

PROGRAMME MEMORANDUM

Southchester (RF) Limited

(Republic of South Africa, company registration #.2010/021595/06)

ZAR10 000 000 000 Asset Backed Commercial Paper Programme

Southchester (RF) Limited (the “**Issuer**”) may from time to time issue limited recourse Secured or Unsecured Debentures, preference shares and/or other forms of commercial paper (“**Commercial Paper**”) in terms of the Asset Backed Commercial Paper Programme (“**Programme**”) described in this Programme Memorandum where recourse in respect of such Commercial Paper is limited to the proceeds of enforcement of the security over certain assets of the Issuer in relation to such Commercial Paper as set out in the Programme. The Commercial Paper may be issued in a particular Series (as described in a Pricing Supplement) and in tranches in such amounts and times as determined by the Issuer in a Trade Confirmation, provided that the total Principal Amount of Commercial Paper under this Programme may not exceed R10,000,000,000. Commercial Paper issued under this Programme may be listed on one or more financial exchanges. Unlisted Commercial Paper may also be issued under this Programme.

Before issuing any Commercial Paper, the Issuer shall produce a Pricing Supplement describing the Commercial Paper and their terms and conditions of the specific Series. Debentures issued pursuant to the Programme (“**Debentures**”) will be subject to the provisions set out in the applicable Pricing Supplement, the Trade Confirmation, the General Terms and Conditions of the Debentures set out from page 16 of this Programme Memorandum (the “**Conditions**”) and, if listed on a financial exchange, the applicable rules of that exchange.

This Programme Memorandum has been approved by the JSE Limited (“**JSE**”) and the Issuer may apply for the listing of any Commercial Paper issued or to be issued pursuant to this Programme on the Interest Rate Market of the JSE. Commercial Paper listed on the JSE may be traded by or through members of the JSE in accordance with the rules, regulations and procedures of the JSE. Transactions in Commercial Paper on the JSE will be settled in accordance with the electronic settlement procedures of the JSE and Strate Limited (“**Strate**”). Claims against the JSE Guarantee Fund (which conforms to the requirements of section 8(1)(h) of the Financial Markets Act, 2012) may only be made in respect of trading in Commercial Paper on the JSE and in accordance with the terms of the Rules of the JSE Guarantee Fund, and can in no way relate to the issue of Commercial Paper by the Issuer.

The Issuer is a special purpose, ring-fenced entity established solely for purposes of issuing Commercial Paper and investing the issuance proceeds in a portfolio of financial instruments and products (the “**Portfolio**”).

The Issuer is authorised by Registrar of Banks as an issuer of commercial paper in terms of the Securitisation Schemes Notice (i.e. government notice 30628 of 1 January 2008) made pursuant to the Banks Act, 1990.

Administrator and Transfer Secretary



CSDP Settlement Agent & Custodian



JSE Sponsor



Legal Advisors to the Issuer



Investment Manager



Independent Trustee



The date of this Programme Memorandum is 23 August 2017.

This Programme Memorandum contains the information required by law and the JSE Listings Requirements. The Issuer has taken all reasonable measures to ensure the information in this in this Programme is accurate and that nothing has been omitted from this Programme Memorandum which would make any statement in this Programme Memorandum false or misleading.

For so long as any Commercial Paper remains in issue, the Issuer will notify the holders of the Commercial Paper of any adverse change in the condition (financial or otherwise) of the Issuer which is material in the context of the Commercial Paper.

A statement in this Programme Memorandum or in any of the documents incorporated herein by reference shall be deemed to be modified and superseded to the extent that the statement is clarified by, or inconsistent with, a statement in any subsequent notice to holders of the Commercial Paper or in any document subsequently incorporated by reference.

The JSE is not responsible for the contents of this Programme Memorandum or any documents incorporated herein by reference, makes no representation as to the accuracy or completeness of any of the foregoing documents and shall not be liable for any loss or damage suffered as a result of any such documents.

The Issuer's Secondary Service Providers (including the Issuer's auditors, legal advisors, bankers, custodian, JSE sponsor and administrator) have not separately verified the information in this Programme Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Secondary Service Providers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Commercial Paper. The Secondary Service Providers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with any Commercial Paper.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other information supplied in connection with the Commercial Paper and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The Issuer intends to obtain a structured finance rating from a rating agency accredited in South Africa for tranches of Commercial Paper which qualify as Senior Debentures and whose terms will be no more than 365 days, in which case such rating will be indicated in the applicable Pricing Supplement.

This Programme Memorandum and any other information supplied in connection with the Commercial Paper does not constitute the rendering of financial or investment advice by the Issuer or any of its Secondary Service Providers and is not intended to provide the basis of any credit or other evaluation. This Programme Memorandum contains a description of certain facts at the date of this Programme Memorandum and should not be considered as a recommendation by the Issuer or its Secondary Service Providers that any recipient of this Programme Memorandum should purchase any Commercial Paper.

Each Investor contemplating purchasing any Commercial Paper should make its own independent investigation and appraisal of the financial condition and affairs of the Issuer including the nature, terms and conditions of the Commercial Paper itself.

This Programme Memorandum has been issued in connection with the placement of Commercial Paper in South Africa only. The distribution of this Programme Memorandum and the offering of any Commercial Paper for subscription or sale in certain jurisdictions outside South Africa may be restricted by law. Persons into whose possession this Programme Memorandum comes must inform themselves about and observe any such restrictions.

No Commercial Paper have been or will be registered under the United States Securities Act of

1933 (the “**Securities Act**”). Securities may not be offered, sold or delivered within the United States or to US persons, except in accordance with Regulations under the Securities Act.

