required by law, the Issuer will be obliged to pay additional amounts in relation thereto,

	subject to customary exceptions, as described in Condition 10.
Tax Status	A summary of applicable current South African tax legislation appears in the section of this Programme Memorandum headed " <i>South African Taxation</i> ". The section does not constitute tax advice and investors should consult their own professional advisers.
Governing Law	Notes will be governed by, and construed in accordance with, the laws of South Africa.
Distribution	Notes may be offered by way of public auction, private placement or any other means permitted by Applicable Law, as determined by the Issuer and reflected in the Applicable Pricing Supplement.
Method of Transfer	The method of transfer is by registration for transfer of Notes to occur through the Register and by electronic book entry in the securities accounts of Participants or the Central Securities Depository, as the case may be, for transfers of Beneficial Interests in the Notes, in all cases subject to the restrictions described in this Programme memorandum. The Notes will be fully paid up on the Issue Date and freely transferable.
Register	The Register will be maintained by the Transfer Agent in accordance with 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 15, 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, the European Economic Area 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 Pricing Supplement. Persons who come into possession of this Programme Memorandum or the Applicable Pricing Supplement 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 may be listed on the Interest Rate Market of the JSE 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. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.

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

Notes Issued in uncertificated form

If the Notes are to be listed on the Interest Rate Market of the JSE, the Issuer will, subject to Applicable Laws, issue such Notes in uncertificated form. Unlisted Notes may also be issued in uncertificated form.

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

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

Beneficial Interests

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

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

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

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

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

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Participants occur by electronic book entry in the central securities accounts of the clients of the Participants. Transfers among Participants of Notes held in the Central Securities Depository system occur through electronic book entry in the Participants' central security accounts with the Central Securities Depository. Beneficial Interests may be transferred only in accordance with the Terms and Conditions and the Applicable Procedures.

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

Certificates

The Notes represented by Certificates will be registered in the name of the individual Noteholders in the Register. Notes represented by Certificates may be transferred only in accordance with the Terms and Conditions.

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

Other Notes

The Issuer may, without the consent of Noteholders, agree with any Dealer appointed in relation to such Tranche that a Tranche of Notes be issued in bearer form or in order form or in another 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.

RISK FACTORS

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment. Risks affecting the business of the Issuer are discussed in the section of this Programme Memorandum headed "Description of the Issuer".

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum as well as all documents incorporated by reference including in particular the consolidated annual financial statements of the Issuer to reach their own views prior to making any investment decision.

References below to a numbered "Condition" shall be to the relevant Condition under the Terms and Conditions.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Terms and Conditions provide otherwise, in the event that the Issuer is obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any Taxes, the Issuer may redeem all outstanding affected Tranches Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Terms and Conditions provide that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because Notes listed on the Interest Rate Market of the JSE may be held by the Central Securities Depository, investors will have to rely on its procedures for transfer, payment and communication with the Issuer.

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and held in uncertificated form, will be held in the Central Securities Depository. Unlisted Notes may also be held in the Central Securities Depository. Except in the circumstances described in the Terms and Conditions, investors will not be entitled to receive Certificates. The Central Securities Depository will maintain records of the Beneficial Interests in Notes held in the Central Securities Depository. While the Notes are held in the Central Securities

Depository, investors will be able to trade their Beneficial Interests in such Notes only through the Central Securities Depository.

While Notes are held in the Central Securities Depository the Issuer will discharge its payment obligations under such Notes by making payments to or to the order of the Central Securities Depository's Nominee (as the registered holder of such Notes), for distribution to the holders of Beneficial Interests in such Notes. A holder of a Beneficial Interest in Notes must rely on the procedures of the Central Securities Depository and Participants to receive payments under such Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

Holders of Beneficial Interests in such Notes will not have a direct right to vote in respect of such Notes.

Recourse to the BESA Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

Credit Rating

Tranches of Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any such redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating

rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market price of Notes issued at a substantial discount to or premium over their principal amount tend to fluctuate more in relation to general changes in interest rates than do market prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Modification and waivers

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

No assurance can be given as to the impact of any possible judicial decision or change to South African law or other Applicable Law or administrative practice after the Programme Date or after the date of any Applicable Pricing Supplement.

Notes where denominations involve integral multiples: Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in the form of a Certificate in respect of such holding and would need to purchase a Principal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Certificates are issued, holders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Legal Investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial

institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

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

EsorfrankI Limited

(the "Issuer")

(Incorporated in South Africa with limited liability under registration number 1994/000732/06)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] with a Stock Code []

Under its R1 000 000 000 Domestic Medium Term Note Programme

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

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum issued by the Issuer dated [], as may be amended or supplemented from time to time. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions. References in this Applicable 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 Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

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

The JSE assumes no responsibility or liability of whatsoever nature for the contents of the Programme Memorandum or this Applicable Pricing Supplement or the annual financial statements or any other information incorporated by reference into the Programme Memorandum (as amended or restated from time to time), and the JSE makes no representation as to the accuracy or completeness of the Programme Memorandum or this Applicable Pricing Supplement, the annual financial statements or any other information incorporated by reference into the Programme Memorandum (as amended or restated from time

to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or this Applicable Pricing Supplement or the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time).

DESCRIPTION OF THE NOTES

1. Issuer	Esorfranki Limited
2. Status of the Notes	[Senior Notes/Subordinated Notes]
3. Security	[Secured/Unsecured]
4. Listed/Unlisted	[]
5. Series number	[]
6. Tranche number	[]
7. Aggregate Principal Amount of this Tranche	[]
8. Interest/Payment Basis	[]
9. Issue Date(s) and first settlement date	[]
10. Minimum Denomination per Note	R1 000 000
11. Specified Denomination (Principal Amount per Note)	[]
12. Issue Price(s)	[]
13. Applicable Business Day Convention, if different to that specified in the Terms and Conditions	[Following Business Day/Modified Business Day/Preceding Business Day/other convention – insert details]
14. Interest Commencement Date(s)	[]
15. Step-Up Date	[]
16. Final Redemption Date	[]
17. Specified Currency	[]
18. Additional Business Centre	[]
19. Maturity Amount	[]
20. Set out the relevant description of any additional/other Terms and Conditions relating to the Notes (including additional covenants, if any)	[]

FIXED RATE NOTES

21. Fixed Interest Rate []% per annum nacq/nacm/nacs/naca
22. Interest Payment Date(s) []
23. Interest Period(s) []
24. Initial Broken Amount []
25. Final Broken Amount []
26. Step-Up Rate []
27. Any other items relating to the particular method of calculating interest []

FLOATING RATE NOTES

28. Interest Payment Date(s) []
29. Interest Period(s) []
30. Manner in which the Interest Rate is to be determined Screen Rate Determination/other (insert details)
31. Margin/Spread for the Interest Rate [(+/-) ()% per annum to be added to/subtracted from the relevant Reference Rate]
32. Margin/Spread for the Step-Up Rate [(+/-) ()% per annum to be added to/subtracted from the relevant Reference Rate/Interest Rate]
33. If Screen Determination
- (a) Reference Rate (including relevant period [e.g. 3 month JIBAR] by reference to which the Interest Rate is to be calculated)
 - (b) Rate Determination Date(s) [The first Business Day of each Interest Period]
 - (c) Relevant Screen page and Reference Code []
34. If Interest Rate to be calculated otherwise than by reference to Screen Rate Determination, insert basis for determining Interest Rate/Margin/Fall back provisions []
35. Any other terms relating to the particular method of calculating interest []

ZERO COUPON NOTES

36. (a) Implied Yield [] NACA, NACS, NACQ, NACM
 (b) Reference Price []
 (c) Equivalent Discount Rate []
 (d) Spread to Reference Rate []
 (e) Maturity Date []
 (f) Day Count []
 (g) Any other formula or basis for determining [] amount payable

INDEXED NOTES

37. (a) Type of Indexed Notes [Indexed Interest Notes / Indexed Redemption Amount Notes]
 (b) Index/Formula by reference to which Interest Amount/Final Redemption Amount is to be determined []
 (c) Manner in which the Interest Amount/Final Redemption Amount is to be determined []
 (d) Interest Period []
 (e) Interest Payment Date(s) []
 (f) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest []
 (g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable []

OTHER NOTES

38. If the Notes are not Fixed Rate Notes or Floating Rate Notes, or if the Notes are a combination of the above and some other Note, set out the relevant description of any additional Terms and Conditions relating to such Notes []

PROVISIONS REGARDING REDEMPTION/ MATURITY

39. Redemption at the option of the Issuer: if yes: [Yes/No]

(a) Optional Redemption Date(s) []

(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []

(c) Minimum period of notice []

(d) If redeemable in part:

Minimum Redemption Amount(s) []

Higher Redemption Amount(s) []

(e) Other terms applicable on Redemption []

40. Redemption at the option of the holders of the Senior Notes (Put Option): if yes [Yes/No]

Notes (Put Option): if yes

(a) Optional Redemption Date(s) (Put) []

(b) Optional Redemption Amount(s) (Put) and method, if any, of calculation of such amount(s) []

(c) Minimum period of notice []

(d) If redeemable in part:

Minimum Redemption Amount(s) []

Higher Redemption Amount(s) []

(e) Other terms applicable on Redemption []

41. Redemption at the option of the holders of the Senior Notes upon the occurrence of a Put Event in terms

of Condition 8.6:

(a) Delisting of the Notes of this Tranche/the ordinary shares of the Issuer from the JSE [Yes/No]

(b) Change of Control [Yes/No]

(c) Issuer disposing of the whole or the greater part of its undertaking or assets [Yes/No]

42. Early Redemption Amount(s) payable on redemption [Yes/No]

for Taxation reasons in terms of Condition 8.3 or Optional Redemption following a Put Event in terms

of Condition 8.6 or early redemption following an Event of Default in terms of Condition 12 : if yes

Early Redemption Amount and method, if any, of [as per Condition 8.7] calculation of such amount

GENERAL

43. Additional selling restrictions	[]
44. International Securities Numbering (ISIN)	[]
45. Stock Code	[]
46. Financial Exchange	[]
47. Dealer(s)	[]
48. If syndicated, names of Lead Manager(s)	[]
49. Method of distribution	[]
50. Rating assigned to the Issuer/the Programme/this Tranche of Notes (if any), date of such rating and date for review of such rating	[]
51. Rating Agency (if any)	[]
52. Governing Law	South Africa
53. Last Day to Register	[], being 17h00 on the Business Day preceding the Books Closed Period
54. Books Closed Period	[10 days prior to each Interest Payment Date and Redemption Date]
55. Calculation Agent	[]
56. Specified Office of the Calculation Agent	[]
57. Transfer Agent	[]
58. Specified Office of the Transfer Agent	[]
59. Debt Sponsor	[]
60. Issuer's Settlement Agent	[]
61. Specified Office of the Issuer's Settlement Agent	[]
62. Stabilisation Manager, if any	[]
63. Programme Amount	[R]
64. Aggregate Outstanding Principal Amount of all Notes	R[], excluding this Tranche of Notes and any

in issue on the Issue Date of this Tranche	other Tranche(s) of Notes to be issued on the Issue Date
65. Aggregate Outstanding Principal Amount of Notes in issue in respect of the Series on the Issue Date of this Tranche	R[], excluding this Tranche of Notes and any other Tranche(s) of Notes to be issued in respect of the Series on the Issue Date
66. Additional Events of Default	[.....]
67. Other provisions	[]

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS – SEE APPENDIX "A"

Application [is hereby/will not be] made to list this Tranche of the Notes, [as from []], pursuant to the Esorfranki Limited Domestic Medium Term Note Programme. The Programme was registered with the JSE on [....].

Esorfranki Limited

By: W.H.Y.

Director, duly authorised

Date: 24/7/2012

By: W.H.Y.

Director, duly authorised

Date: 24/7/2012

APPENDIX "A"**Disclosure Requirements in terms of paragraph 3(5) of the Commercial Paper Regulations**

At the date of this Applicable Pricing Supplement:

Paragraph 3(5)(a)

The ultimate borrower is [the Issuer]

Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

Paragraph 3(5)(c)

The auditor of the Issuer is KPMG Inc.

Paragraph 3(5)(d)

As at the date of this issue:

(a) [the Issuer has not issued any Notes/the Outstanding Principal Amount of all Notes issued by the Issuer is R[]; and

(b) [it is not anticipated that the Issuer will issue additional Notes during the remainder of its current financial year/it is anticipated that the Issuer will issue additional Notes with an estimated nominal value of R[] during the remainder of its current financial year ended [], in addition to the Notes forming part of this issue of Notes].

Paragraph 3(5)(e)

Prospective investors in the Notes are to consider this Applicable Pricing Supplement, the Programme Memorandum and the documentation incorporated therein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes. In addition, prospective investors in the Notes are to consider the latest audited financial statements of the Issuer which are incorporated into the Programme Memorandum by reference and which may be requested from the Issuer.

Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

Paragraph 3(5)(g)

The Notes issued will be [listed/unlisted], as stated in the Applicable Pricing Supplement.

Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for [].

Paragraph 3(5)(i)

The Notes are [secured/unsecured].

Paragraph 3(5)(j)

KPMG Inc, the auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations (Government Notice 2172 in Government Gazette No, 16167 of 14 December 1994) published under Paragraph (cc) of the definition of the "business of a bank" in terms of Section 1 of the Banks Act, 1990).

Esorfranki Limited

By: W.H.Y.

Director, duly authorised

Date: 24/7/2012

By: B.Kraul

Director, duly authorised

Date: 24/7/2012

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer. Notes will be issued in individual Tranches, which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, 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 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 Tranche of Notes. The Terms and Conditions set out below and the Applicable Pricing Supplement will be deemed to be incorporated by reference into each Certificate, if any, evidencing any Notes.