The Issuer agrees that -

- it will not offer or sell any security falling within Regulation 3(2)(c) of the Public Offers of Securities Regulations (1995) as amended (the “**POS Regulations**”) to persons in the United Kingdom (“**UK**”), 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the UK within the meaning of the POS Regulations;
- it will comply with all applicable provisions of the UK Financial Services and Markets Act (2000) (the “**FSMA**”) with respect to anything done by it in relation to the Debentures in, from or otherwise involved in the UK;
- it 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 securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

DISCLAIMER

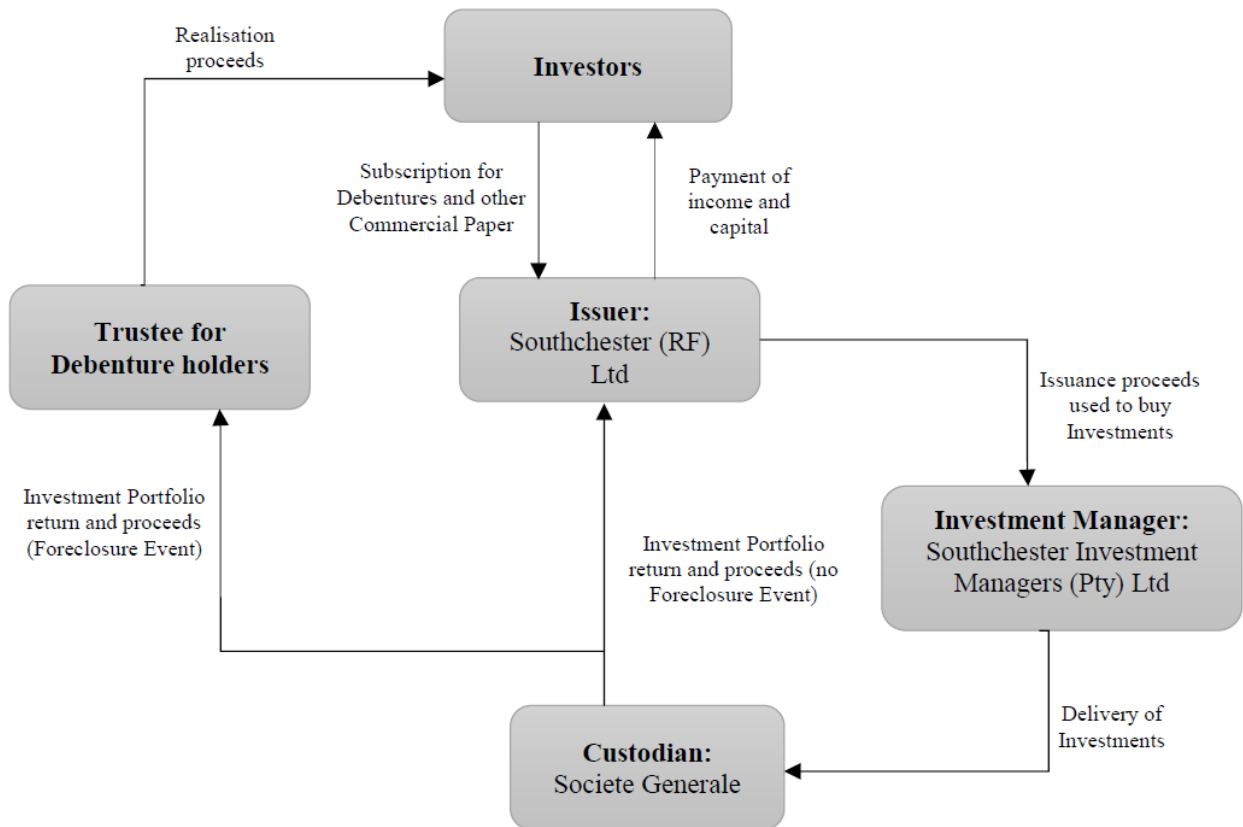
The information provided in this document is for information purposes only and does not constitute the provision of professional advice of any kind. The information provided should thus not be used as a substitute for consultation with your professional advisors. Before making any decision or taking any action, you should consult a professional advisor who has been provided with all the pertinent facts relevant to your particular situation. The Issuer does not accept any responsibility for loss to any person who acts or refrains from acting based on the information contained in this document.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Programme Memorandum.



1. The Issuer, Southchester (RF) Limited, is a public company with limited liability incorporated in accordance with the Companies Act, 2008, of the Republic of South Africa, as a ring-fenced entity. The Issuer was established in 2011.
2. The Issuer's purpose is to issue Debentures and other Commercial Paper and to invest the proceeds in a portfolio of financial instruments and products (the "**Portfolio**") in accordance with the investment policy set out in this Programme Memorandum (the "**Investment Policy**"). The Portfolio is owned by the Issuer. The Investments and financial products are acquired, dealt with and managed for the Issuer by an independent investment manager, Southchester Investment Managers Proprietary Limited (the "**Investment Manager**") which is an investment manager regulated by the Financial Services Board with FSP No 44868.
3. From October 2011 to date of establishment of this Programme, the Issuer has issued Debentures on an ongoing basis in terms of its Debenture issuance programme set out in the Issuers information memorandum dated 4 October 2011 (which was amended by the Issuer's Supplemental Information Memoranda dated 25 November 2011, 3 June 2013, 28 August 2013 and 10 March 2014) (the "**2011 Programme**"). The 2011 Programme allows only for issuance of a single class of unlisted Debentures. Due *inter alia* to the amount of Debentures issued in terms of the 2011 Programme and changes in the Issuer's regulatory and business environment, it has become necessary to revise and update the 2011 Programme. The necessary revisions are provided for in this Programme which supersedes the 2011 Programme. Debentures issued pursuant to the 2011 Programme remain subject to the 2011 Programme, but the Issuer intends to wind down the 2011 Programme. Any transfer

of Debentures from the 2011 Programme to this Programme will only occur upon consultation with the holders of Debentures issued under the 2011 Programme.

4. This Programme modifies the 2011 Programme by *inter alia* increasing the size of the programme, providing for the issuance of different classes of Debentures and other Commercial Paper and providing for the Issuance of Commercial Paper that may be listed on the JSE Limited ("**JSE**") and/or other financial exchanges.
5. The Commercial Paper that may be issued under this Programme comprises "commercial paper" as defined in Securitisation Schemes Notice of 1 January 2008 made pursuant to the Banks Act, 1990 (the "**Securitisation Notice**"). Although this Programme also provides for issuance of preference shares, it is envisaged that the Issuer will issue mainly Debentures and that most, if not all, the Debentures issued under this Programme will have a maturity of less than one year.
6. Before issuing any Series of Debentures or other Commercial Paper, the Issuer will produce a Pricing Supplement setting out the terms and conditions of that Series of Commercial Paper. Upon each particular issue of Commercial Paper of a particular Series, the Issuer will produce a Trade Confirmation. A summary of the different types of Debentures that may be issued pursuant to this Programme is set out on page 12 of this Programme Memorandum. The Debentures will be subject to the provisions set out in the applicable Pricing Supplement, the General Terms and Conditions of the Debentures set out from page 16 of this Programme Memorandum (the "**Conditions**") and any Applicable Procedures of any exchange or exchanges on which the Debentures are listed. Unlisted Commercial Paper may be issued in registered form or uncertificated form.
7. This Programme does not change the Issuer's underlying business model or the manner in which the Portfolio is owned and managed. This Programme allows the Issuer to issue a greater variety of Commercial Paper than provided for in the 2011 Programme. In particular, this Programme allows for the issuance of debentures and preference shares; (ii) the issuance of Commercial Paper in dematerialised and immobilised form (to facilitate clearing and settlement); and (iii) the issuance of Commercial Paper that is unlisted or that is listed on one or more financial exchanges. Furthermore, this Programme allows the Issuer to issue Debentures that are ranked in order of preference into three categories, namely, Senior Debentures, Mezzanine Debentures and Junior Debentures. A summary of the Debentures that may be issued pursuant to this Programme is set out on page 12 of this Programme Memorandum.
8. Preferent Capital Management Proprietary Limited is appointed as "**Trustee for Debentureholders**" pursuant to the Southchester Security Trust Deed entered into on or about 11 April 2017 by the Trustee and the Issuer (the "**Trust Deed**") and which is described from page 16 of this Programme Memorandum. The Trust Deed provides for the establishment of a first ranking security interest in favour of Secured Debentures over the accounts containing the Issuer's Portfolio. Mezzanine Debenture holders are unsecured, concurrent creditors and rank below Senior Debentures which are secured debentures but ahead of Junior Debentures, as provided for in the applicable Pricing Supplement and Conditions. The Issuer intends issuing mainly Senior Debentures which are secured debentures. Mezzanine and Junior Debentures will be issued to serve as second and first-loss credit enhancement facilities respectively (the "**Credit Enhancement Facilities**"), as deemed necessary. The Credit Enhancement Facilities are facilities that will suffer a loss prior to the Secured Debentures, thereby enhancing the creditworthiness of the Senior Debentures.
9. The debentures issued pursuant to the 2011 Programme rank *pari passu* amongst each other. Holders of debentures issued in terms of the 2011 Programme and outstanding on date of establishment of this Programme will be offered Senior

Debentures issued in terms of this Programme in exchange for their 2011 Programme debentures.

10. The proceeds of the Debentures issued pursuant to the Issuer's 2011 Programme (the "**Pre-existing Debentures**") were used to acquire financial instruments and products for the Issuer. The proceeds of the Commercial Paper issued pursuant to this Programme will be used in the same manner. The Investment Manager acquires financial instruments and products for the Issuer and manages the Issuer's portfolio of financial instruments and products (the "**Portfolio**") on behalf of the Issuer in accordance with the Issuer's Investment Policy set out on page 40 of this Programme Memorandum.
 11. The 2011 Portfolio is held in safe custody for the Issuer by Societe Generale Securities Services Proprietary Limited ("SocGen"). The market value of the 2011 Portfolio was approximately R4,757,600,361.54 on 31 July 2017. A description of the gross exposures in 2011 Portfolio is set out on page 40 of this Programme Memorandum.
 12. The Issuer may also issue Secured Debentures in accordance with the Conditions. The Security Trust has been established which will facilitate the Debenture holders obtaining a security interest over the Portfolio and will enforce such security on behalf of the Debenture holders upon the happening of certain Events of Default.
 13. The Issuer has appointed independent third parties ("**Service Providers**") to undertake all other functions and activities necessary for or incidental to the day to day operation of the Issuer on the abovementioned basis. The Issuer's Service Providers include:
 - 13.1 Peregrine Fund Platform Proprietary Limited which provides administration services;
 - 13.2 SocGen which provides trustee, custodian, transactional banking and settlement services;
 - 13.3 Independent Compliance Services Proprietary Limited who provide regulatory compliance services; and
 - 13.4 The CEEi Proprietary Limited which provides credit research and advisory services.
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DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in and form part of this Programme Memorandum:

- (a) all amendments and supplements to this Programme Memorandum issued by the Issuer (each a “**Supplemental Programme Memorandum**”);
- (b) Pricing Supplements relating to all Commercial Paper issued under the Programme;
- (c) Trade Confirmations relating to specific issues of Commercial Paper;
- (d) the annual reports (incorporating the audited annual financial statements and notes thereto) of the Issuer for the financial years ended 31 March 2013 through to 31 May 2017, as well as each annual report of the Issuer published after the date of this Programme Memorandum;
- (e) the relevant resolutions of the Issuer authorising the establishment of the Programme and the issue of the relevant Debentures or other Commercial Paper;
- (f) the memorandum of incorporation of the Issuer;
- (g) all information concerning this Programme or Programme Memorandum which is distributed via the JSE's Securities Exchange News Service ("**SENS**") from time to time;
- (h) in relation to listed Debentures, each monthly register made available by the CSDPs.

This Programme Memorandum must be read in conjunction with all documents incorporated herein by reference.

Any statement in this Programme Memorandum or in any of the documents incorporated herein by reference shall be deemed to be modified and superseded to the extent that the statement is clarified by, or inconsistent with, a statement in any subsequent notice to holders of the Commercial Paper or in any document subsequently incorporated by reference.

The Issuer will, in connection with the listing of Debentures on the Interest Rate Market of the JSE, or on such other exchange or further exchange or exchanges as may be selected by the Issuer, and for so long as any Debentures remain outstanding and listed on such exchange, publish a new Programme Memorandum or a further supplement to the Programme Memorandum on the occasion of any subsequent issue of Debentures where there has been:

- (a) a Material Adverse Effect on the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme which would then make the Programme Memorandum inaccurate or misleading.

A copy of this Programme Memorandum and all documents incorporated herein by reference may be viewed at the Investment Manager's website, www.southchester.co.za. Whilst any Commercial Paper are listed on the JSE, the Pricing Supplements in respect of such Commercial Paper and the Issuer's audited annual financial statements and unaudited interim financial statements will also be available on the JSE's website.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

Purchasers of Debentures should conduct such independent investigation and analysis regarding the Issuer, the Security Trust, the Commercial Paper and all other relevant market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Commercial Paper.