1. Interpretation

In the Terms and Conditions, the following expressions shall have the following meanings, unless inconsistent or separately defined in the Programme Memorandum or in the Applicable Pricing Supplement:

- | | | |
|-------|-------------------------------------|---|
| 1.1 | "Absa Capital" | Absa Capital, a division of Absa Bank Limited, a company incorporated in accordance with the laws of South Africa, registration number 1986/004794/06, its successors-in-title or assigns; |
| 1.2 | "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; |
| 1.3 | "Additional Business Centre" | in relation to a Tranche of Notes, any city specified as such in the Applicable Pricing Supplement; |
| 1.4 | "Agency Agreement" | the agreement concluded between the Issuer, the Transfer Agent and the Calculation Agent, or a separate agreement between the Issuer and each of the Transfer Agent and the Calculation Agent, unless the Issuer itself acts in any of the abovementioned capacities; |
| 1.5 | "Applicable Law" | in relation to a person, all and any: |
| 1.5.1 | | statutes and subordinate legislation; |

1.5.2	regulations, ordinances and directives;
1.5.3	by-laws;
1.5.4	codes of practice, circulars, guidance notices, judgements and decisions of any competent authority; and
1.5.5	other similar provisions, from time to time,
1.6 "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 <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed " <i>Pro Forma Applicable Pricing Supplement</i> ";
1.7 "Applicable Procedures"	the rules and operating procedures for the time being of the Central Securities Depository, Settlement Agents and the JSE, as the case may be;
1.8 "Arranger"	Absa Capital;
1.9 "Auditor"	the auditor of the Issuer, from time to time;
1.10 "Beneficial Interest"	in relation to a Note, an interest as co-owner of an undivided share in a Note held in uncertificated form, in accordance with the Securities Services Act;
1.11 "BESA"	The Bond Exchange of South Africa Limited (registration number 2007/034441/06), which was a licensed financial exchange in terms of the Securities Services Act, prior to its merger, on 22 June 2009, with the JSE;
1.12 "BESA Guarantee Fund Trust"	the Guarantee Fund Trust established and operated by BESA, prior to its merger with the JSE on 22 June 2009 and, as at the Programme Date, operated by the JSE as a separate Guarantee Fund

		Trust, in terms of the rules of the JSE, as required by sections 9(1)(e) and 18(2)(x) of the Securities Services Act or any successor fund;
1.13	"Books Closed Period"	in relation to a Tranche of Notes, the period of 10 days prior to each Interest Payment Date and Redemptions Date or such other period or periods stipulated by the Issuer in the Applicable Pricing Supplement as being the period or periods during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of that Tranche of Notes;
1.14	"Breakage Costs"	means the amount (if any) by which:
1.14.1		the interest (excluding the Margin) which a Noteholder should have received for the period from the date of receipt of all or any part of the Principal Amount of a Note to the last day of the current Interest Period in respect of that Note, had the Principal Amount received been paid on the last day of that Interest Period;
		exceeds:
1.14.2		the amount which that Noteholder would be able to obtain by placing an amount equal to the Principal Amount received by it on deposit with a Reference Bank (as defined in Condition 7.2.4.2) for a period starting on the Business Day following receipt and ending on the last day of the current Interest Period;
1.15	"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 Pricing Supplement, save that if the Specified Currency is not Rand, " <i>Business Day</i> " shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the

		principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, "Business Day" shall include a Saturday;
1.16	"Business Day Convention"	the business day convention, if any, specified as such and set out in the Applicable Pricing Supplement;
1.17	"Calculation Agent"	in relation to a Tranche or Series of Notes, such person with whom the Issuer enters into an agreement in terms of which such person agrees to perform various calculations in respect of the Notes;
1.18	"Central Securities Depository"	Strate Limited (registration number 1998/022242/06), or its nominee, a central securities depository operating in terms of the Securities Services Act, or any additional or alternate depository approved by the Issuer, the Dealer and the JSE;
1.19	"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;
1.20	"Certificate"	as contemplated in the Terms and Conditions, a single certificate representing Notes in a Tranche of Notes, registered in the name of the relevant Noteholder;
1.21	"Commercial Paper Regulations"	the Commercial Paper Regulations published in terms of the Banks Act.....under Government

		Notice number 2172 published in Government Gazette number 16167, dated 14 December 1994;
1.22	"Companies Act"	the Companies Act, 2008;
1.23	"Condition"	a numbered term or condition of the Notes forming part of the Terms and Conditions;
1.24	"Dealer"	Absa Capital and such person(s) appointed by the Issuer in terms of the Programme Agreement, which appointment may be for a specific issue of Notes or an ongoing basis;
1.25	"Interest Rate Market of the JSE"	the separate platform or sub-market of the JSE designated as the <i>"Interest Rate Market"</i> and on which (i) securities which were listed on BESA, prior to its merger with the JSE on 22 June 2009, may continue to be listed and (ii) debt securities (as defined in the JSE Debt Listings Requirements) may be listed, subject to all Applicable Laws;
1.26	"Early Redemption Amount"	the amount, as set out in Condition 8.7, at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 8.3 (Tax reasons), Condition 8.6 (Optional Redemption in respect of a Put Event) and/or Condition 12 (Event of Default);
1.27	"Encumbrance"	means any mortgage, cession of rights, charge, lien, pledge, assignment, hypothecation, preferential right, or other security interest or arrangement creating real rights of security, any arrangement under which money or claims to, or for the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any Person, and any other type of preferential agreement or arrangement (including any title transfer and retention arrangement), the effect of which is the creation of a security interest, but expressly excluding any guarantee, indemnity, suretyship or other arrangement creating personal rights of security;

1.28	"Event of Default"	in relation to any Notes, any of the events specified as such in Condition 12;
1.29	"Extraordinary Resolution"	a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Series of Notes, as the case may be, by a majority consisting of not less than 66,67% of the votes cast at a poll by Noteholders or Noteholders of the relevant Series of Notes, as the case may be, present in person or by proxy;
1.30	"Final Broken Amount"	in respect of a Tranche of Notes, the Interest Amount for the last Interest Period as specified in the Applicable Pricing Supplement;
1.31	"Final Redemption Date"	in relation to a Tranche of Notes, the final date upon which the Notes of that Tranche are to be redeemed, as set out in the Applicable Pricing Supplement;
1.32	"Fixed Rate Notes"	Notes which bear interest at a fixed Interest Rate, as specified in the Applicable Pricing Supplement;
1.33	"Floating Rate Notes"	Notes which bear interest at a floating Interest Rate, as specified in the Applicable Pricing Supplement;
1.34	"GAAP"	generally accepted accounting practices in South Africa, including IFRS;
1.35	"Group"	the Issuer and each of its Subsidiaries;
1.36	"IFRS"	the international financial reporting standards issued by the International Accounting Standard Board ("IASB") and interpretations issued by the Financial Reporting Interpretations Committee of the IASB (as amended or reissued from time to time);
1.37	"Implied Yield"	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
1.38	"Income Tax Act"	the Income Tax Act, 1962;

1.39	"Indexed Notes"	Notes which bear interest determined by reference to such index and/or formula specified in the Applicable Pricing Supplement;
1.40	"Initial Broken Amount"	in respect of a Tranche of Notes, the Interest Amount for the first Interest Period as specified in the Applicable Pricing Supplement;
1.41	"Interest Amount"	the amount of interest payable in respect of each Note, as determined in accordance with the Terms and Conditions;
1.42	"Interest Commencement Date"	in respect of a Tranche of Notes other than Zero Coupon Notes, the first date from which interest on such Notes will accrue, as specified in the Applicable Pricing Supplement;
1.43	"Interest Payment Date(s)"	the dates specified as such in the Applicable Pricing Supplement upon which Interest Amounts are due and payable in respect of the Notes;
1.44	"Interest Period"	each period, as specified in the Applicable Pricing Supplement, in respect of which interest accrues on the Notes, other than Zero Coupon Notes, commencing on (and including) each Interest Payment Date and ending on (but excluding) the following Interest Payment Date, provided that the first Interest Period in respect of any Tranche of Notes other than Zero Coupon Notes, shall be from (and including) the Interest Commencement Date to (but excluding) the next following Interest Payment Date thereafter and the final Interest Period shall be from (and including) the Interest Payment Date immediately preceding the Final Redemption Date to (but excluding) the Final Redemption Date;
1.45	"Interest Rate"	in relation to each Tranche of Notes, the interest rate specified in the Applicable Pricing Supplement;
1.46	"ISDA"	International Swaps and Derivatives Association, Inc;

1.47	"ISDA Definitions"	the 2006 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
1.48	"Issue Date"	in relation to each Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
1.49	"Issue Price"	in relation to each Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
1.50	"Issuer"	Esorfranki Limited, a public company incorporated in accordance with the laws of South Africa, registration number 1994/000732/06, its successors-in-title or assigns;
1.51	"JSE"	means the JSE Limited (Registration Number 2005/022939/06), licensed as an exchange in terms of the Securities Services Act, or any exchange which operates as a successor exchange to the JSE in terms of the Securities Services Act;
1.52	"JSE Debt Listings Requirements"	means all listings requirements promulgated by the JSE from time to time for the Interest Rate Market of the JSE;
1.53	"Last Day to Register"	with respect to a particular Tranche of Notes, 17h00 on 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;
1.54	"Lead Manager(s)"	in relation to the issue of a Tranche of Notes, one or more of the Dealer(s) appointed by the Issuer in respect of the placement of that Tranche of Notes, as specified in the Applicable Pricing Supplement;
1.55	"Maturity Amount"	the amount payable at maturity in respect of the Notes, as specified in the Applicable Pricing Supplement;
1.56	"Mixed Rate Notes"	Notes which will bear interest over respective periods at differing Interest Rates applicable to any

		combination of Fixed Rate Notes, Floating Rate Notes or other Notes, each as specified in the Applicable Pricing Supplement;
1.57	"Noteholder"	in respect of a Note, the holder of that Note, as recorded in the Register;
1.58	"Noteholders"	the holders of all Notes as recorded in the Register;
1.59	"Notes"	the Notes issued or to be issued by the Issuer under the Programme in terms of the Terms and Conditions;
1.60	"Optional Redemption Amount(s)"	has the meaning given in the Applicable Pricing Supplement;
1.61	"Optional Redemption Date(s)"	has the meaning given in the Applicable Pricing Supplement;
1.62	"Ordinary Resolution"	a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Series of Notes, as the case may be, by a majority of the votes cast on a poll by Noteholders or Noteholders of the relevant Series of Notes, as the case may be, present in person or by proxy;
1.63	"Outstanding Principal Amount"	in relation to any Note, the Principal Amount of that Note less the aggregate amounts in respect of the Principal Amount redeemed and paid to the Noteholder;
1.64	"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;
1.65	"Principal Amount"	in relation to each Note, the nominal amount of that Note, being the amount equivalent to the Specified Denomination set out in the Applicable Pricing Supplement;

1.66	"Principal Payment"	in respect of any Note, so much of the Principal Amount redeemed in respect of such Note on an Interest Payment Date;
1.67	"Programme"	the R1 000 000 000 domestic medium term note programme under which the Issuer may from time to time issue Notes;
1.68	"Programme Agreement"	the agreement concluded between the Issuer, the Arranger, Debt Sponsor and Dealer(s) relating to the procuring of subscriptions for the Notes;
1.69	"Programme Amount"	the maximum aggregate Outstanding Principal Amount of all of the Notes that may be issued under the Programme at any one point in time, being R1 000 000 000 or such increased amount as is determined by the Issuer from time to time subject to and in accordance with all Applicable Laws, the Programme Agreement, the requirements of the JSE and/or any such other exchange(s) on which the Notes may be listed;
1.70	"Programme Date"	the date of this Programme Memorandum, being 25 July 2012;
1.71	"Programme Memorandum"	this information memorandum to be issued by the Issuer providing information about the Issuer, the Notes and incorporating the Terms and Conditions, as amended, novated or supplemented from time to time;
1.72	"Put Option Notice"	a written notice delivered by any holder of Senior Notes regarding the exercise of a right to redeem Senior Notes at the option of such Noteholder;
1.73	"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;
1.74	"R" or "Rand"	the lawful currency of South Africa, being South African Rand, or any successor currency;
1.75	"Rating"	in relation to a Tranche of Notes, the Programme or the Issuer, a rating, if any, granted by the Rating Agency, as specified in the Applicable Pricing Supplement;
1.76	"Rating Agency"	any of Standard & Poor's, Fitch Southern Africa (Pty) Ltd, Moody's Investors Service Limited and/or such other rating agency as the rating agency or rating agencies, if any, appointed by the Issuer to assign a Rating to the Issuer or to any Notes issued by the Issuer, as specified in the Applicable Pricing Supplement;
1.77	"Redemption Date"	each date on which any Notes are to be redeemed, partially or totally, as the case may be, in terms of the Terms and Conditions;
1.78	"Reference Price"	in relation to a tranche of Zero Coupon Notes, the reference price specified in the Applicable Pricing Supplement;
1.79	"Register"	the register of Noteholders maintained by the Transfer Agent;
1.80	"Restricted Group Company"	the Issuer and each Restricted Subsidiary;
1.81	"Restricted Subsidiary"	in respect of each Tranche of Notes, any Subsidiary specified as such in the Applicable Pricing Supplement;
1.82	"Relevant Date"	the date on which a payment first becomes due and payable in accordance with these Terms and Conditions, except that in relation to monies payable to the Central Securities Depository's Nominee in accordance with these Terms and Conditions, the claim in respect of any payment under the Notes will prescribe 3 years after the date on which (i) the full amount of such monies have

		been received by the Central Securities Depository's Nominee, (ii) such monies are available for payment to the holders of Beneficial Interests, and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
1.83	"Relevant Indebtedness"	means any indebtedness (whether principal, premium, interest or other amounts) for or in respect of (i) monies borrowed, or (ii) liabilities under any acceptance or acceptance credit, or (iii) any bonds, notes, debentures, loan stock or other debt securities, or (iv) any guarantees or indemnities given, whether present or future, actual or contingent;
1.84	"Security Documents"	in respect of each Tranche of Notes, the documents specified as such in the Applicable Pricing Supplement;
1.85	"Security Provider"	in respect of each Tranche of Notes, the persons specified as such in the Applicable Pricing Supplement;
1.86	"Securities Services Act"	the Securities Services Act, 2004;
1.87	"Senior Notes"	Notes issued with the status set out in Condition 5.1;
1.88	"SENS"	Stock Exchange News Service;
1.89	"Series" or "Series of Notes"	a Tranche of Notes which, together with any further Tranche or Tranches of Notes, are:
1.89.1		expressed to be consolidated and form a single series; and
1.89.2		identical in all respects (including listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Price;
1.90	"Settlement Agents"	those Participants which are approved by the JSE or any other relevant financial exchange from time

		to time, in terms of the Applicable Procedures of the JSE, as settlement agents to perform electronic settlement of funds and scrip on behalf of market participants;
1.91	"South Africa"	the Republic of South Africa;
1.92	"Specified Currency"	the lawful currency of South Africa or Rand;
1.93	"Specified Denomination"	has the meaning given in the Applicable Pricing Supplement;
1.94	"Specified Office"	in relation to each of the Issuer, the Calculation Agent and the Transfer Agent, the address of the office specified in respect of such entity in the Applicable Pricing 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;
1.95	"Step-Up Date"	in relation to each Tranche of Notes, the date specified in the Applicable Pricing Supplement from which the Step-Up Rate, if any, will be applicable;
1.96	"Step-Up Rate"	in relation to each Tranche of Notes, the interest rate specified in the Applicable Pricing Supplement;
1.97	"Subordinated Indebtedness"	has the meaning given in Condition 5.2.3;
1.98	"Subordinated Notes"	Notes issued with the status set out in Condition 5.2;
1.99	"Subsidiary"	a subsidiary within the meaning of section 1 of the Companies Act;
1.100	"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 (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;

1.101	"Terms and Conditions"	the terms and conditions incorporated in the section headed <i>"Terms and Conditions of the Notes"</i> of this Programme Memorandum, read with the Applicable Pricing Supplement, and in accordance with which the Notes will be issued;
1.102	"Tranche"	all Notes which are identical in all respects (including as to listing, if any) and are issued in a single issue;
1.103	"Transaction Documents"	in respect of each Tranche of Notes, the documents specified as such in the Applicable Pricing Supplement;
1.104	"Transfer Agent"	Absa Capital, or such other person with whom the Issuer enters into an agreement in terms of which such person agrees to provide note registry services to the Issuer;
1.105	"Transfer Form"	in relation to the transfer of a Note as contemplated in the Terms and Conditions, a form of transfer in the usual form or in such other form approved by the Transfer Agent; and
1.106	"Zero Coupon Notes"	Notes which will be offered and sold at a discount to their Principal Amount or at par and will not bear interest other than in the case of late payment.
1.107	In the Terms and Conditions, unless inconsistent with the context, any reference to:	
1.107.1	one gender includes a reference to the others;	
1.107.2	the singular includes the plural and <i>vice versa</i> ;	
1.107.3	natural persons include juristic persons and <i>vice versa</i> ;	
1.107.4	any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and amended or amendment will be construed accordingly;	
1.107.5	a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;	

- 1.107.6 **a regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.107.7 **assets** includes present and future properties, revenues and rights of every description;
- 1.107.8 **disposal** means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);
- 1.107.9 **Indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 1.107.10 **an authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
- 1.107.11 days is a reference to calendar days, unless expressly stated otherwise;
- 1.107.12 a Party or any other person includes that person's permitted successor, transferee, assignee, cessionary and/or delegate; and
- 1.107.13 a time of day is a reference to Johannesburg time.
- 1.108 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the agreement, notwithstanding that it is contained in the interpretation clause.
- 1.109 Headings are inserted for the sake of convenience only and do not in any way affect the interpretation of the Terms and Conditions.
- 1.110 The use of the word **Including** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the *eiusdem generis* rule must not be applied in the interpretation of such general wording or such specific examples.

2. Issue

- 2.1 Notes may be issued by the Issuer in Tranches pursuant to the Programme, without requiring the consent of Noteholders.
- 2.2 A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme.
- 2.3 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.

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 Listed and/or unlisted Notes may be issued under the Programme.
- 3.3 Each Note shall be a Senior Note or a Subordinated Note, as specified in the Applicable Pricing Supplement.
- 3.4 Payments (whether in respect of interest or principal) on Notes may be determined by reference to such fixed or floating rates or such indices or formulae as may be specified in the Applicable Pricing Supplement. Notes may:
 - 3.4.1 be interest bearing or non-interest bearing;
 - 3.4.2 be issued at par, a premium or a discount;
 - 3.4.3 be issued in fully paid up form;
 - 3.4.4 be exchangeable for other assets;
 - 3.4.5 have such other characteristics as may be specified in the Applicable Pricing Supplement.
- 3.5 The Notes in a Tranche of Notes will be issued in the form of registered Notes, represented by (i) Certificates registered in the name, and for the account of, the relevant Noteholder or (ii) no Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 37 of the Securities Services Act, and registered in the name, and for the account of, the Central Securities Depository's Nominee. The Central Securities Depository will hold the Notes subject to the Securities Services Act and the Applicable Procedures.

4. Title

- 4.1 Title to the Notes will pass upon registration of transfer in the Register in accordance with Condition 14. The Issuer and the Transfer Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or

theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

- 4.2 Beneficial Interests in Notes held in uncertificated form may, in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the 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 Notes held in uncertificated form, 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 Status of the Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and, save as set out in the Applicable Pricing Supplement, unsecured obligations of the Issuer and will rank equally among themselves and (save for certain debts required to be preferred by Applicable Law) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer from time to time outstanding.

5.2 Status of the Subordinated Notes

- 5.2.1 Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer (on the basis set out in Condition 5.2.2) and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) at least equally with all other present and future unsecured, subordinated obligations of the Issuer from time to time outstanding.
- 5.2.2 Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up, the claims of the persons entitled to be paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness. Accordingly, in any such event, and provided as aforesaid, no holder of a Subordinated Note shall be entitled to prove or tender to prove a claim in respect of the Subordinated Notes, and no amount shall be eligible for set-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of Subordinated Notes in respect of the obligations of the Issuer thereunder, until all other indebtedness of the Issuer which is

admissible in any such dissolution, insolvency or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

5.2.3 **"Subordinated Indebtedness"** means for the purposes of this Condition 5.2 any indebtedness of the Issuer, including any guarantee given by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer in the event of the dissolution, winding-up or placing into liquidation of the Issuer.

6. Calculation Agent and Transfer Agent

- 6.1 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.
- 6.2 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. The Issuer shall notify Noteholders (in the manner set out in Condition 16), the Central Securities Depository and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE in the event of a change in the identity of the Calculation Agent and/or Transfer Agent.

7. Interest

7.1 Interest on Fixed Rate Notes

7.1.1 Fixed Interest Rate

Each Fixed Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Interest Rate, from and including the Interest Commencement Date to but excluding the earlier of the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date) and the Step-Up Date, if any. If the Step-Up Date occurs, each Fixed Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Step-Up Rate, from and including the Step-Up Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).

7.1.2 Interest Payment Dates

The interest due in respect of each Interest Period will be payable in arrear on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions

of Condition 9.3 shall determine the date of payment of interest due upon such Interest Payment Date.

7.1.3 **Calculation of Interest Amount**

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

- 7.1.3.1 if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal such Initial Broken Amount; and
- 7.1.3.2 if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal such Final Broken Amount.

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

7.2 **Interest on Floating Rate Notes**

7.2.1 **Interest Rate**

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

7.2.2 **Interest Payment Dates**

The interest due in respect of each Interest Period will be payable in arrear on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions

of Condition 9.3 shall determine the date of payment of interest due upon such Interest Payment Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

7.2.3

Determination of Interest Rate and calculation of Interest Amount

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

7.2.4

Basis of Interest Rate

7.2.4.1

The Interest Rate will be determined:

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

all as indicated in the Applicable Pricing Supplement.

7.2.4.2

ISDA Determination

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

For the purposes of this Condition 7.2.4.2:

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

- (a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;

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

"Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those expressions in the ISDA Definitions. Other expressions used in this Condition 7.2.4.2 or in the Applicable Pricing Supplement (where ISDA determination is specified) not expressly defined shall bear the meaning given to those expressions in the ISDA Definitions.

When this Condition 7.2.4.2 applies, in respect of each Interest Period such Calculation Agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 7.2.3 in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 7.2.4.2.

7.2.4.3

Screen Rate Determination

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

- (a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,000005 being rounded upwards) of the offered quotations (if there is more than one quotation on the Relevant Screen Page) and subject to adjustment in terms of the JSE's approved methodology,

for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11h00 (Johannesburg time) on the Rate Determination Date in question, as determined and published by the JSE, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

If the Relevant Screen Page is not available or if, in the case of (a) above in this Condition 7.2.4.3, no such offered quotation appears or, in the case of paragraph (b) above in this Condition 7.2.4.3, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the

Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (Johannesburg time) on the Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0,000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 7.2.4.3, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 12h00 (Johannesburg time) on the relevant Rate Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 12h00 (Johannesburg time) on the relevant Rate Determination Date, by the Reference Banks (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Rate Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that preceding Interest Period).

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

"Reference Banks" means for the purposes of this Condition 7.2.4.3 four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer (where the Issuer does not act as the Calculation Agent).

7.3 Interest on Mixed Rate Notes

- 7.3.1 Each Mixed Rate Note will bear interest at the Interest Rate or Step-Up Rate, if any, applicable to the relevant form of interest-bearing Note (be it a Fixed Rate Note, Floating Rate Note or Indexed Note) for such Interest Period(s), as is/are specified for this purpose in the Applicable Pricing Supplement, from and including the Issue Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).
- 7.3.2 Unless otherwise specified in the Applicable Pricing Supplement, a Tranche of Mixed Rate Notes shall (i) for the Interest Period(s) during which such Tranche bears interest at the Interest Rate applicable to Fixed Rate Notes, be construed for all purposes as a Tranche of Fixed Rate Notes and (ii) for the Interest Period(s) during which such Tranche bears interest at the Interest Rate applicable to Floating Rate Notes, be construed for all purposes as a Tranche of Floating Rate Notes and (iii) for the Interest Period(s) during which such Tranche bears interest determined in accordance with an index or formula applicable to Indexed Notes, be construed for all purposes as a Tranche of Indexed Notes.

7.4 Interest on Indexed Notes

- 7.4.1 Each Indexed Note will bear interest at the Interest Rate or in the Interest Amount determined by reference to such index and/or formula specified in the Applicable Pricing Supplement, for such Interest Period(s) as is/are specified for this purpose in the Applicable Pricing Supplement, from and including the Interest Commencement Date to but excluding the earlier of the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date) and the Step-Up Date, if any. If the Step-Up Date occurs, each Indexed Note will bear interest at the Step-Up Rate or in the Interest Amount determined by reference to such index and/or formula specified in the Applicable Pricing Supplement, for such Interest Period(s) as is/are specified for this purpose in the Applicable Pricing Supplement, from and including the Step-Up Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).
- 7.4.2 The interest due in respect of each Interest Period will be payable in arrear on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions

of Condition 9.3 shall determine the date of payment of interest due upon such Interest Payment Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

7.4.3 The Calculation Agent will, on each Rate Determination Date, determine, if applicable, the Interest Rate applicable to each Tranche of Indexed Notes and, if applicable, calculate the Interest Amount payable in respect of each Indexed Note in that Tranche for that Interest Period.

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

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

7.5.2 The Calculation Agent will, in relation to each Tranche of Notes, at least 2 Business Days before each Interest Payment Date, cause the aggregate Interest Amount payable for the relevant Interest Period in respect of such Tranche of Notes to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE.

7.6 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, will, in the absence of wilful deceit, bad faith or manifest error, be binding on the Issuer and all Noteholders, and the Calculation Agent will not have any liability to the Issuer or the Noteholders in connection therewith.

8. Redemption and purchases

8.1 Redemption of Zero Coupon Notes at maturity

Unless previously redeemed or purchased and cancelled as specified below, a Zero Coupon Note will be redeemed by the Issuer at its Maturity Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on its Final Redemption Date.

8.2 **Final Redemption of the Notes**

Unless previously redeemed or purchased and cancelled as specified below, each Note in a Tranche of Notes shall, subject to the Conditions, be redeemed by the Issuer at its Outstanding Principal Amount (together with interest accrued unpaid thereon) on the Final Redemption Date.

8.3 **Redemption for tax reasons**

- 8.3.1 Notes in a Tranche of Notes may be redeemed at the option of the Issuer, at any time on or before the next payment due under the Notes (in the case of Notes other than Floating Rate Notes or Indexed Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date in relation to the next payment due under the Notes (in the case of Floating Rate Notes or Indexed Notes or Mixed Rate Notes), on giving not less than 20 days notice to the Noteholders prior to such redemption, in accordance with Condition 16 (which notice shall be irrevocable), if the Issuer is of the reasonable opinion that:
- 8.3.1.1 on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to deduct or withhold from any payment of principal or interest on the Notes any amounts as provided for or referred to in Condition 10 as a result of any change in, or amendment to, the laws or regulations of South Africa or any other Applicable Law or any political subdivision of, or any authority in, or of, South Africa having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- 8.3.1.2 such obligation cannot be avoided by the Issuer taking reasonable measures available to it.
- 8.3.2 From the date of publication of any notice of redemption pursuant to this Condition 8.3, the Issuer shall make available at its Specified Office, for inspection by any holder of Notes so redeemed, a certificate signed by 2 authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers to the effect that the Issuer has or will become obliged to make such deduction or withholding as a result of such change or amendment.
- 8.3.3 Notes may be redeemed by the Issuer in accordance with this Condition 8.3 in whole or in part. A redemption in part may be effected by the Issuer notwithstanding that such partial redemption may not entirely avoid such obligation to make such deduction or withholding as provided for or referred to in Condition 10. The failure to exercise such

option in relation to any payment due under the Notes, will not preclude the Issuer from exercising the option in relation to any subsequent payment due under the Notes.

- 8.3.4 Notes redeemed for tax reasons pursuant to this Condition 8.3 will be redeemed at:
 - 8.3.4.1 their Early Redemption Amount referred to in Condition 8.7, together with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption; or
 - 8.3.4.2 as specified in the Applicable Pricing Supplement.

8.4 **Redemption at the option of the Issuer**

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem the Notes in a Tranche of Notes, the Issuer shall be entitled, having given not less than 20 days notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable) to redeem the Notes in that Tranche of Notes then outstanding, in whole or in part, on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the Optional Redemption Date(s).

8.5 **Redemption at the option of holders of Senior Notes**

This Condition 8.5 shall apply only to Senior Notes. If the holders of the Senior Notes are specified in the Applicable Pricing Supplement as having an option to redeem Notes in a Tranche of Senior Notes, the Issuer shall, at the option of the holder of any Senior Note redeem such Senior Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together with accrued unpaid interest (if any) to such date. In order to exercise the option contained in this Condition 8.5, the holder of a Senior Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit the Certificate, if any, representing such Senior Note with the Transfer Agent, together with a duly completed Put Option Notice in the form obtainable from the Transfer Agent. No Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 8.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), the Senior Notes represented by any Certificate so deposited become immediately due and payable or, upon due presentation of any Certificate on the relevant Optional Redemption Date (Put), payment of the redemption monies is improperly withheld or refused, such Certificate shall, without prejudice to the exercise of the Put Option, be returned to the holder by registered mail at the address specified by such holder in the relevant Put Option Notice.

8.6 Optional Redemption in respect of a Put Event

- 8.6.1 This Condition 8.6 shall apply only to Senior Notes. The Applicable Pricing Supplement shall specify whether the holders of the Senior Notes in a Tranche of Notes have the right of Optional Redemption in respect of a Put Event.
- 8.6.2 The Issuer must promptly notify the Noteholders of the Series of Notes to whom this Condition 8.6 applies, in accordance with Condition 16, if it becomes aware of any Put Event and specify the nature of that Put Event.
- 8.6.3 Each Noteholder of the Series may, by notice to the Issuer delivered by that Noteholder to the Issuer within the Election Period, declare all or any part of the Notes in respect of that Noteholder, to be due and payable 15 days after the expiry of the Election Period.
- 8.6.4 Notes redeemed pursuant to this Condition 8.6 will be redeemed at their Early Redemption Amount referred to in Condition 8.7, together with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or such other amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement.
- 8.6.5 For the purposes of this Condition 8.6:
- (a) **"Acting In Concert"** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer;
 - (b) a **"Change of Control"** shall be deemed to have occurred at each time (whether or not approved by the senior management or board of directors of the Issuer) that any person (**"Relevant Person"**) at any time directly or indirectly acquires, or persons Acting in Concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly acquire, Control of the Issuer; provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control were also, all of the shareholders of the Issuer;
 - (c) **"Control"** of the Issuer means:
 - (i) the holding beneficially of more than 50% of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or

- (ii) the power to cast, or control the casting of, such number of the shares in the issued share capital of the Issuer carrying more than 50% of the total number of votes that may be cast at a general meeting of the members of the Issuer; or
- (iii) the power to appoint, or control the appointment, of the majority of the board of directors of the Issuer;
- (d) "Election Period" means, in relation to a Put Event, the period ending 45 days after the date on which the occurrence of that Put Event is notified by the Issuer to the Noteholders or, failing such notice, the period ending 45 days after the Noteholders otherwise become aware of the Put Event;
- (e) "Put Event" means the occurrence of any of the following:
 - (i) a delisting of the Notes in the relevant Series of Senior Notes from the Interest Rate Market of the JSE or a delisting of the ordinary shares of the Issuer from the JSE; or
 - (ii) a Change of Control; or
 - (iii) the Issuer disposing of the whole or the greater part of its undertaking or assets, whether in a single transaction or a series of related transactions.

8.7 Early Redemption Amounts

- 8.7.1 For the purpose of Conditions 8.3, 8.6 and 12 (unless otherwise as stated in the Applicable Pricing Supplement), the Notes will be redeemed at the Early Redemption Amount calculated as follows:
 - 8.7.1.1 in the case of Notes with a Maturity Amount equal to the Principal Amount, at the Maturity Amount thereof; or
 - 8.7.1.2 in the case of Notes (other than Zero Coupon Notes) with a Maturity Amount which is or may be less than or greater than the Issue Price, to be determined in the manner specified in the Applicable Pricing Supplement, at that Maturity Amount or, if no such amount or manner is so specified in the Applicable Pricing Supplement, at their Outstanding Principal Amount; or
 - 8.7.1.3 in the case of Zero Coupon Notes, at an amount equal to the sum of (i) the Reference Price and (ii) the product of the Implied Yield being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Notes

becomes due and payable, or such other amount as is provided in the Applicable Pricing Supplement.

- 8.7.2 Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365, or such other calculation basis as may be specified in the Applicable Pricing Supplement.

8.8 Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes shall be held, resold or at the option of the Issuer cancelled.

8.9 Cancellation

All Notes which are redeemed in full will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.8, cannot be re-issued or resold. 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 remaining after such cancellation. The Issuer shall notify the Central Securities Depository, if applicable, and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE, of any cancellation or partial redemption of the Notes.