The Commercial Paper will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any bank or other entity. Secured Debentures may however be issued in terms of which Secured Debenture holders will receive security over the Portfolio through the Security Trust which security the Security Trustee will enforce on behalf of the Secured Debenture holders upon the occurrence of certain Events of Default.

It is possible that there may be no secondary market in respect of the Commercial Paper and that it may accordingly be difficult or impossible to sell the Commercial Paper.

The Portfolio (i.e. the financial products and instruments acquired with the issuance proceeds of the Commercial Paper) is the Issuer's sole asset. The Issuer's operations are concentrated in South Africa and the Portfolio is invested in South Africa. Operations in the South African market are subject to various risks which need to be assessed

The Portfolio may include securities or other assets that are not traded on any market and which are not readily realisable. This means that in adverse market conditions there could be delays in payment of amounts due under the Commercial Paper.

It is possible that the Portfolio could decline in value and that the holders of Commercial Paper may receive a reduced return or no return in their investments. If the net value of the Portfolio falls below the amounts owing to holder of Commercial Paper, the holders will suffer a loss on the capital invested, possibly resulting in a loss of the whole of the amount invested in the Commercial Paper.

Investment in the Commercial Paper is only suitable for investors who:

- (1) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Programme Memorandum and the merits and risks of an investment in the Issuer in the context of such investors' financial position and circumstances;
- (2) are acquiring the Commercial Paper for their own account for investment, and not with a view to resale, distribution or other disposition of the Commercial Paper;
- (3) recognise that it may not be possible to sell or otherwise realise the Commercial Paper for a substantial period of time, if at all; and
- (4) are banks, investment banks, pension funds, insurance companies, medical schemes, securities firms, investment institutions, central governments, large international or supranational organisations or other entities, including *inter alia* treasuries and finance companies of large enterprises which are active on a regular and professional basis in the financial markets for their own account.

If in the case of any particular tranche of Debentures the Conditions provide that the Debentures are redeemable at the Issuer's option in certain circumstances, the Issuer may choose to redeem the Debentures 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 Debenture.

The security structure in relation to the Secured Debentures, in the form of each Debenture holder being a vested beneficiary of the Security Trust, and thereby being secured by the Security Cession as provided for in the Deed, provides holders of Debentures with a direct joint security interest over the Portfolio. The Security Trustee is mandated in accordance with the Deed to manage the administration of any enforcement of the Security and to make payments in accordance with the Post-enforcement Priority of Payments.

The Secured Debenture holders will receive a joint Security Cession of the Portfolio through the Security Trust. In terms of the Conditions, the Security Trust is required to enforce the Security on behalf of such Secured Debenture holders in certain circumstances. In the ordinary course, Secured Debenture holders will not enforce the Security themselves nor to take action against the Issuer in respect of the Security, nor to enforce claims against the Issuer except through the Security Trust unless the Security Cession is not enforceable or the Security Trust is wound-up or liquidated, as the case may be, or the Security Trustee fails to act within a reasonable time of being called upon to do so.

It is possible for the Security Trust itself to be wound-up or liquidated, as the case may be, which may, while not affecting the validity of the Security Cession, adversely affect the enforcement of the Security granted to the Secured Debenture holders in relation to Secured Debentures.

The obligations of the Security Trust are limited to the enforcement of the Security and, accordingly, it is improbable that the Security Trust itself will be insolvent (and therefore be wound-up or liquidated), unless there was, for example, dishonesty or negligent or fraudulent conduct or a breach of contract on the part of the Security Trustee, for instance by entering into unauthorised transactions on behalf of the Security Trust.

The Issuer is structured as an insolvency remote, ring-fenced special purpose legal entity, a structure which limits the risk of the claims of the Debenture holders being disturbed by claims of external creditors who are not bound by the applicable Programme. The Security Trust represents most creditors of the Issuer and those not tied into any contractual Priority of Payments are in any event creditors at the top of the Priority of Payments, including the tax authorities and administrative creditors. The proceeds in the hands of the Security Trust in relation to the Secured Debentures will be distributed in accordance with the Priority of Payments.

If, notwithstanding the ring-fenced structure, there is an external creditor not bound into an applicable Priority of Payments, and there are any assets of the Issuer that are not secured by the Security Cession, then on the liquidation or the sequestration of the Issuer, as the case may be, such external creditor would rank *pari passu* with or ahead of the Secured Debenture holders, depending on the statutory preference of claims in terms of the *Insolvency Act, No. 24 of 1936*, in regard to such assets of the Issuer that are not secured by the Security Cession.

Each Debenture holder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Commercial Paper. Unless otherwise specified in a Pricing Supplement, the Issuer will not pay any additional amounts to the Debenture holder to reimburse them for any Tax, assessment or charge required to be withheld or deducted from payments in respect of the Commercial Paper by the Issuer. In addition, in the event that a payment in respect of the Commercial Paper is or becomes subject to a withholding or deduction for or on account of any Taxes, no additional amount will be payable to Debenture holders as a result of such withholding or deduction.

This Programme Memorandum, together with the Pricing Supplement, identifies some of the information that a prospective investor should consider prior to making an investment in the Commercial Paper. This Programme Memorandum and the Pricing Supplement do not,

however, purport to identify or provide all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Commercial Paper. Therefore, a prospective investor should conduct its own thorough analysis, including its own account, legal and tax analysis, prior to deciding whether to invest in the Commercial Paper. A prospective investor should make an investment in the Commercial Paper only after it has determined that such investment is suitable for its financial investment objectives.

Neither this Programme Memorandum nor any Pricing Supplement is or purports to be or contain investment advice.

SUMMARY OF THE DEBENTURES

The following summary is qualified in its entirety by the remainder of this Programme Memorandum.