8.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to Condition 8 or upon its becoming due and repayable as provided in Condition 12, is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.7.1.3, as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date on which all amounts due in respect of such Zero Coupon Note have been paid.

8.11 Partial redemption

If the Notes are to be redeemed in part only on any date in accordance with these Terms and Conditions, each Note shall be redeemed in part in the proportion which the aggregate Principal Amount of the Notes to be redeemed on the relevant date fixed for redemption of such Notes bears to the aggregate Outstanding Principal Amount of all Notes on the relevant date fixed for redemption of such Notes.

9. Payment

9.1 Method of payment

- 9.1.1 Payments of interest and principal in respect of Notes held in uncertificated form in the Central Securities Depository will be made to the Central Securities Depository's Nominee, as the registered holder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, as the holders of Beneficial Interests shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to, or for the order of, the registered holder of the Note held in uncertificated form. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests. Payments of interest and principal in respect of Notes held in the Central Securities Depository in uncertificated form shall be recorded by the Central Securities Depository's Nominee, as the registered holder of the Notes, distinguishing between interest and principal, and such record of payments by the registered holder of the Notes shall be *prima facie* proof of such payments. Payments of interest and principal in respect of Notes represented by Certificates shall be made to the person reflected as the registered holder of the Certificate in the Register on the Last Day to Register.
- 9.1.2 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 (Johannesburg time) on the Last Day to Register (whether or not such day is a Business Day) preceding the relevant Interest Payment Date or Redemption Date, as the case may be, or, in the case of joint Noteholders, the account of that one of them who is first named in the Register in respect of that Note. If two or more 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.
- 9.1.3 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, government interference or control or any other cause or contingency beyond the control of the Issuer) such inability shall not constitute an Event

of Default and the Issuer shall give notice to the Noteholders within 3 Business Days of such inability arising. Upon receipt of such notice any Noteholder may request the Issuer in writing to make payment of any such amounts by way of cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such notice shall specify the address of the payee entitled to payment in respect of the Note, and if the Noteholder so desires, a request to make such cheque available for collection during business hours by a Noteholder or its duly authorised representative at the registered office of the Issuer.

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

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

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

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

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

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

9.2 Surrender of Certificates

9.2.1 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.

9.2.2 Should the holder of a Certificate refuse or fail to surrender the Certificate for endorsement or cancellation on or before a Redemption Date, the amount payable to him

in respect of such redemption, including any accrued unpaid interest, shall be retained by the Issuer for such Noteholder, at the latter's risk, until the Noteholder surrenders the necessary Certificate, and interest shall cease to accrue to such Noteholder from the Redemption Date in respect of the amount redeemed.

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

9.3 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:

- 9.3.1 if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 9.3.2 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.

In respect of Floating Rate Notes, interest shall accrue to and be paid on the relevant date of payment. In respect of Fixed Rate Notes, the holder shall not be entitled to further interest or other payment in respect of such delayed payment.

9.4 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 of principal is due and payable as specified in the Applicable Pricing Supplement. The Calculation Agent will, at least 2 Business Days before each such date, cause such aggregate amount of principal to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer, the Central Securities Depository, if applicable, and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE.

10. Taxation

- 10.1 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.
- 10.2 If any such withholding or deduction is required by Applicable Law in respect of Taxes imposed or levied on any payments (whether in respect of principal, interest or otherwise) in respect of any Notes, the Issuer will, subject to the Issuer's rights to redeem such Notes in terms of Condition 8.3, 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 pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:

- 10.2.1 held by or on behalf of a Noteholder, who is liable for such Taxes in respect of such Note by reason of it having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- 10.2.2 held by or on behalf of a Noteholder which would not be liable or subject to the withholding or deduction by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- 10.2.3 where such withholding or deduction is in respect of Taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the Taxable Income or Taxable Gains (each as defined below) of any Noteholder; or
- 10.2.4 where (in the case of any payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an additional amount on presenting the Certificate for payment on such thirtieth day; or
- 10.2.5 if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of Tax defaulters; or
- 10.2.6 where the Noteholder is entitled to claim a Tax reduction, creditor or similar benefit in respect of such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty.

For the purposes of this Condition 10:

"Taxable Income" means any "taxable income" as defined in section 1 of the Income Tax Act;

"Taxable Gain" means any "taxable capital gain" as defined in paragraph 1 of Schedule 8 to the Income Tax Act; and

"Income Tax Act" means the Income Tax Act.

11. Negative pledge

- 11.1 This Condition 11 shall apply only to Senior Notes.
- 11.2 Subject to the remaining provisions of this Condition 11, after the Programme Date and for as long as any Tranche of Senior Notes remains outstanding, the Issuer undertakes not to, and shall procure that no other Restricted Group Company shall, create, or permit the creation of, any Encumbrance over any of its present or future businesses, undertakings, assets or revenues to secure any present or future Relevant Indebtedness of the Issuer or such other Restricted Group Company without at the same time securing the Notes of such Tranche(s) of Senior Notes equally and rateably with such Relevant Indebtedness or providing such other security as may be approved by Extraordinary Resolution of the Noteholders of Notes of such Tranche(s) of Senior Notes. The Issuer shall be entitled but not obliged to form, or procure the formation of, a trust or trusts or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.
- 11.3 The provisions set out in Condition 11.2 shall not apply to:
- 11.3.1 any Encumbrance of the Issuer or any other Restricted Group Company in existence at the Programme Date;
- 11.3.2 any Encumbrance created over any asset owned, acquired, purchased, developed or constructed by the Issuer or any other Restricted Group Company after the Programme Date (including any Encumbrance over the shares or other ownership interests in, or securities of, any company or other person, acquired or subscribed for by the Issuer or other Restricted Group Company, after the Programme Date, or the assets of such other company or person) if such Encumbrance was created for the sole purpose of financing or refinancing that asset by the Issuer or any other Restricted Group Company; provided that the Relevant Indebtedness so secured shall not exceed the *bona fide* arm's length market value (on or about the date of creation of such Encumbrance) of that asset or the cost of the acquisition, purchase, development or construction of that asset by the Issuer or the relevant Restricted Group Company (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value and such cost both apply, the higher of the two;
- 11.3.3 any Encumbrance created over or with respect to any netting or set-off arrangement entered into by the Issuer or any other Restricted Group Company in the ordinary course of its banking arrangements for the purposes of netting debit and credit balances;
- 11.3.4 any statutory Encumbrance or Encumbrance created by operation of law in the ordinary course of the business of the Issuer or any other Restricted Group Company;

- 11.3.5 any Encumbrance over or affecting any asset acquired by the Issuer or any other Restricted Group Company after the Programme Date if:
- 11.3.5.1 the asset was subject to that Encumbrance prior to the date of acquisition of that asset and the Encumbrance was not created in contemplation of the acquisition of that asset by the Issuer or that other Restricted Group Company, as the case may be; and
- 11.3.5.2 the principal amount secured has not increased in contemplation of or since the acquisition of that asset by the Issuer or that other Restricted Group Company, as the case may be;
- 11.3.6 in respect of any Restricted Group Company which becomes a member of the Group after the Programme Date, any Encumbrance over or affecting any asset of that Restricted Group Company if:
- 11.3.6.1 the asset was subject to the Encumbrance prior to the date of the Restricted Group Company becoming a member of the Group and the Encumbrance was not created in contemplation of or in connection with the Restricted Group Company becoming a member of the Group; and
- 11.3.6.2 the principal amount secured has not increased in contemplation of or since the Restricted Group Company becoming a member of the Group;
- 11.3.7 any Encumbrance arising in the ordinary course of trade of the Issuer or any other Restricted Group Company and securing amounts that are not more than 60 days overdue;
- 11.3.8 any Encumbrance created under the Security Documents over deposit accounts securing a loan to the Issuer or any other Restricted Group Company of funds equal to the amount standing to the credit of such deposit accounts; or
- 11.3.9 any extension or renewal of any Encumbrance contemplated in Conditions 11.3.1 to 11.3.8 inclusive.

12. Events of Default

12.1 Events of Default relating to the Senior Notes

An Event of Default in relation to a Series of Senior Notes shall arise if any of the following events occurs and is continuing:

- 12.1.1 *Non-payment:* the Issuer fails to pay any amount of principal, interest or premium in respect of any Notes in that Series on the due date for payment thereof and such failure

remains unremedied for 3 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer; or

12.1.2 *Breach of other obligations:* the Issuer fails to perform any of its other obligations under or in respect of the Notes in that Series (including any restrictive covenants), and such failure, if capable of remedy, remains unremedied for 5 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer; or

12.1.3 *Consents, licences and authorisations:* the Issuer and/or any other Restricted Group Company fails to maintain any consent, licence, approval or authorisation now or in future necessary for the establishment of the Programme or the issue of Notes under the Programme or any such consent, licence, approval or authorisation ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its obligations under the Notes or the Programme, and such failure or cessation continues for more than 15 Business Days after the Issuer becomes aware of such event; or

12.1.4 *Cross-default or security enforced:*

- (a) If any Relevant Indebtedness of the Issuer or any other Restricted Group Company is declared to be or otherwise becomes due and repayable before its scheduled due date for payment by reason of an event of default (however described); or
- (b) the Issuer or any other Restricted Group Company fails to make any payment in respect of any Relevant Indebtedness on the due date for payment (as extended by any originally applicable grace period); or
- (c) any security given by the Issuer or any other Restricted Group Company for any Relevant Indebtedness becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security; or
- (d) if default is made by the Issuer or any other Restricted Group Company in making any payment due under any guarantee and/or indemnity (at the expiry of any originally applicable grace period) given by it in relation to any Relevant Indebtedness of any other person;

provided that in each case no event shall constitute an Event of Default unless the Relevant Indebtedness, either alone or when aggregated with other Relevant Indebtedness at that point in time, exceeds ZAR10 000 000 (or its equivalent in any other currency).

For the purposes of this Condition 12.1.4 and 12.1.5 and 12.1.7, any indebtedness which is in a currency other than South African Rand shall be translated into South African Rand at the spot rate for the sale of South African Rand against the purchase of the

relevant currency quoted by the Calculation Agent on the date of such Event of Default; or

12.1.5 *Judgment*: any final judgment or arbitration award ("Judgement") in respect of a claim of more than ZAR10 000 000, or its equivalent in any other currency, is given by a court of competent jurisdiction or arbitrator against the Issuer or any other Restricted Group Company, or against the assets or revenues of the Issuer or any other Restricted Group Company, and is not discharged or contested with 10 Business Days of the final judgment being granted; or

12.1.5.1 if such judgement is appealable, fails to appeal against such judgement within the time limits prescribed by law or fails to diligently prosecute such appeal thereafter or ultimately fails in such appeal; and/or

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

12.1.5.3 if such judgement is reviewable, fails to initiate proceedings for the review thereof within the time limits prescribed by law or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings; or

12.1.6 *Insolvency*: an Insolvency Event occurs in respect of the Issuer or any other Restricted Group Company.

For the purposes of this Condition 12.1.6, "**Insolvency Event**" means the occurrence of any of the following events:

- (i) any third party takes any steps or proceedings against the Issuer or any other Restricted Group Company (other than a frivolous or vexatious application or an application which is discharged or stayed within 21 days), or an order is made, for (a) the compulsory, provisional or final winding-up, liquidation, compromise, administration order, curatorship, business rescue, dissolution or administration of the Issuer or any other Restricted Group Company; or (b) the appointment of an administrator, trustee, liquidator, business rescue practitioner or similar officer over any or all of the assets or revenues of the Issuer or any other Restricted Group Company; or (c) the removal of the Issuer or any other Restricted Group Company from the register of companies; or
- (ii) the Issuer or any other Restricted Group Company seeks the appointment of an administrator, liquidator (whether provisional or final), business rescue practitioner or other similar official for it or for all or substantially all its assets or

estate (in each case other than for purposes of a solvent reconstruction or amalgamation in which the Issuer or any other Restricted Group Company remains the debtor under the Notes); or

- (iii) the Issuer or any other Restricted Group Company takes any proceedings or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step; or
- (iv) the Issuer or any other Restricted Group Company compromising with or taking any procedural step attempting to compromise with its creditors generally (or any significant class of creditors) or deferring or taking any procedural step attempting to defer payment of debts owing by it to its creditors generally (or any significant class of creditors) (except a deferral provided for in terms of the Terms and Conditions of the Notes) or proposing or seeking to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness; or
- (v) the Issuer or any other Restricted Group Company committing an act which would be an act of insolvency, in terms of the Insolvency Act, 1936, if committed by a natural person; or
- (vi) the Issuer or any other Restricted Group Company is unable (or admits inability) to pay its debts generally as they fall due or is deemed to be unable to pay its debts or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness; or
- (vii) the board or members of the Issuer or any other Restricted Group Company convening a meeting in order to consider the passing of a resolution providing for the Issuer or any other Restricted Group Company to be wound-up, liquidated, deregistered or placed under business rescue, or any resolution being passed to this effect (in each case other than for purposes of a solvent reconstruction or amalgamation in which the Issuer or any other Restricted Group Company remains the debtor under the Notes); or
- (viii) the Issuer or any other Restricted Group Company causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above.

12.1.7 *Attachment of assets:* any attachment in execution of a judgment in respect of a claim for more than ZAR10 000 000 is levied against any undertaking or asset of the Issuer or any

other Restricted Group Company and such attachment or execution is not set aside or lifted with 15 Business Days after it came to the attention of the Issuer or such other Restricted Group Company; or

12.1.8 *Breach of Transaction Documents*: the Issuer or any Security Provider fails to perform any of its obligations under the Security Documents of that Series or under any other Transaction Documents of that Series, and such failure, if capable of remedy, remains unremedied for 5 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer; or

12.1.9 *Security Unenforceable*: any security interest granted or purported to be granted by the Issuer or any Security Provider pursuant to any of the Security Documents of that Series becomes unenforceable for any reason whatsoever (or is reasonably claimed by the holder of that security not to be in full force and effect); or

12.1.10 *Transaction Documents Unenforceable*: any obligation of the Issuer or a Restricted Group Company under any of the Transaction Documents of that Series becomes unenforceable for any reason whatsoever; or

12.1.11 *Governmental intervention by or under the authority of any government*:

- (a) the management of the Issuer or any other Restricted Group Company is wholly or partially displaced or the authority of the Issuer or any other Restricted Group Company in the conduct of its business is wholly or partially taken over by a legitimate Government or any authority of such legitimate Government; or
- (b) all or a majority of the issued shares of the Issuer or any other Restricted Group Company or a material part of its revenues or assets is seized, nationalised or compulsorily acquired.

12.2 Steps following an Event of Default relating to the Senior Notes

Upon the happening of such an Event of Default any holder of Senior Notes in that Series may, by notice to the Issuer, declare the Notes held by that Noteholder to be immediately due and payable, and require the Notes held by that Noteholder to be repaid at the Early Redemption Amount, together with any accrued unpaid interest thereon (if any).

12.3 Events of Default relating to Subordinated Notes

12.3.1 An Event of Default in relation to a Series of Subordinated Notes shall arise if (i) the Issuer fails to pay any amount of principal, interest or premium in respect of any Notes in that Series on the due date for payment thereof and such failure remains unremedied for 5 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer, or (ii) any one or more of the events referred to in Condition

12.1 (other than events referred to in 12.1.1, 12.1.2, 12.1.8, 12.1.9 or 12.1.10) occurs and is continuing .

12.3.2 Upon the happening of such an Event of Default, any holder of Subordinated Notes may, by notice to the Issuer, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated Notes, provided that the Issuer shall not be obliged, save in the case of the liquidation or winding up proceedings, to pay any sum or sums sooner than the same would otherwise have been payable by it.

12.3.3 In the event of the winding-up or liquidation, whether finally or provisionally, of the Issuer, otherwise than for the purposes of a solvent amalgamation, merger, consolidation or re-organisation, then any holder of Subordinated Notes may by written notice to the Issuer declare the Notes held by that Noteholder to be immediately due and payable, and require the Notes held by that Noteholder to be repaid at the Early Redemption Amount, together with any accrued unpaid interest thereon (if any); save that the holders of Subordinated Notes may only receive payment once all the other unsubordinated creditors of the Issuer have been paid in full.

12.4 **Notice of an Event of Default**

If an Event of Default occurs, the Issuer will forthwith upon becoming aware of such Event of Default, give notice thereof in writing to the Transfer Agent, the Calculation Agent, the Debt Sponsor and the Noteholders of that Series and, if any Notes are listed on the Interest Rate Market of the JSE, to the JSE, to the Noteholders through SENS and to the Central Securities Depository.

13. Replacement of Notes

13.1 **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.

13.2 **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.

13.3 **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.

13.4 **Exchange of Beneficial Interests**

- 13.4.1 The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 44 of the Securities Services Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Securities Depository), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Certificate (the "**Exchange Notice**"). The Exchange Notice shall specify the name, address and bank account details of the holder of the Beneficial Interest.
- 13.4.2 The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Securities Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that an Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Certificate in respect of that joint holding, and delivery to one of those joint holders shall be delivery to all of them.
- 13.4.3 In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:
- 13.4.3.1 the Central Securities Depository's Nominee will surrender (through the Central Securities Depository system) such uncertificated Notes to the Transfer Agent at its Specified Office;
- 13.4.3.2 the Transfer Agent will obtain the release of such uncertificated Notes from the Central Securities Depository in accordance with the Applicable Procedures.
- 13.4.4 An Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Principal Amount is equivalent to a

fraction of R1 000 000 (or the equivalent thereof in the Specified Currency if the Specified Currency is not Rand) or a fraction of any multiple thereof, such Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

14. Transfer of Notes

- 14.1 Beneficial Interests in the Notes may be transferred in terms of the Applicable Procedures through the Central Securities Depository.
- 14.2 The Central Securities Depository maintains accounts only for its Participants. Participants are in turn required to maintain securities accounts for their clients.
- 14.3 Transfers of Beneficial Interests to and from clients of Participants occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Participants for their clients. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Securities Depository for the Participants. Such transfers of Beneficial Interests will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of the Notes, notwithstanding such transfers. Beneficial Interests may be transferred only in accordance with these Terms and Conditions, and the Applicable Procedures.
- 14.4 In order for any transfer of Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
 - 14.4.1 the transfer of such Notes must be embodied in the Transfer Form;
 - 14.4.2 the Transfer Form must be signed by the registered Noteholder and the transferee, or any authorised representative of that registered Noteholder and/or transferee; and
 - 14.4.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the relevant Certificate for cancellation.
- 14.5 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).
- 14.6 Subject to the preceding provisions of this Condition 13, 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.

- 14.7 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.
- 14.8 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.
- 14.9 No transfer of any Notes represented by a Certificate will be registered while the Register is closed as contemplated in Condition 14.
- 14.10 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.

15. Register

- 15.1 The Register will be kept at the Specified Office of the Transfer Agent. The Register will contain the name, address and bank account details of the registered Noteholders. The Register will set out the Principal Amount of the Notes issued to any Noteholder and will show the date of such issue and the date upon which the Noteholder became registered as such. The Register will show the serial numbers of the Certificates issued. The Register will be open for inspection during the normal business hours of the Transfer Agent to any Noteholder or any person of proven identity authorised in writing by any Noteholder. The Issuer and the Transfer Agent will not be bound to enter any trust into the Register or to take any notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.
- 15.2 The Register will, in respect of a Tranche of Notes, be closed during the 10 days preceding each Interest Payment Date and Redemption Date, as the case may be, from 17h00 (Johannesburg 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 16.
- 15.3 The Transfer Agent will alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with Condition 16.

16. Notices

- 16.1 Subject to Condition 16.2, all notices (including all demands or requests under the Terms and Conditions) to the Noteholders will be valid if mailed by registered post or delivered by hand to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa. Each such notice will be deemed to have been given on the day of first publication or delivery by hand or on the 14th day after the day on which it is mailed, as the case may be.
- 16.2 For so long as the Notes are held in their entirety by the Central Securities Depository, publication as contemplated in Condition 16.1 may be substituted with the delivery of the relevant notice to the Central Securities Depository's Nominee, the Participants and the JSE for communication by them to the holders of Beneficial Interests in the Notes, in accordance with the Applicable Procedures.
- 16.3 Where any provision of the Terms and Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice will be given *mutatis mutandis* as set out in Condition 16.1 and Condition 16.2, respectively, subject to compliance with any other time periods prescribed in the provision concerned.
- 16.4 All notices (including all communications, demands and/or requests under the Terms and Conditions) to be given by or on behalf of any Noteholder to the Issuer 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 or the Specified Office of the Transfer Agent, as the case may be, and marked for the attention of the chief executive officer. Any notice to the Issuer or the Transfer Agent, as the case may be, will be deemed to have been received by the Issuer 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 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 or the Transfer Agent, as the case may be.
- 16.5 Whilst any of the Notes are held in uncertificated form, notices to be given by any holder of a Beneficial Interest to the Issuer shall be given by such holder through such holder's Participant in accordance with the Applicable Procedures.
- 16.6 In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, copies of any notices to Noteholders delivered as set out above, including of meetings and any amendments to the Terms and Conditions, shall be published on SENS.

17. Amendment of the Terms and Conditions

- 17.1 Subject to Condition 17.2 the Issuer may effect, without the consent of any Noteholder, any amendment to the Terms and Conditions 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 Applicable Law. Any such amendment will be binding on Noteholders and such amendment will be notified to Noteholders in accordance with Condition 16 as soon as practicable thereafter.
- 17.2 In respect of an amendment that is not of a formal, minor or technical nature, such amendment may be made only with the prior authorisation of an Extraordinary Resolution of (i) all of the Noteholders or (ii) the Noteholders of a particular Series of Notes, as the case may be. The Issuer will call a meeting of all of the Noteholders or a meeting of the Noteholders of that Series, as the case may be. Such meeting or meetings will be regulated by the provisions set out in Condition 20. No proposed amendment will be made to the Terms and Conditions until such amendment has been approved by Extraordinary Resolution at such meeting or meetings, and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, in compliance with the JSE Debt Listings Requirements.

18. No voting rights on Notes held by the Issuer or any Subsidiary

None of the Issuer or any Subsidiary will have any voting rights in respect of Notes which are beneficially held by or on behalf of the Issuer or any Subsidiary.

19. Prescription

Any claim for payment of principal and/or interest in respect of the Notes will prescribe 3 years after the Relevant Date.

20. Meetings of Noteholders

20.1 Directions of Noteholders

- 20.1.1 The provisions with regard to meetings of Noteholders are set out in this Condition 20.
- 20.1.2 Every director, the secretary of and the attorney to the Issuer and every other person authorised in writing by the Issuer, 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.
- 20.1.3 A meeting of Noteholders will have the power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions, by Extraordinary Resolution:
- 20.1.3.1 of the Noteholders to bind all of the Noteholders to any compromise or arrangement; or

20.1.3.2 of a Noteholders of a particular Series of Notes to agree to any variation or modification of any rights of the Noteholders of that Series which will then bind all of the Noteholders of such Series to such variation or modification of the rights of the Noteholders of that Series.

20.1.4 Unless otherwise specified, resolutions of Noteholders will require an Ordinary Resolution to be passed.

20.2 **Convening of meetings**

20.2.1 The Issuer may at any time convene a meeting of Noteholders or separate meetings of Noteholders of any Series of Notes (a "meeting" or the "meeting").

20.2.2 The Issuer will convene (i) a meeting of Noteholders upon the requisition in writing of Noteholders holding not less than 20% of the aggregate Outstanding Principal Amount of all of the Notes or (ii) a separate meeting of Noteholders of any Series of Notes upon the requisition in writing of the Noteholders in that Series holding not less than 20% of the aggregate Outstanding Principal Amount of the Notes held by that Series, as the case may be (a "requisition notice").

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

20.2.4 All meetings of Noteholders will be held in Johannesburg.

20.3 **Requisition**

20.3.1 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.

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

20.4 **Convening of meetings by requisitionists**

If the Issuer 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 Issuer. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer.

20.5 **Notice of meeting**

- 20.5.1 Unless the holders of at least 90% of the aggregate Outstanding Principal Amount of the Notes or Series 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 if applicable.
- 20.5.2 The accidental omission to give such notice to any Noteholder or the Issuer, as the case may be, or the non-receipt of any such notice, will not invalidate the proceedings at a meeting.

20.6 **Quorum**

- 20.6.1 A quorum at a meeting shall:
- 20.6.1.1 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 Series of Notes, as the case may be;
- 20.6.1.2 for the purposes of considering a Extraordinary 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 Series of Notes, as the case may be.
- 20.6.2 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.
- 20.6.3 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 Extraordinary Resolution.

20.7 **Chairman**

The chairman of the meeting shall be appointed by the Issuer. If the Issuer or the person appointed by the Issuer to preside as chairman of the meeting 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.

20.8 Adjournment

- 20.8.1 Subject to the provisions of this Condition 20, 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.
- 20.8.2 No business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 20.8.3 At least 14 days written notice of the place, day and time of an adjourned meeting will be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 20.6.3, the notice will state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

20.9 How questions are decided

- 20.9.1 At a meeting, a resolution put to the vote will be decided on a poll.
- 20.9.2 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.

20.10 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 Series 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. The Noteholder in respect of Notes held in the Central Securities Depository in uncertificated form shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the Central Securities Depository's Nominee from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.

20.11 Proxies and representatives

- 20.11.1 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.
- 20.11.2 A person appointed to act as proxy need not be a Noteholder.

- 20.11.3 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, and a copy sent to the Debt Sponsor, 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.
- 20.11.4 No proxy form will be valid after the expiration of 6 months from the date named in it as the date of its execution.
- 20.11.5 Notwithstanding Condition 20.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.
- 20.11.6 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.
- 20.11.7 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.

20.12 Minutes

- 20.12.1 The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.
- 20.12.2 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 Noteholders of a Series, 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.

20.13 Written Resolutions

A resolution in writing submitted to Noteholders or Noteholders of a Series, as the case may be, entitled to exercise voting rights in relation to the resolution, and signed by the

requisite majority of Noteholders or Noteholders of a Series, as the case may be, shall be as valid and effective as if it had been passed at a meeting duly convened and constituted and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the last day on which that resolution is signed by any one or more of the Noteholders or Noteholders of a Series, as the case may be. That resolution may consist of two or more documents in the same form each of which is signed by one or more of the Noteholders or Noteholders of a Series, as the case may be.

21. Governing law

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

22. Further Issues

The Issuer shall be at liberty from time to time, without the consent of Noteholders, to create and issue further Notes.

USE OF PROCEEDS

The Issuer shall use the net proceeds of the Notes as operating capital for its general corporate purposes, as specified in Appendix "A" of the Applicable Pricing Supplement.

DESCRIPTION OF THE GROUP

Overview

Esorfranki Limited ("Esorfranki" or the "Company") is one of South Africa's benchmark civil engineering and construction groups, providing specialist geotechnical services, roads, earthworks, building and pipeline construction. The range of services therefore encompasses sub-surface foundation work and above-surface construction services with niche specialities.

Esorfranki operates through three core divisions housed in Esorfranki Construction (Pty) Ltd a 100% subsidiary of Esorfranki Limited

- Esorfranki Geotechnical
- Esorfranki Civils
- Esorfranki Pipelines

Esorfranki Plant (Pty) Ltd is also a key subsidiary and owns the majority of the civil assets for the Group

The group's footprint extends throughout South Africa and into Africa namely, Angola, Botswana, DRC, Ghana, Kenya, Malawi, Mozambique, Namibia, Seychelles, Tanzania, Uganda, Zambia, Zimbabwe and the Indian Ocean islands.

Esorfranki has achieved the highest possible ratings from the CIDB - 9CE, 9GB, 9SJ and 9SC – empowering the group to tender for construction projects of unlimited size and value. The group has Level 4 B-BBEE provider status.

Esorfranki Civils specifically focuses on road and bridge building, mining, housing, building and township infrastructure work, water delivery and sewage reticulation contracts, bulk earthworks and concrete projects for Government, major mining houses and the private sector.

Esorfranki Pipelines focuses on the construction and rehabilitation of onshore pipelines and operates mainly in the gas & petrochemical, water, stormwater and sewerage sectors. With a specialist expertise in the laying and welding of steel pipelines, as well as in pipeline refurbishment including mechanical and linings and coatings, the division services both public and private sector clients. These range from top mining and industrial groups to regional and municipal Government.

Esorfranki Geotechnical is the largest Geotechnical contractor in South Africa and the most established in the Sub-Saharan Africa region.

Geotechnical engineering is the branch of civil engineering concerned with the engineering behaviour of earth materials. Geotechnical engineering uses principles of soil and rock mechanics to investigate sub surface conditions and materials in order to evaluate, assess and design earthworks and structure foundations. The group offers a full design and construct service.

History

Esor Ground Engineering (Pty) Limited was the predecessor of the Company, founded in 1976 in South Africa to undertake jacked tunnelling contracts.

In 1994, certain of the original shareholders of the Company purchased Esor Ground Engineering (Pty) Limited and the name was changed to Esor (Pty) Limited.

On the 22nd December 2005, Esor (Pty) Limited converted to a public company and changed its name to Esor Limited ("Esor").

Frank Africa (Pty) Limited ("Franki") was acquired by Esor in 2006 and at the same time, a BEE consortium subscribed for shares constituting a 26% interest in Esor. Esor's securities were initially listed on the Alternative Exchange on the JSE on 14 March 2006.

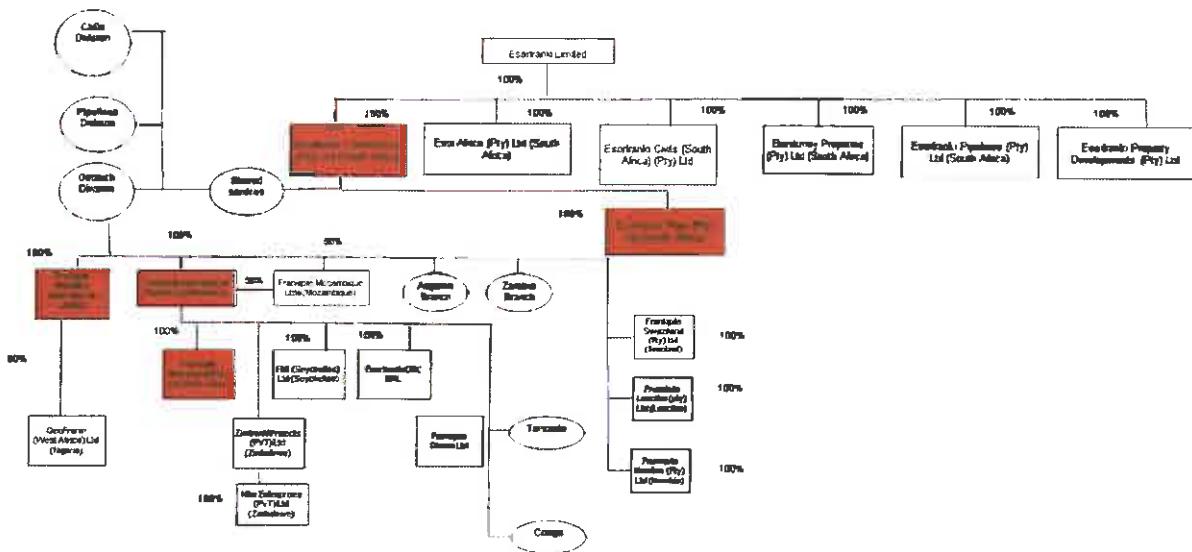
In May 2008, Franki acquired the business conducted by Geo Compaction Dynamics (Pty) Limited, a company which specialises in Geotechnical contracting services to the civil engineering industry, including dynamic compaction, percussion piling and permanent and temporary lateral support.