Issuer:	Southchester (RF) Limited (Registration Number 2010/021595/06).
Nature of the Debentures:	<p>The Debentures comprise secured or unsecured debt obligations of the Issuer. The Debentures are subject to the General Terms and Conditions included in this Programme Memorandum (the “Conditions”), the memorandum of incorporation of the Issuer (the “Mol”), the specific terms and conditions set out in a written Pricing Supplement produced by the Issuer in respect of the relevant Series (as defined below) of Debentures (the “applicable Pricing Supplement”) and, if it is specified in the applicable Pricing Supplement that the Debentures are to be listed on the JSE Limited (“JSE”) and/or any other financial exchange, the requirements of the JSE and/or that exchange as applicable. Any particular issue of Debentures will be confirmed in a Trade Confirmation.</p> <p>A Debenture may be a Fixed Rate Debenture, a Floating Rate Debenture, a Zero Coupon Debenture, an Indexed Interest Debenture or a combination of any of the foregoing or such other type of Debenture as indicated in the applicable Pricing Supplement. Each such type of Debenture may comprise a Secured Debenture (Senior Debenture) a Mezzanine Debenture or a Junior Debenture.</p> <p>Debentures that are issued on the same terms and conditions shall, notwithstanding their Issue Date or Issue Price, be consolidated to form a single series of Debentures (a “Series”).</p>
Issue Price and Currency:	Debentures may be issued from time to time at their Principal Amount. The minimum subscription amount is R1 million. All Debentures will be issued in South African Rand.
Interest:	If so specified in the applicable Pricing Supplement, a Debenture shall bear interest at the Interest Rate specified in the applicable Pricing Supplement.

Status:	<p>Unless otherwise specified in the applicable Pricing Supplement, Debentures may be secured or unsecured. All unsecured and unsubordinated Debentures will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking <i>pari passu</i> amongst themselves and, save for certain debts required to be preferred by law, <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer.</p> <p>Subordinated Debentures may be issued pursuant to this Programme. Mezzanine Debentures will be subordinated to the Secured Debentures and Junior Debentures will be subordinated to the Mezzanine Debentures.</p>
Maturity:	<p>Each Debenture has a maturity specified in the applicable Pricing Supplement. The Debentures entitle holders to a right of early redemption unless otherwise specified in the applicable Pricing Supplement. The Issuer does not have a right of early redemption except in certain exceptional circumstances specified in the Conditions.</p> <p>Each Debenture will be redeemed at its Principal Amount. In certain circumstances the Redemption Amount may be deferred. Condition 7.4(A) provides that Redemption Amounts may not be paid if the NAV of the Issuer is negative or to the extent that the payment would result in the NAV of the Issuer becoming negative. Redemption Amounts that are deferred as a result in terms of Condition 8.5 (a "Deferred Amount") must be repaid on a monthly basis to the extent of the Issuer's NAV allow such repayment.</p>
Listing:	<p>Debentures may, subject to the Applicable Procedures, be Listed on the Interest Rate Market of the JSE and/or any other financial exchange determined by the Issuer. Unlisted Debentures may also be issued under this Programme. Whether or not the Debentures in any Tranche will be Listed, will be specified in the applicable Pricing Supplement.</p>
Redemption on maturity:	<p>Unless earlier redeemed in accordance with the Conditions, Debentures will be redeemed at their Maturity Date as specified in the applicable Pricing Supplement.</p>
Optional Early Redemption:	<p>Notes may be redeemed early at the instance of the Debenture holder or the Issuer. Any amount payable in such circumstances will be as set out in the Conditions and the applicable Pricing Supplement.</p>

Form of Debentures:	<p>Debentures to be Listed on the Interest Rate Market of the JSE will be issued in uncertificated form with Strate as the central securities repository.</p> <p>Unlisted Debentures may be issued in certificated form or, if so specified in the applicable Pricing Supplement and subject to the Applicable Procedures, in uncertificated form.</p> <p>A person holding an uncertificated Debenture may, in accordance with the procedures referred to in the Conditions, apply for a Certificate evidencing the Debenture.</p>
Trading and Settlement:	<p>Uncertificated Debentures that are Listed on the JSE may be traded on the JSE through JSE members in accordance with the Applicable Procedures of the JSE.</p> <p>The transfer and settlement of uncertificated Debentures listed on the JSE will occur by way of electronic book entry in the securities accounts of the CSDPs in accordance with the Applicable Procedures.</p> <p>Registered Debentures may be transferred by registration in the Register kept by the Transfer Secretary in accordance with the Conditions.</p>
Use of Proceeds / Portfolio:	<p>The Issuer will use the issuance proceeds of the Debentures to acquire a portfolio of financial instruments (the “Portfolio”). The Portfolio will comprise securities and other financial products and instruments.</p>
Investment Manager:	<p>Southchester Investment Managers Proprietary Limited (Registration Number 2005/035006/07) and FSP No. 44868.</p>
Security Trust:	<p>The Southchester Debenture Security Trust, a special purpose security trust with Master’s Reference Number IT000929/2017(C), to facilitate the provision of security to holders of Secured Debentures and administer the exercise against security provided in respect of the Secured Debentures.</p>
Security for Secured Debentures:	<p>The Security Trust will act as enforcement agent on behalf of the Secured Debenture holders. The Issuer has provided the Security Cession to the Secured Debenture holders as security for the obligations owing by the Issuer to the Secured Debenture holders (who in turn are vested beneficiaries of the Security Trust). Upon the happening of certain Events of Default the Security Trust shall exercise against the Security Cession for the benefit of the Secured Debenture holders.</p>

Negative Pledge/Restrictions:	<p>Except for Secured Debentures as provided for in the Conditions, the Issuer will not grant any security for any Debenture unless the security is granted in respect of all Debentures.</p> <p>In terms of the Issuer's memorandum of incorporation, the capacity of the Issuer is restricted to activities necessary for, or incidental to, the carrying on of the Issuer's main business as set out in this Programme Memorandum.</p>
Further Issues:	<p>The Issuer may issue Debentures and other Commercial Paper from time to time on a regular, on-going basis.</p>
Credit Rating:	<p>Tranches of Senior Debentures with a maturity date of no more than 365 days may be rated in terms of a structured finance rating obtained from a Rating Agency approved and registered by the Financial Services Board of South Africa.</p>
Governing Law:	<p>South African law.</p>

GENERAL TERMS AND CONDITIONS OF THE DEBENTURES

Southchester (RF) Limited (the “**Issuer**”) may from time to time issue Debentures subject to these General Terms and Conditions (the “**Conditions**”).

Before the Issuer issues any tranche of Debentures, the Issuer shall produce a pricing supplement setting out the specific terms and conditions upon which those Debentures will be issued (a “**Pricing Supplement**”). In the case of Debentures that are to be listed on the JSE, the Issuer shall, before issuance of the Debentures, provide the JSE and Strate with the Pricing Supplement relating to such Debentures in accordance with the Applicable Procedures.

A Debenture may be a Fixed Rate Debenture, a Floating Rate Debenture, a Zero Coupon Debenture, an Indexed Interest Debenture or an Indexed Redemption Amount Debenture or a combination of any of the foregoing or such other type of Debenture as indicated in the applicable Pricing Supplement. A Debenture may be a Senior Debenture, Subordinated Debenture or Secured Debenture.

If there is any conflict or inconsistency between provisions set out in a Pricing Supplement and the provisions set out in these Conditions, then the provisions in the Pricing Supplement will prevail.

1. DEFINITIONS

In these General Terms and Conditions, the following words and expressions shall, unless inconsistent with the context, have the following meanings:

- 1.1 “**Actual Redemption Date**” means the actual date on which a Debenture is redeemed in full in accordance with the Conditions;
- 1.2 “**Administration Agreement**” means the administration agreement entered into between the Issuer, the Investment Manager and the Administrator on or about 31 March 2014 and amended on or about 31 January 2017;
- 1.3 “**Administrator**” means Peregrine Fund Platform (Pty) Limited (Registration No. 1958/003551/07);
- 1.4 “**Applicable Procedures**” means the rules and operating procedures for the time being of the JSE, Strate and/or the CSDPs, as the case may be;
- 1.5 “**Base Rate**” means, in relation to any Debenture, the Base Rate specified in the applicable Pricing Supplement;
- 1.6 “**Books Closed Period**” means the period from 12:00 on the Business Day preceding an Interest Determination Date to the end of the Interest Determination Date, being a period during which the Register shall be closed and no transfer or any other change shall be recorded in the Register;
- 1.7 “**Business Day**” means any day other than a Saturday, Sunday or official public holiday in the Republic of South Africa;
- 1.8 “**Business Day Convention**” means the business day convention specified in the applicable Pricing Supplement;

- 1.9 “**Calculation Agent**” means Peregrine Fund Platform Proprietary Limited or such other person that is for the time being appointed by the Issuer as the calculation agent in respect of the Debentures;
- 1.10 “**Certificate**” means a certificate issued by the Transfer Secretary to evidence a holder’s title to one or more Registered Debentures;
- 1.11 “**Commercial Paper**” means Debentures and other debt instruments, including preference shares;
- 1.12 “**Conditions**” means these General Terms and Conditions of the Debentures;
- 1.13 “**CSDP**” means a participant (as contemplated in the FMA) in Strate;
- 1.14 “**Debenture**” means a Debenture issued by the Issuer pursuant to these Conditions;
- 1.15 “**Deed**” means the trust deed of the Security Trust;
- 1.16 “**Dematerialise**” means the process whereby physical certificates and other documents of title are replaced with electronic records evidencing ownership of securities for the purposes of the Strate System, as contemplated in the FMA and “Dematerialised” shall have a corresponding meaning;
- 1.17 “**Early Redemption Amount**” means the amount payable on redemption of a Debenture before its common Maturity Date as envisaged in Condition 7.2(E) below;
- 1.18 “**Early Redemption Notice**” means a notice as defined in Condition 8.2(A);
- 1.19 “**Early Redemption Notice Period**” means, in relation to any Debenture, a period of seven Business Days as from the receipt by the Issuer of an Early Redemption Notice or such other period specified as the Early Redemption Notice Period in the applicable Pricing Supplement;
- 1.20 “**Enforcement Notice**” means a notice as contemplated in Condition 19.3;
- 1.21 “**Event of Default**” has the meaning given to it in Condition 17.1 below;
- 1.22 “**Extraordinary Resolution**” means a resolution passed at a duly convened meeting of Debenture holders by a majority of not less than 66.57% (sixty six point five seven per cent) of the persons present and voting thereat upon a show of hands or, if a poll be duly demanded, then by a majority consisting of not less than 66.57% (sixty six point five seven per cent) of the votes given on such poll;
- 1.23 “**FMA**” means the Financial Markets Act, 2012 (as amended from time to time);
- 1.24 “**Indebtedness**” means any obligation in respect of borrowed money;
- 1.25 “**Indebtedness to Investors**” means, at any time, the total amount owing by the Issuer under all Debentures at that time, it being recorded that such indebtedness will include the Principal Amount of Debentures and other securities then in issue pursuant to this Programme or the Issuer’s 2011 Programme;
- 1.26 “**Interest Amount**” means, in relation to a Debenture and an Interest Period, the amount (if any) determined by the Calculation Agent as the Interest Amount payable for that Debenture over the Interest Period;

- 1.27 **“Interest Commencement Date”** means, in relation to a Debenture, the date specified as such in the applicable Pricing Supplement or, if no such date is specified, the Issue Date of the Debenture;
- 1.28 **“Interest Determination Date”** means, in respect of a Debenture and an Interest Period, the third Business Day before the end of that Interest Period or such other date(s) as specified in the applicable Pricing Supplement;
- 1.29 **“Interest Payment Date”** means, in relation to an Interest Amount and an Interest Period, the first Business Day after the Interest Period or such other date specified as such in the applicable Pricing Supplement;
- 1.30 **“Interest Period”** means, in relation to any Debenture, an Interest Period as specified in the applicable Pricing Supplement, provided that the first Interest Period shall commence on the Interest Commencement Date and end on the last day of the Interest Period during which the Interest Commencement Date occurred, each subsequent Interest Period shall commence on the day after the end of the preceding Interest Period and the last Interest Period shall end on the Business Day preceding the Maturity Date;
- 1.31 **“Interest Rate”** means, in relation to any Debenture and an Interest Period, the rate of interest (if any) specified in, or determined by the Calculation Agent with reference to, the applicable Pricing Supplement as the Interest Rate for the Debenture over the Interest Period;
- 1.32 **“Investment Manager”** means Southchester Investment Managers (Pty) Limited (Registration No. 2005/035006/07) and FSP No. 44868;
- 1.33 **“Investments”** shall have the meaning as defined in the section headed “Portfolio” starting on page 43 of this Programme Memorandum.
- 1.34 **“Investor”** means any person that has a claim against the Issuer on account of funding provided to the Issuer by way of Debentures or other Commercial Paper;
- 1.35 **“Investor Settlement Reserve”** means the NAV of the Issuer;
- 1.36 **“Investor Settlement Balance”** means, as of any date, the total amount which the Calculation Agent estimates would be available for distribution to holders of the Issuer's Commercial Paper on or about that date;
- 1.37 **“Issue Date”** means, in relation to a Debenture, the date on which the Debenture is issued;
- 1.38 **“Issue Price”** means, in relation to a Debenture, the price at which the Issuer issues the Debenture;
- 1.39 **“Issuer”** means Southchester (RF) Limited (Registration No. 2010/021595/06), a public company established in accordance with the laws of the Republic of South Africa;
- 1.40 **“Issuer's Designated Business”** means the business of issuing Commercial Paper and investing the proceeds in Investments in accordance with the Issuer Investment Policy;
- 1.41 **“Issuer Investment Policy”** shall have the meaning as defined in the section headed “Portfolio” starting on page 43 of this Programme Memorandum;