In October 2008, Esor diversified into the civil engineering construction sector through the acquisition of the entire issued share capital of Patula and Shearwater. These acquisitions aligned Esor with other major JSE listed civil construction groups and expanded the group's services from purely sub-surface foundation work to include above-surface civil engineering and construction services.

On 15 May 2009, the company name was changed to Esorfranki Limited in order to leverage the strong brand power of the principle-operating subsidiary in the form of Franki.

On 25 June 2009, Esorfranki's listing was transferred to the "Heavy Construction" sector of the Main Board of the JSE.

Group Structure



Esorfranki Limited has restructured and consolidated its operating activities into Esorfranki Construction (Pty) Ltd, a 100% subsidiary of the listed entity. Its key operations being civils, pipeline and geotechnical are now being managed as divisions of Esorfranki Construction (Pty) Ltd.

Esorfranki Plant (Pty) Ltd is a 100% subsidiary of Esorfranki Construction (Pty) Ltd and is a company set up to own civil related assets of the group. The majority of the geotechnical assets are housed in Esorfranki Construction (Pty) Ltd.

The Esorfranki's African growth strategy is driven via three key entities, namely:

- Esorfranki Construction (Pty) Ltd
- Frankipile Mauritius International Limited (Mauritius)
- Frankipile International Projects Ltd (Mauritius)

Brookmay Properties (Pty) Limited and Esor Africa (Pty) Ltd are property holding company that is non core and not material to the group.

Esorfranki Civils (Pty) Ltd and Esorfranki Pipelines (Pty) Ltd are shell companies that housed the operations prior to the restructure.

Esorfranki Plant and Construction have contributed 65% of the 2012 EBITDA achieved, Frankipile Mauritius International contributed 22.17%, the Botswana operation contributed 2.22%, resulting in 89.5% of earnings being attributable to these entities of the group.

Esorfranki Mozambique contributed 10.47% of the 2012 earnings. This will drop during 2013 as the order book is being driven through Esorfranki Construction and the Mauritius based companies.

Ownership and Control:

Beneficial shareholders holding 3% or more	Numbers of Shares	%
Sanlam	42 689 623	10.80
Coronation Fund Managers	35 149 830	8.89
Investec	17 214 615	4.36
Investec Solutions	16 679 722	4.22
Krone, B	13 509 394	3.42
Esor Broad Based Share Ownership Scheme	13 312 250	3.37
Eskom Pension and Provident Fund	12 035 067	3.05
Abax Investments	12 032 772	3.04
Transnet Pension Fund	12 008 606	3.04
Totals	174 631 879	44.19
Institutional Holding 3% or more		
Coronation Fund Managers	109 431 724	27.69
Sanlam Investment Management	44 314 506	11.21
Investec Asset Management	29 521 141	7.47
Abax Investments	14 587 214	3.69
Totals	197 854 585	50.07

Review of Operations

Civil Division

Overview

Esorfranki Civils specifically focuses on road building, mining and township infrastructure work, housing, pipe jacking, building, water and sewerage reticulation contracts and concrete projects for government, major mining houses and the private sector.

Civil's revenue as at February 2012 including the pipe-jacking business, which was transferred from the Esor Africa Johannesburg operation following the rationalisation of the geotechnical business unit, increased 59%. The pipe-jacking operation contributed 10% to revenue, while road construction accounted for 51% and earthworks and structures 22%. The building market construction division, which was established during the year, contributed 4% while mine infrastructure construction came in at 13%.

The division restored its profitability due its contract portfolio in the first quarter of the year following losses and margin reversals on the R21 contract and contract completion costs on the N4 phase 1 road

contract. These contracts have now been completed and the division has adopted stringent risk management processes and disciplines in its contract tendering and project execution policies and procedures.

Operational review

Operating margins improved substantially to 10% in H2 driven by operational efficiency on secured long-term contracts awarded by Bakwena Corridor Concessionaire, Gauteng Roads Department, Eskom and Anglo Coal. Exceptional plant utilisation was achieved following the expansion programme concluded in the current financial year.

Despite very competitive market conditions within the government market sector, the division increased its order book by 41%. The division has successfully increased its market share and order book with private clients having also secured a R271 million construction contract, as at 29 February 2012, for infrastructure and top structure construction for a mixed use integrated township development related to the mining industry.

The division spent R205,3 million on acquisitive capital assets to enhance its service delivery, efficiency and capacity following the award of significant long term contracts. The board has approved R115.7 million capex budget for its 2013 FY to enhance operational capacity and efficiencies on the back of long-term secured contracts.

Pipeline Division

Overview

Esorfranki Pipelines focuses on the construction and rehabilitation of onshore pipelines and operates mainly in the gas and petrochemical, water, stormwater and sewerage sectors. The business unit provides pipelines in a range of materials including steel, glass fibre reinforced polyester, concrete, PVC, ductile iron, HDPE and fibre cement, and has specialist experience in laying and welding steel pipelines.

Esorfranki Pipelines also offers pipeline refurbishment including mechanical linings and coatings.

A fully equipped workshop and yard is on site at the business unit's office to support fleet maintenance.

Operational review

Esorfranki Pipeline's revenue was up 35% despite a turbulent financial year which included the cancellation of joint venture Western Aqueduct contract, which had already seen protracted delays since its award in June 2011. Revenue was further impacted by contractual disputes on Esorfranki Pipeline's flagship BG 3 contract. This was resolved in Esorfranki's favour on mediation and has now been referred to arbitration by the client.

Pleasingly, despite the very competitive market conditions within the government and municipal markets, the division was awarded a number of new contracts in the last quarter of the financial year.

The division utilised R 0.6 million on capital assets and a R29.9 million CAPEX budget for 2013 FY has been approved by the board. This will be used to modernise Esorfranki Pipeline's resources and to enhance operational efficiencies on long-term secured contracts.

Geotechnical Division

Overview

Esorfranki Geotechnical offers a "One-stop Geotechnical Shop" and is the largest and most established specialist Geotechnical contractor in the southern African region. Through Esorfranki Geotechnical the group offers a full 'design and construct' service, including piling, dynamic compaction, soil improvement, micro piling, lateral support and pipe jacking.

Operational Review

Esorfranki Geotechnical's revenue increased by 4%, driven mainly by growth in sub-Saharan Africa, with record revenues in Mozambique and Mauritius. Revenue from foreign operations grew 34% to R273,4 million while revenue in South Africa was down 8%. Operating margins improved substantially in H2 to 10%. Foreign operations achieved an operating margin of 14% contributing 68% of the division's operating profits. The South African market has remained competitive which resulted in reduced gross margins contributions.

Growth in the construction sector in Mozambique is underpinned by increased demand for natural resources and the corresponding infrastructure required in accessing these resources. During the year Esorfranki Geotechnical made its first foray into Ghana concluding its first contract valued at R12,9 million. At year-end the company had successively secured an additional R120 million contracts in Ghana for basement lateral support and marine structures. Revenue declined in Angola due to Government's backlog in construction debt.

The Competition Commission investigation into alleged anti-competitive behaviour is currently inactive after having the matter referred to a tribunal following a failed settlement offer to the Commissioner. The board has raised an estimated provision in the financial statements for the likely penalty.

The division spent R51,1 million on CAPEX which included a new R17 million BG 28 oscillator piling rig and R7 million on 2 Casagrande piling rigs. The division further acquired land and developed workshops and offices in Mauritius for an investment of R4,5 million. The board has approved R47,3 million maintenance CAPEX budget for 2013 FY.

Group Financial Highlights:

Balance Sheet:

	Feb 2012	Feb 2011	Feb 2010	Feb 2009
Assets	ZAR '000			
Non Current Assets	1 151 181	966 187	999 551	987 520
Equipment	737 312	565 775	596 429	588 545
Intangible assets	88 226	90 117	93 737	113 022
Goodwill	305 715	305 715	305 715	280 173
Financial assets	1 291	0	0	0
Deferred tax	18 637	4 580	3 670	5 780
Current Assets	865 786	498 164	648 273	875 972
Inventory	20 622	16 983	14 827	11 379
Held for sale	3 293	0	0	0
Other investments	0	420	6 762	14 269
Taxation	15 617	3 855	9 952	4 699
Accounts Receivable	529 103	413 768	499 869	572 800
Cash	96 653	63 138	116 863	272 825
TOTAL ASSETS	1 816 469	1 464 351	1 647 824	1 863 492
Equity and Liabilities				
Share capital and Reserves	937 432	703 156	808 028	619 877
Share capital	592 045	389 449	396 956	339 078
Equity reserve	16 188	14 444	8 253	3 917
Translation reserve	(21 395)	(33 188)	(14 296)	14 651
Retained earnings	350 594	332 451	417 115	261 931
Non Current Liabilities	316 658	195 582	405 711	470 080
Secured Borrowings	179 911	84 516	275 031	370 603
Retirement benefit	1805	1 657	1 665	1 587
Deferred taxation	134 941	109 389	129 015	97 890
Current Liabilities	562 379	565 633	434 085	773 835
Current borrowings	105 923	241 527	121 677	147 664
Bank Overdraft	3 047	0	0	0
Taxation	15 872	9 953	6 644	84 358
Provisions	16 350	3 213	21 087	31 118
Trade payables	421 187	310 040	284 677	510 695
TOTAL EQUITY AND LIABILITIES	1 816 469	1 464 351	1 647 824	1 863 492

Share Capital and premium

The share capital and premium increased by R 200 m following the issue of shares in terms of the rights offer to shareholders. The foreign currency translation reserve improved by R 11.8 m in the translation of our foreign operations into the South African reporting currency.

Non-current liabilities

Secured long-term borrowings increased by R 95.4 m to fund the capital expenditure programme which has also increased the deferred tax liability mainly as a result of capital allowances claimable.

Current liabilities

Current portion of secured borrowings significantly decreased by R 135.6 m as a result of settling acquisition-related debt of R 177.6 m on 18 March 2011. The asset based finance increased by a net R 42 m in the current year.

Trade and other payables include R 85.2 m (2011: R 90 m) due to customers. The cost of sales days outstanding in trade payables and others increased by 8.6 days to 102.6 days (2011: 94 days) The trade and other payables increased operating cash flow by R 110.2 m in the current year.

Property, plant and equipment

Capital expenditure of R 257.7 m (2011: 50.3 m) was incurred in the current financial year. This expenditure improved operational efficiencies and capacity on the back of secured long term contracts.

The Board has approved R 199 m for the 2013 FY (2011: R 278 m).

Trade and other receivables

The impairment provision increased by R14.7 m to R 49.7 m (2011: R 34.9 m). This provision relates to receivables in the Geotechnical business unit. Provision has been raised on all contractual disputes.

The days outstanding in the trade and other receivables improved marginally to 109.3 days (2011: 110.5 days). This ratio is still above group risk tolerance levels despite the improvement in the ageing of past due not impaired receivables. The group has increased its credit risk exposure in sub-saharan Africa, especially in Mozambique and Mauritius. The South African credit risk exposure is around municipal, provincial and quasi government entities as detailed further in note 33 to the annual financial statements.

The investment in trade and other receivables consumed R 111.5 m operating cash flow in the current year.

Income Statement

	Feb 2012	Feb 2011	Feb 2010	Feb 2009
ZAR '000				
Revenue	1 771 692	1 366 433	1 857 817	1 414 722
Gross Profit	221 737	161 445	496 776	432 893
EBITDA	132 656	49 066	389 052	325 923
PBT	29 639	(47 091)	275 749	210 771
PAT	18 216	(40 761)	197 641	143 382

Financial results

Consolidated revenue increased to R1,77 billion from R1,366 billion in the previous year. Earnings before interest, taxation, depreciation, impairments and amortisation ("EBITDA") increased by 170,3% to R132,7 million (2011: R49,1 million).

Gross profit margins improved to 12.5% (2011: 11.7%) whilst overheads decreased to R 90.8 m (5.1% of revenue) from R 116 m (8.5% of revenue) on last year's comparative, driven by efficiency resulting from the rationalisation and higher activity levels. The net finance cost of R 23.5 m was incurred as a result of our capital expenditure programme.

The effective tax rate was 38.5% (2011: 13.4%) which is largely attributable to prior year under provision, non-deductible expenditure and other permanent differences.

The profit after tax amounted to R 18.2 m (2011: R 40.7 m loss)

Headline earnings per share ("HEPS") was up 148%, reversing the prior year loss into a positive 6,2 cents. Net asset value ("NAV") per share increased to 241,5 cents (2011: 238,8 cents) based on the number of shares in issue at year-end, net of treasury shares.

Review of operations

Revenue from foreign operations in Esorfranki Geotechnical grew 34% to R273,4 million, driving growth in the division's total revenue of 4% year-on-year. Record revenues were recorded specifically in Mozambique and Mauritius. Foreign operations achieved an operating margin of 14% and contributed 68% to the division's total operating profit. In contrast South African-based revenue was down 8% year-on-year due to intensifying competition, which further saw a reduced gross margin contribution. Local operating margins did, however, improve substantially in the second half of the year to 10%.

Esorfranki Civil's revenue increased 59% and the division returned to profitability for the H2 of the year, following prior losses and margin reversals on the R21 contract and contract completion costs on the N4 project (Phase I). These contracts have now been concluded. The division has adopted stringent risk management in its contract tendering and project execution policies to avoid a recurrence of such adverse

challenges in the future. Operating margins in the division improved substantially to 10% in the second half of the year due to optimised operational efficiency on existing long-term contracts. Exceptional plant utilisation was achieved on the back of the ongoing capital expansion programme (which has subsequently concluded post year-end).

Despite tightly competitive conditions in the government projects sector, the division managed to grow its order book by 41%. Private sector awards included a R271 million construction contract for an integrated township development for the mining industry.

Esorfranki Pipeline's revenue was up 35% notwithstanding a turbulent financial year which included the cancellation of the Western Aqueduct contract. Revenue was further negatively impacted by contractual disputes on the flagship BG 3 contract. However, the latter was resolved in Esorfranki's favour on mediation. It has since been referred to arbitration by the client and is expected to be finalised in FY2013. Operating margins broke even.

The division secured a number of new major contracts in the last quarter of the financial year.

Cash flow Statement

	Feb 2012	Feb 2011
ZAR' 000	Group	Group
Operating Activities	124 205	68 075
Cash generated from operations	151 407	133 075
Dividends	0	(43 642)
Finance income	49 726	23 703
Finance Costs	(73 090)	(54 224)
Taxation	(7891)	(837)
Investment Activities	(256 057)	(41 979)
PPE	(257 722)	(50 373)
Disposals - capex	8 872	3 032
Disposals - business	0	(980)
Investments	(7 207)	6 342
Financing Activities	162 320	(69 820)
Unsecured loans	0	0
Secured borrowings	(40 209)	(70 665)
Share issue	202 596	1 261
Retirement benefit	(67)	(416)
Sub Total	30 468	(53 725)

Opening balance	63 138	116 863
TOTAL	93 606	63 138

Cash and cash equivalents

The group improved its operating cash by R 66.1 m to R 124.2 m (2011: R 58 m). It further invested R 257 m in investing activities mainly by additions to property, plant and equipment. The cash flows from financing activities amounted to R 162.3 m raised mainly from the proceeds from the rights issue of R 200 m and net of settled secured borrowings of R 40.2 m

The group secured short term overdraft facilities in South Africa to support the growth in operational activity levels during the current financial year, and this facility will reduce and eventually be cancelled by May 2012.