- 1.42 “**Issuer's 2011 Programme**” means the Debenture issuance programme set out in the Issuer's information memorandum dated 4 October 2011 as supplemented by the Issuer's Supplemental Information Memoranda dated 25 November 2011, 3 June 2013, 28 August 2013 and 10 March 2014;
- 1.43 “**JIBAR**” means, in relation to a designated period (e.g. three months) and a Rate Determination Date, the mid-market rate for deposits in South African Rand for such designated period which appears on the Reuters Screen SAFEY Page under the caption “YIELD” as of 11:00 a.m., Johannesburg time, on that Rate Determination Date. If such rate does not appear on the Reuters Screen SAFEY Page, the rate for that Rate Determination Date will be determined on the basis of the mid-market deposit rates for South African Rand for a period of the designated period quoted by the Reference Banks at approximately 11:00 a.m., Johannesburg time, on that Rate Determination Date. The Calculation Agent will request the principal Johannesburg office of any two Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that Rate Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the rate for that Rate Determination Date will be determined by the Calculation Agent, using a representative rate;
- 1.44 “**JSE**” means JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the company laws of the RSA and licensed as an exchange under the FMA;
- 1.45 “**JSE Guarantee Fund**” means the JSE Guarantee Fund, consisting of assets acquired and liabilities incurred by the trustees of the JSE Guarantee Fund, with Master's reference number IT9150/2003, operated by the JSE and a separate guarantee fund in terms of sections 9(1)(e) and 18(2)(x) of the FMA, or any successor fund;
- 1.46 “**Junior Debenture**” means a Debenture which is described as such in the applicable Pricing Supplement;
- 1.47 “**Listed**” means listed on the JSE or admitted for trading on any exchange licensed in terms of the FMA;
- 1.48 “**Management Agreement**” means the management agreement entered into between the Issuer and the Investment Manager on or about 31 March 2014;
- 1.49 “**Material Adverse Effect**” means in relation to the Issuer, an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a materially adverse effect on the assets, business or financial condition or trading prospects of the Issuer as a whole, to such an extent that its ability to perform its obligations in terms of the Transaction Documents is, or is reasonably likely to be, impaired;
- 1.50 “**Maturity Date**” means, in relation to a Debenture, the Maturity Date specified in the applicable Pricing Supplement or such earlier maturity or redemption date determined pursuant to Conditions 7.2, 7.3 or 7.4 below;
- 1.51 “**Mezzanine Debenture**” means a Debenture which is described as such in the applicable Pricing Supplement;
- 1.52 “**NAV of the Portfolio**” means, on any date, the amount determined by the Calculation Agent as the estimated mark-to-market value of the Portfolio on that date;

- 1.53 “**NAV of the Issuer**” means, as of any specified date, the amount determined by the Calculation Agent as the estimated net asset value of the Issuer on that date;
- 1.54 “**Portfolio**” means the aggregate of the Issuer’s assets (including cash) and liabilities (excluding the aggregate of the Principal Amounts of all Debentures and other debt securities in issue) relating to its business of issuing Debentures and investing the proceeds;
- 1.55 “**Post-enforcement Priority of Payments**” means the order in which payments shall be made to Debenture holders post the delivery of an Enforcement Notice as set out in clause 11.1 of the Deed;
- 1.56 “**Pre-enforcement Priority of Payments**” means the order in which payments shall be made to Debenture holders prior to the delivery of an Enforcement Notice as set out in Condition 14.3(C);
- 1.57 “**Pricing Supplement**” means a Pricing Supplement completed and signed by the Issuer in respect of each class of Commercial Paper setting out such additional or other terms and conditions applicable to the relevant class and based on the *pro forma* document set out in this Programme Memorandum;
- 1.58 “**Prime Rate**” means the prime lending rate charged from time to time by Nedbank Limited in respect of overdrawn current accounts to its most favoured corporate customers;
- 1.59 “**Principal Amount**” means, in relation to any Debenture, the Principal Amount of the Debenture less any Deferred Amounts provided for in Condition 7.4(A) below;
- 1.60 “**Priority of Payments**” means either the Pre-enforcement Priority of Payments or the Post-enforcement Priority of Payments, as the context requires;
- 1.61 “**Record Date**” as used with reference to any payment date in respect of a Debenture, the day upon which a person must be recorded in the Register as a holder in order to receive the payment, which day shall be such number of Business Days prior to the payment date as is provided for in terms of the Applicable Procedures, and will, if applicable, be notified to holders via SENS;
- 1.62 “**Redemption Amount**” means, in relation to a Debenture, the amount specified as such in the Applicable Pricing Supplement or Principal Amount of the Debenture or such lesser amount as determined pursuant to Condition 7 below;
- 1.63 “**Reference Banks**” means the four largest South African retail banks, ranked by market capitalisation;
- 1.64 “**Register**” means the register of Debentures, which register shall, in the case of Uncertificated Debentures, be kept by Strate and, in the case of Registered Debentures, be kept by or on behalf of the Issuer in terms of Condition 10 below;
- 1.65 “**Registered**” means, a Debenture that is not Uncertificated and, in relation to any address of, or information relating to, any holder of such Debenture, the address of, or information relating to, the holder appearing in the Register, or in relation to any joint holders thereof, the holder appearing first in the Register;
- 1.66 “**Registered holder**” or “**holder**” means, in relation to any Debenture, the person whose name is entered in the Register as the holder or owner of the Debenture;