CAPEX

During the year the group acquired property, plant and equipment amounting to R257,7 million (2011: R50,4 million).

Esorfranki Geotechnical acquired land and developed workshops and offices in Mauritius totalling R4,5 million, and invested R51,1 million in rebuilds and new equipment including a R17 million BG 28 oscillator piling rig. Esorfranki Civils spent R205,3 million in acquiring plant to enhance capacity on the back on long term secured contracts while Esorfranki Pipelines invested R0,6 million.

The total capex approved for the year ahead is R199 million

Board Directors

- **Esorfranki Limited**
 - Executive Directors
 - Bernie Krone (CEO)
 - Wayne van Houten (CFO)
 - Andy Brookstein (Risk Chairman)
 - Non-executive directors
 - Dave Thompson (Chairman)
 - Dr Franklin Sonn (Audit Chairman)
 - Ethan Dube
 - Briss Mathabatha
- **Esorfranki Construction (Pty) Ltd**
 - Executive Committee

- Bernie Krone (CEO)
- Wayne van Houten (CFO)
- Andy Brookstein (Risk)
- Richard Mynard (MD Civils)
- Roy McLintock (MD Geotechnical)
- Arthur Field (Geotechnical)
- Dave Gibbons (MD Pipelines)
- William Neuwenhuis (Human Resources)

Corporate Governance and Board Committees:

The board is committed to the highest levels of corporate governance as a key driver of sustainability.

A healthy and ethical environment is promoted wherein every employee is expected to behave with integrity, honesty and fairness.

Statement of compliance

The new Companies Act came into effect on 1 May 2011, and the board proposes the adoption of the Memorandum of Incorporation as is described in the salient features and the Notice of Annual General Meeting implementation of and compliance with this Act. During the year under review, the board materially complied with King III recommendations as outlined in the Code of Corporate Practices and Conduct. The group has materially entrenched the majority of King III principles in its internal controls, policies, terms of reference and overall procedures, and will continue to do so. All areas of improvement that have been identified are being effectively dealt with. Full details on adherence to King III Code of Corporate Governance are set out on page 98 of the 2012 Annual Financial Statements of the Issuer.

The board:

The board remains responsible and accountable for the performance and affairs of the group and has full control over all the subsidiaries of the group. Esorfranki's board is the focal point for good corporate citizenship, aware of the impact its operations may have on the environment and society in which it operates, while acting in accordance with its own Code of Ethics and Conduct. The directors exercise sound judgement and leadership with integrity based on principles of fairness, accountability and responsibility.

Further, the board recognises its responsibility for safeguarding the sustainability of the business. Esorfranki's unitary board is chaired by independent non-executive director David Thompson and comprises seven directors, three of whom are executive and four of whom are independent non-executive directors.

During the year executive director Andrew Brookstein was appointed to the board, effective 26 August 2011.

The full board comprises:

Executive directors: B Krone (CEO), W van Houten (CFO), AC Brookstein

Independent non-executive directors: EG Dube, MB Mathabathe, Dr FA Sonn, DM Thompson (chairman)

In the year ahead Esorfranki expects to appoint a further independent director, a black female. The composition of the board is governed by the Human Resources and Nominations Committee and the Board Charter, which comply with King III and the new Companies Act. Accordingly, the board comprises a balance of power with a majority of independent non-executive directors.

The responsibilities of the chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making. The chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation. The CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of Esorfranki as well as ensuring appropriately supervised and controlled daily operations. In this regard the CEO is assisted by the CFO and Executive Committee ("EXCO"). The independent non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.

Esorfranki's definition of independent is in line with King III recommendations. Non-executive directors are non-permanent employees of the group.

At any time, all independent non-executive directors have unrestricted access to management as well as to the group's external auditors. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group as they deem necessary and at the group's expense.

In terms of the articles of association, one-third of the directors retire at each annual general meeting. Retiring directors may make themselves available for re-election provided that they remain eligible as required by the articles of association and in compliance with the JSE Listings Requirements. Newly appointed directors are required to have their appointments confirmed at the next annual general meeting. Accordingly, Dr F Sonn and E Dube will offer themselves for re-election at the upcoming annual general meeting and A Brookstein requires his appointment to be confirmed.

The role of the board is documented in a formal Board Charter that defines matters reserved for board approval. The Board Charter is reviewed and updated regularly in accordance with any new guidelines and legislation. During the year the Board Charter was therefore updated to achieve compliance with the new Companies Act.

The board's primary function, in conjunction with the CEO, is to determine the group's strategy, purpose, values and stakeholders relevant to its business. It also continually monitors the solvency and liquidity of the company as well as any non-financial aspects. Further, it is responsible for the frameworks for the delegation of authority and ensuring compliance with all relevant laws, regulations and codes of best business practice, as well as appropriate stakeholder communication to protect and enhance the company's reputation. The board ensures the integrity of the group's integrated report.

In appreciating the integration of strategy, risk, performance and sustainability, the board considers on an ongoing basis the material risks in the strategy and business plans. In this respect, the board is assisted by the audit and risk committees. Further, the board is responsible for the proactive and effective risk management of the company's IT in line with new regulations (see 'IT Governance').

With the support of the new Social and Ethics Committee, the board will approve the changes and adopt policies which are responsible and aligned with the strategy of the company while linked to the performance of individuals.

The Board Charter sets out requirements for the continuing development of directors and an induction programme. Further, annual assessments for the performance of the board, chairman, individual directors and board committees are required to be conducted by the respective committees and the board.

All directors have unrestricted access to the advice and services of the company secretary and to company records, information, documents and property to participate meaningfully in board meetings.

Succession planning

Suitable successors have been identified in the company for all senior management positions. Succession planning remains on the risk register of the group for frequent tracking and consideration. The board is responsible for reviewing the strategy which is conducted annually.

New appointments

The Human Resources and Nominations Committee, and the board as a whole, are responsible for new appointments including the CEO. The committee conducts the process in a formal and transparent manner.

In the case of new appointments, the CEO and CFO informally present an overview of the group's financial results, position and operations as well as information on directors' fiduciary duties and responsibilities.

In addition, all new appointees are provided with the group's latest annual report, interim and annual financial results announcements, recent circulars to shareholders, budget details, company structure, board and sub-committee composition, minutes of the most recent board meeting and a board pack for the upcoming meeting.

Ongoing development

The group risk officer and CFO are responsible for ensuring directors receive ongoing development and training. The directors are kept abreast of all applicable legislation and regulations, changes to rules, standards and codes as well as relevant sector developments, which could potentially impact the group and its operations.

The group's formal mentorship programme will resume in 2013. In the year ahead, directors of the group's subsidiaries will attend the four-day Altx Directors' Induction Programme. The programme is run through the

Wits Business School and endorsed by the Institute of Directors. It covers pertinent aspects of company law, stock exchange regulations, the roles, responsibilities and liabilities of directors, basic techniques of financial analysis and the importance of investor and media relations.

Share dealings and declarations of personal interest

The independence of directors is ascertained on a quarterly basis through formal mandatory declarations of personal interest/s. No shareholder holds more than 5% of the issued share capital of the company or has the ability to control or influence the board. The stakeholdings of independent non-executive directors are not material to their individual personal wealth.

These findings have been discussed by the board and confirmed with the non-executive directors.

Directors are further required to disclose any share dealings in the company's securities to the CFO and company secretary for approval. The CFO, together with the sponsor, ensures that share dealings are published on SENS.

All directors and senior executives with access to financial and any other price sensitive information are prohibited from dealing in Esorfranki shares during 'closed periods', as defined by the JSE, or while the company is trading under cautionary. The CFO informs all directors by email when the company enters a 'closed period'.

During the year a director of a major subsidiary, Esorfranki Construction, sold an insignificant number of shares without authorisation to trade and in contravention of the JSE Listings Requirements. This resulted from an honest misunderstanding in terms of the in-house policies and procedures and the fact that the group was in a closed period. Prior to the restructuring, he was the managing director of Esorfranki Pipelines, a subsidiary which was not a major subsidiary of Esorfranki in terms of the JSE Listings Requirements, therefore his previous share dealings in this capacity were outside the ambit of the JSE Listings Requirements.

Subsidiaries

To ensure sound corporate governance throughout the group, the policies on corporate governance and ethics are communicated to subsidiary boards by the group risk officer as well as through posters, campaigns and site presentations, newsletters and payslips.

Company secretary

The company secretary, iThemba Governance and Statutory Solutions (Pty) Limited, is an independent company secretarial practice providing services to numerous JSE listed companies. The board is comfortable that its representative, Monika Pretorius, is sufficiently qualified and skilled to act in accordance with and update directors in terms of the recommendations of the King III Report and other relevant regulations and legislation.

It is the responsibility of the company secretary to monitor changes and developments in corporate governance and together with the executive directors, to keep the board updated in this regard. The board reviews any changes and appropriate measures are implemented to comply with best practice in such a way so as to support sustainable performance. The company secretary in conjunction with the CFO ensures that the company complies with all current and applicable regulations and legislation. In doing so, they liaise closely with the company's sponsor.

The company secretary facilitates an annual self-evaluation exercise of the board's performance, mix of skills and individual contributions of directors, its achievements in terms of corporate governance and the effectiveness of its sub-committees. The exercise further includes a review of communications between management and the board as well as between the board and stakeholders. Each individual director also performed a self-evaluation exercise during the year. The results of these were reviewed by the board which was satisfied that the overall assessment did not diminish in any material respect or degree from the previous assessment.

Board committees

During the year the board functions were supported by the following committees:

- EXCO
- Audit Committee
- Risk Committee
- Human Resources and Nominations Committee
- Social and Ethics Committee

In compliance with the new Companies Act, the group has constituted a Social and Ethics Committee.

The board is satisfied that all committees have fulfilled their responsibilities during the year. There is transparency and full disclosure from board committees to the board. Committee chairmen provide the board with a verbal report on recent committee activities and the minutes of committee meetings are available. In addition, the chairmen of the committees or a nominated committee member attend the company's annual general meeting to answer any questions from stakeholders pertaining to the relevant matters handled by their respective committees.

EXCO

Members: Bernie Krone (CEO), Wayne van Houten (CFO), Andy Brookstein (Civils), Arthur Field (Geotechnical), Roy McLintock (Geotechnical), Dave Gibbons (Pipelines), Richard Maynard (Civils), William Neuwenhuis (Group Human Resources)

The EXCO's responsibilities include assisting with the implementation of corporate governance compliance at group and subsidiary/divisional levels. The internal audit function and group risk manager advise the EXCO on their monitoring of compliance.

Audit Committee

Members: Dr FA Sonn (chairman), DM Thompson (independent non-executive director), EG Dube (independent non-executive director)

Risk Committee

Members: Dr FA Sonn (chairman), DM Thompson (independent non-executive director), EG Dube (independent non-executive director)

In terms of the charter, the committee meets a minimum of four times annually with additional meetings held when necessary. The CFO, head of internal audit and the group risk officer are required to attend all meetings.

The CEO and other board members may attend by invitation. Should any member of the committee, the group risk officer or the internal auditor request a meeting, such meeting may be arranged in consultation with the committee's chairman.

The committee is authorised by the board to seek any information required from any employee and may further obtain external legal or other independent professional advice, if deemed necessary, at the expense of Esorfranki. The group risk officer independently oversees the risk management processes and reports directly to the committee. His observations, as detailed in last year's report, have either been addressed or are in the process of being addressed.

The main responsibility of the committee is to provide assistance to the board in ensuring implementation and maintenance of an effective risk environment.

Specifically the committee reviews and recommends for board approval:

- The company's risk management policy and plan;
- The company's Code of Ethics and Conduct and any corporate citizenship policies;
- Risk tolerance levels;
- The risk register as prepared by management, focusing on IT, fraud and reputational risks in addition to operational and other business risks;
- The internal audit reports detailing effectiveness of risk management;
- The company's compliance with legal and regulatory provisions, its articles of association; and
- Cases of employee conflicts of interest, misconduct or fraud.

During the year the committee conducted a self-evaluation and was satisfied with the functioning of the committee.

Human Resources and Nominations Committee (formerly the Remunerations Committee)

Members: Dr FA Sonn (chairman), DM Thompson (independent non-executive director), MB Mathabathe (independent non-executive director) In line with the recommendation of King III, the committee comprises three independent non-executive directors and the chairman of the board is a member of the committee. The CEO is also a permanent invitee.

The committee assists the board in ensuring that the structure, size and effectiveness of the board are maintained. This objective is reached by giving due consideration to the number of executive, non-executive and independent non-executive directors appointed to the board and ensuring that the board and its sub-committees are reviewed regularly, comprise the requisite mix of skills, experience, diversity and other qualities, align with the strategic direction and requirements of Esorfranki, and meet the requirements of sound corporate governance. The committee is also responsible for setting the criteria for board nominations, identifying and recommending nominees to the board, providing for succession planning and annually reviewing the directors' credentials.

The committee's charter further codifies the responsibility to oversee all aspects of human resources and determine the group's human resources strategy. The committee is authorised by the board to seek any information required from any employee and may further obtain external legal or other independent professional advice, if deemed necessary, at the expense of the group.

During the year the committee was responsible for remuneration-related tasks including reviewing incentive schemes, annual bonuses, salary increases, executive employment contracts, grants, retirement and healthcare funding for executives and senior management and all benefits paid out to employees, including pensions, benefits in kind and other financial arrangements. The committee also had to assess executive and non-executive directors' remuneration and determine short- and long-term incentive pay structures for group executives.

Social and Ethics Committee

Members: The committee comprise all four non-executive directors, all of whom will be independent. The committee will be chaired by the CEO of Esorfranki, supported by the HR director of Esorfranki Construction.

The other executive directors will be members of this committee.

- The purpose of the newly constituted committee will be to:
 - make recommendations on the remuneration policies and practices for the executive directors, senior management and the group in general (as is explained above under 'Human Resources and Nominations Committee');
 - make recommendations on the empowerment credentials of the group;
 - monitor the corporate social responsibilities of the group; and
 - monitor social and economic development in terms of goals including the United Nations Global Compact Principles, the OECD regarding corruption, Employment Equities Act, and B-BBEE;

- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships including the company's advertising, public relations, investor relations and compliance with consumer protection laws; and
- Labour and employment.

Risk Management

The group's Integrated Risk Management Strategy is pivotal to the business strategy and adheres to the King III Report. This strategy encompasses the following elements – risk identification, control, policies and procedures, and board requirements. As Esorfranki considers its people to be key contributors to risk mitigation, competent and adequate personnel are sought and appropriately trained. All new employees are fully informed of the responsibility framework in order to maintain risk control.

The Risk Committee, supported by the group risk officer, ensures that risk tolerance levels are set and management adheres to a formal risk responsibility framework. The group risk officer reports quarterly to both the audit and risk committees. The Risk Committee further receives reports and obtains independent assurance on material sustainable issues.

The board is responsible for the group's systems of internal control and risk management, supported by the audit and risk committees and group risk officer. The systems are designed to manage rather than eliminate risk. Absolute assurance cannot be provided as these internal control systems are designed, for instance, to provide only reasonable assurance as to the integrity and reliability of the annual financial statements.

Inherent limitations to the system's effectiveness exist due to the possibility of human error and the circumvention or overriding of controls.

The systems are also designed to safeguard and maintain accountability of the group's assets. Further, these systems should identify and curtail significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

Internal audit, based on the field work undertaken during the year, provided reasonable assurance on the adequacy of the internal controls tested and the associated risk management process. A King III Risk Management Self-Assessment was facilitated by KPMG, looking at the following areas:

- Governance
- Assessment
- Quantification
- Monitoring and reporting
- Risk and control optimisations

Esorfranki achieved its internal target of 70% in terms of overall King III readiness and, according to KPMG, is in a leading position amongst its peers having demonstrated an advanced level of risk management.

The board has set the levels of risk tolerance and appetite in a risk tolerance report. These cover the following broad areas which form the basis for the risk matrix:

- Sustainability
 - Revenue/gross margin for the year
 - Cash flow balances
 - Secured revenue
 - Days outstanding in trade receivables
- Contract profitability
 - Profit-making contracts
 - Individual loss-making projects
 - Contract penalties
 - Legal/contractual disputes
- Insurance claims
- BEE
- Safety

Internal audit

KPMG is appointed as an external service provider to the group's internal audit function. The internal audit function will continue to report directly to the Audit Committee and to meet regularly with the committee chairman and other members. The Audit Committee confirmed the independence of the internal audit function during the year following a bi-annual declaration of independence by KPMG, and in line with group policy regarding the use of external auditors on non-audit services.

The Internal Audit Charter defines the scope of the internal audit function as assisting the board in assessing the group's risk management and governance processes. This includes the assessment of the reliability and integrity of financial and operating information, new and existing systems of internal control, means for safeguarding assets and methods of confirming consistency of results with established objectives.

Practically the internal audit function assists the group in achieving its goals and objectives by:

- Assisting management in evaluating their process for managing key operational, financial and compliance risks;
- Assisting management in evaluating the effectiveness of internal control systems, including compliance with internal policies;
- Recommending improvements to the internal control systems;
- Keeping abreast of new developments affecting Esorfranki's activities and internal audit work; and
- Being responsive to Esorfranki's changing needs, striving for continuous improvement and monitoring integrity.

During the year under review the internal audit function:

- Reviewed risk management processes;

- Reviewed general ledger take on balances following the standardisation of the group's chart of accounts;
- Performed 2010 project follow-up reviews; and
- Reviewed the current control environment.

In addition KPMG facilitated an internet-based fraud awareness survey and fraud awareness workshops at two sites. Esorfranki was found to have perceptually outperformed the industry average in South Africa. An Internal Audit Plan has been developed which prioritises focus for the year ahead. This was developed taking into consideration preliminary discussions with Esorfranki management, Esorfranki's strategic risk profile, core business process, and Esorfranki's operating environment and state of control.

IT governance

Esorfranki recognises IT governance as an integral part of corporate governance and the responsibility of the board and executives.

The group acknowledges that a well governed IT function is critical to addressing significant IT risks.

The IT Governance Charter was reviewed in August 2011. The charter formalises a framework of delegation from the board and Audit Committee down through executives to the CIO, and sets out policies, procedures, management committees and performance metrics which work together towards goals. Esorfranki also has a solid business continuity and disaster plan in place.

The following specific principles are addressed in the charter:

- Board responsibility
- Performance and sustainability
- IT investments
- Risk management
- Information security
- Governance structure

The formulation of an IT governance policy has taken into account all stakeholders including the board, internal customers and specific departments, for instance, Finance. Further, the existing IT environment was assessed and the priority of the processes was defined based on risk control performance.

The group's approach to IT governance is outlined in an IT Governance Framework which incorporates various processes, structures, roles and responsibilities, lifecycles and policies. The framework incorporates these fundamental components to ensure a comprehensive practical framework that is customised to the environment, integrated into the key business objectives, managed across all stakeholders and monitored for compliance and performance.

Key aims of the IT Governance Framework are to standardise business processes across the group, reduce internal costs and ensure sound corporate governance. Achievements during the year included the roll-out

of a standardised 'Buildsmart' accounting and procurement software platform – the software is now all contained on a centralised server at head office, and security measures have been implemented regarding access control and back-up and recovery plans.

The board received an annual update on IT risks in March 2012 in line with an annual review policy. All risks were deemed to be within defined tolerance levels and not considered material. Once all policies and processes outlined during the year have been fully implemented, Esorfranki will obtain independent assurance on the effectiveness of IT internal controls.

Legal compliance

The group risk officer, along with the executive management, is responsible for ensuring compliance with laws and regulations according to the group's legal compliance checklist. In addressing the requirements of the Companies Act, salient features of our proposed Memorandum of Incorporation are included on for your consideration. The JSE has reviewed and approved this revised constitution in terms of the Listings Requirements.

Two areas of non-compliance have been identified in the group risk officer's report:

- Breach of JSE Listings Requirements in respect of directors' share dealings as discussed in the Corporate Governance Report; and
- Competition Commission investigation into collusion. This matter has been referred to a Tribunal which has not responded to date. The Competition Commission is alleging anti-competitive behaviour in the piling and drilling industry, involving transgressions by Franki Africa (Pty) Limited prior to that company's acquisition by the group, and by the then-named Esor (Pty) Limited prior to listing. Esorfranki has co-operated fully with the Competition Commission. The investigation is ongoing and no developments have occurred since the announcement at the previous year-end.

Checklists are compiled by the CFO and group risk officer and, for the year ahead, focus on:

- Adoption and implementation of the Companies Act
- Improved compliance with the King III Report
- Continued roll-out of compliance awareness forums and training

External audit

KPMG, the external auditors, report on whether the annual financial statements are fairly presented in compliance with IFRS and the South African Companies Act. However, it remains the responsibility of the directors to prepare the annual financial statements.

The board, assisted by the Audit Committee, evaluates the independence and effectiveness of the external auditors and considers whether any non-audit services provided by such auditors impact/ed on their independence. Appropriate corrective action is taken if this is found to be the case.

Management Strategy

Strategically, Esorfranki is working to reduce work flows dependent on public tenders in favour of more negotiated contracts and repeat business, which is more private sector driven. In view of this, Esorfranki is willing to commence new mining infrastructure ventures at tight margins to establish relationships, as their experience has shown this approach almost invariably leads to significant follow up business at better margins.

This is particularly relevant to mining related work where issues including safety, quality, strength of relationships, prior delivery, ongoing presence and technical capability have all assisted with creating work, which now has a stable platform of between ZAR 300-400m per annum.

During the 2011 financial year the business experienced difficult operating and trading environments which placed significant pressure on the company's cash flows, margins and profits.

In order to ensure that these do not re-occur risk management strategies have been strengthened. These involve enhanced focus on project execution and cost reporting. Esorfranki has adopted policies and procedures in this regard and have become more focussed in their estimates and judgements on projects.

They have also increased their plant capacity and have enjoyed better utilisation and cost efficiencies in this regard. The CEO and CFO have become more hands-on and attend cost meetings, while the CEO and divisional MD's regularly visit larger sites to ensure that project losses are not repeated or identified earlier for remedial action to be taken.

In terms of Esorfranki's risk management policies, individual projects are rigorously investigated particularly those over R200m in value. Where Esorfranki lacks the necessary competence or plant resources, they would form JV's with other contractors. The company are currently hesitant to undertake significant commercial high rise building projects. Technically challenging projects are also closely scrutinised for risk and appetite. Esorfranki also believe that they are probably excluded from very large multi-disciplined EPCM contracts and PPP's.

The current strategy of the 3 divisions is as follows:

- Geotechnical – The company has been targeting selected African growth opportunities and new markets. Esorfranki has secured work in Ghana and Uganda and has grown both the Mauritian and Mozambique markets. The opportunities are mainly resource driven. Esorfranki is a sub-contractor to the main contractors and has geographical market presence in sustainable growth markets. The company forms alliances with international contractors in Africa, where opportunistic, and their design capability coupled with their plant capacity and expertise play a significant role in securing work. Esorfranki believes that solar energy projects offer local growth opportunities.
- Civils – Within Civils the company focuses on product diversity and securing repeat business out of the mines/private sector and leverages off relationships with clients/consulting engineers, coupled with

robust delivery. Esorfranki is focusing more on private sector clients with negotiated prices but still submits extensive tenders to municipal and provincial clients. Esorfranki is currently targeting work in excess of ZAR 2bn in the private sector space and will only look at neighbouring countries as part of its geographical expansion.

- Pipelines – There is a large local market with Umgeni/TCTA/Rand Water augmentation and water supply schemes. Esorfranki remain bullish and believes this business unit will deliver increased revenues over time. This unit has secured R220m as at year end and a further R50m in recent months.

Historically Esorfranki management considered itself to be more nimble than the larger players, however recent losses on specific contracts (i.e. N4, R21 & Gautrain), has dented this perception. However it has, in response, become more focused in assessing and managing contract risks.

Esorfranki has also not aggressively followed a strategy into the African market and continues to play to their strengths, which is the Geotechnical side, where they have substantial African experience. The other divisions will only move into Africa on the back of the risk being acceptable on the Geotechnical, Pipelines and Civils divisions.

Risk Factors

Risk	Description
Highly competitive markets	The contraction in the sectors has resulted in erosion of margins and highly competitive pricing
Challenging contractual conditions	Increasingly difficult contract terms and conditions required by clients has pushed more variable risk factors onto contractors
Project delays	Project award and delivery delays, particularly in the public sectors, directly impact on operational margins
Skill shortage and retention	Sourcing and retaining skilled professionals
Project execution	Project execution risk management in a highly competitive environment could have an impact on operational margins
Competition commission	Investigation by Competition Commission, into anti-competitive behaviour in the piling and drilling industry, has been referred to the tribunal. This investigation is incomplete
B-BBEE charter	Transformation is critical to the sustainability and is currently a level 4 B-BBEE
Working capital	The high dependency on government infrastructure projects can impact on the investment into working capital as a result of delayed payment cycles
Geographical expansion and footprint	Regulatory compliance within new geographical territories

SETTLEMENT, CLEARING AND TRANSFERS OF NOTES

Notes held in the Central Securities Depository

Clearing systems

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

A Tranche of unlisted Notes may also be held in the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades in such Tranche of Notes to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository.

Participants

As at the Programme Date, the Participants which are approved by the JSE, in terms of the rules of the JSE, as settlement agents to perform electronic settlement of funds and scrip are the the South African Reserve Bank, Absa Bank Limited, Citibank N.A., FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through their South African Participant.

Settlement and clearing

Notes Issued in uncertificated form

The Issuer will, subject to Applicable Laws, issue Notes that are to be listed on the Interest Rate Market of the JSE in uncertificated form. Unlisted Notes may also be issued in uncertificated form.

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

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

Beneficial Interests

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

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

The Central Securities Depository maintains central securities accounts only for Participants.

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

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

Payments of interest and principal in respect of Notes held in uncertificated form, and registered in the name of the Central Securities Depository's Nominee, will be made in accordance with Condition 9 to the Central Securities Depository's Nominee, or such other registered holder of the uncertificated Notes as shown in the Register, and the Issuer will be discharged by proper payment to or to the order of the registered holder of the Certificate in respect of each amount so paid. The registered holder of such uncertificated Notes will in turn transfer such funds, via the Participants, to the holders of Beneficial Interests.

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

The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests.

Transfers and exchanges

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

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

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

Certificates

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

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

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

The BESA Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

Notes listed on any exchange other than (or in addition to) the JSE

Each Tranche of Notes which is listed on any exchange other than (or in addition to) the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures of that exchange. The settlement, clearing and redemption procedures for trades of a Tranche of Notes issued on an exchange other than (or in addition to) the JSE will be specified in the Applicable Pricing Supplement.

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. Securities Transfer Tax

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

2. Withholding Tax

Under current taxation law in South Africa, all payments made under the notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges. From 1 January 2013, withholding tax on interest in respect of certain debt instruments (which could include any Notes issued from this Programme) may be applicable to certain persons, who are regarded as non-resident for tax purposes in South Africa. Certain exemptions may or may not be applicable in this regard.

3. Income Tax

3.1 Nature of any original Issue discount or premium

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

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

3.2 Position in respect of the current tax year

Under current taxation law in South Africa:

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

- (ii) at any time during this tax year carried on business through a permanent establishment in South Africa.

4. **Capital gains**

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

Capital gains are taxable at normal tax rates, but in the case of a natural person only 33.3% of the gain is taxable, and in the case of companies and trusts, 66.6% of the capital gain is taxable.

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

EXCHANGE CONTROL

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, as amended, (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 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, as amended.

Emigrants from the Common Monetary Area

Any Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "emigrant". Such restrictively endorsed 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 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 terms of (and subject to) the Programme Agreement, Absa Capital has been appointed as Dealer on an ongoing basis for the duration of the Programme. The Issuer may appoint one or more Dealers for a specific issue of one or more Tranches of Notes or on an ongoing basis. In terms of (and subject to) the Programme Agreement, the Issuer may from time to time agree with any Dealer(s) to issue, and any Dealer(s) may agree to place, one or more Tranches of Notes.

South Africa

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

- (i) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (ii) it has not offered or sold or delivered any Notes in that Tranche, and will not offer or sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons;
- (iii) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. person; and
- (iv) it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes in that Tranche and it, its affiliates and any persons acting on

its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

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

United Kingdom

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

- (i) it has not offered or sold, and prior to the expiry of a period six months from the Issue Date in respect of each Tranche of Notes will not offer or sell, any Notes in that Tranche to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 of the United Kingdom;
- (ii) it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act, 2000 (the "FSMA") with respect to anything done by it in relation to the Notes in that Tranche in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in that Tranche in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

European Economic Area

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

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which prospectus has been approved by the competent authority in that Relevant Member State in accordance with the prospectus directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the prospectus directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;
- (d) any time to fewer than 100 natural or legal persons (other than qualified investors defined in the prospective directive) subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the prospectus directive, or pursuant to any applicable national law of any Relevant Member State.

Provided that no such offer of the Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to article 3 of the prospective directive.

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

General

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

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

Neither the Issuer nor any of the Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

GENERAL INFORMATION

Authorisations

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the establishment of the Programme and the issue of Notes under the Programme. No exchange control approval is required for the establishment of the Programme. If exchange control approval is required for the issue of any Tranche of Notes, such exchange control approval will be obtained prior to the issue of such Tranche of Notes.

Listing

This Programme Memorandum was registered by the JSE on 20 July 2012. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any successor exchange and/or such other or further exchange(s) as may be agreed between the Issuer and the Dealer(s) and subject to any relevant ruling law. Unlisted Notes may also be issued. Unlisted Notes are not regulated by the JSE.

Clearing systems

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

The settlement, clearing and redemption procedures for trades of Notes issued on an exchange other than the JSE, irrespective of whether the Notes are listed on the Interest Rate Market of the JSE as well, will be specified in the Applicable Pricing Supplements.

Participants

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

Auditors

KPMG Inc. are the current auditors of the Issuer.

Litigation

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

Material Change

As at the date of this Programme Memorandum, following due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of its last audited financial statements. No auditors have been involved in making such statement.

Signed at Johannesburg on behalf of Esorfranki Limited on 25 July 2012.

Director

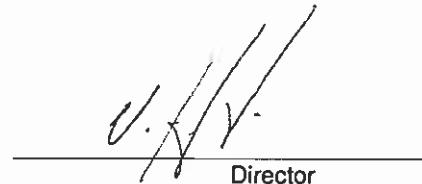
Signed at Johannesburg on behalf of Esorfranki Limited on 25 July 2012.

Director

Material Change

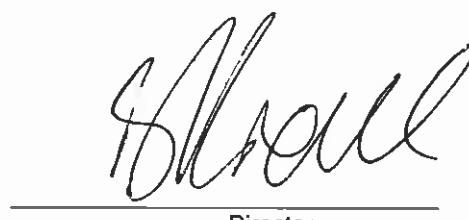
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Signed at Johannesburg on behalf of Esorfranki Limited on 25 July 2012.



Director

Signed at Johannesburg on behalf of Esorfranki Limited on 25 July 2012.



Director

CORPORATE INFORMATION

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