- 1.67 “**RSA**” means the Republic of South Africa;
- 1.68 “**SABOR**” means, in relation to any date or period, the then ruling South African Benchmark Overnight Rate as published by the South African Reserve Bank or if no such rate is so published in relation to such date or period, another reference rate determined by the Calculation Agent as being the closest comparable reference rate to SABOR;
- 1.69 “**SARB**” means the South African Reserve Bank;
- 1.70 “**Secured Debentures**” means Debentures described as such in the applicable Pricing Supplement and secured by means of the Security Cession on the basis described in the section of this Programme Memorandum headed “Security Structure”;
- 1.71 “**Securitisation Notice**” means the designation provided for in Notice No. 2 of 1 January 2008 set out in Government Gazette No. 30628 of 1 January 2008 entitled "Designation of an Activity not Falling within the meaning of "The Business of a Bank" (Securitisation Schemes)", as amended or substituted from time to time;
- 1.72 “**Security**” means the security interest over the Portfolio afforded to Secured Debenture holders in terms of the Security Cession;
- 1.73 “**Security Cession**” means the security cession and pledge over the Portfolio and the accounts in which the Portfolio is maintained, as provided for in the Deed;
- 1.74 “**Security Trust**” means the Southchester Debenture Security Trust, a special purpose security trust with Masters Reference No. **IT929/2017(C)**;
- 1.75 “**Security Trustee**” means Preferent Capital Management (Pty) Limited (Registration No. 2006/035138/07);
- 1.76 “**Senior Debenture**” means any Debenture other than a Subordinated Debenture and all Senior Debentures will be Secured Debentures;
- 1.77 “**SENS**” means the Securities Exchange News Service, an office of the JSE;
- 1.78 “**Series**” or “**Series of Debentures**” all Debentures or Commercial Paper that are subject to similar terms and conditions except for their respective Issue Date, and/or Issue Price;
- 1.79 “**Service Providers**” shall have the meaning as defined in the section of this Programme Memorandum headed “Service Providers”;
- 1.80 “**Strate**” means Strate Limited (Registration number 1998/022242/06), a public company duly incorporated in accordance with the company laws of the RSA, which is a registered central securities depository in terms of the FMA and which is responsible for the electronic settlement system used by the JSE;
- 1.81 “**Strate System**” means an electronic custody, clearing and settlement system for all transactions concluded in respect of securities listed on the JSE and managed by Strate;
- 1.82 “**Subordinated Debenture**” means a Mezzanine or Junior Debenture which is described as such in the applicable Pricing Supplement;

- 1.83 **“Taxes”** means all present and future taxes, levies, imports, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in South Africa or any other jurisdiction from which any payment is made (and including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and **“Tax”** and **“Taxation”** shall be construed accordingly;
- 1.84 **“Trade Confirmation”** means a confirmation sent to a holder of Debentures confirming the issue of particular Debentures of a particular Series;
- 1.85 **“Transaction Documents”** means the Programme Memorandum, each Pricing Supplement, the Deed, the Memorandum of Incorporation of the Issuer, the Management Agreement and the Administration Agreement;
- 1.86 **“Transfer Secretary”** means the Issuer or any person appointed by the Issuer as its transfer secretary in respect of the Debentures;
- 1.87 **“Uncertificated”** means securities that are not evidenced by a certificate or written instrument and that are transferable by book entry in the Strate System;
- 1.88 **“ZAR”, “South African Rand”, “Rand”** and **“R”** each mean the lawful currency of the Republic of South Africa.

2. ISSUE OF DEBENTURES

- 2.1 The Issuer may from time to time issue Debentures in tranches subject to these Conditions. Each Debenture of a particular Series will be confirmed in a Trade Confirmation.
- 2.2 The Issuer undertakes that the total amount of Debentures issued by it shall not exceed R10,000,000,000 (based on their Principal Amount) or such greater amount determined by the Issuer and approved by the JSE or relevant stock exchange (in respect of Listed Debentures) and the SARB.
- 2.3 The Issuer shall not issue any Debenture or other Commercial Paper for a consideration less than R1,000,000 (one million Rand).

3. FORM, TITLE AND DENOMINATION

- 3.1 Debentures to be Listed on the Interest Rate Market of the JSE will be issued in Uncertificated form with Strate as the central securities depository in respect of such Listed Debentures.
- 3.2 Unlisted Debentures may be issued in Registered form or, if so specified in the applicable Pricing Supplement and subject to the Applicable Procedures, in Uncertificated form.
- 3.3 The holder of an Uncertificated Debenture will be entitled, in accordance with Condition 11 below, to exchange the Uncertificated Debenture for a Registered Debenture.
- 3.4 The Issuer may assume for all purposes that the person reflected in the Register as the holder of a Debenture is the exclusive owner of that Debenture (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof).
- 3.5 The holders of Unlisted Debentures will have no recourse against the JSE Guarantee Fund, even if such Debentures are settled through the electronic

settlement procedures of the JSE and Strate. Claims against the JSE Guarantee Fund may only be made in respect of the trading of securities listed on the JSE and in accordance with the rules of the JSE Guarantee Fund. Unlisted securities are not regulated by the JSE.

- 3.6 The procedures for transferring ownership in Debentures are set out in Condition 12 below.
- 3.7 Debentures will be issued with a minimum denomination of ZAR1,000,000 each or in such other denomination as set out in the applicable Pricing Supplement.

4. **STATUS OF DEBENTURES**

The Senior Debentures will comprise direct, unconditional, unsubordinated, secured obligations of the Issuer ranking *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other secured or unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

The ranking of Subordinated Debentures will be as set out in the applicable Pricing Supplement, but will in all instances be subordinated to the Senior Debentures.

5. **LIMITED RECOURSE**

- 5.1 When issued each Secured Debenture shall be secured by the Security. Recourse in respect of any Secured Debentures will be limited to the net proceeds of the realisation of the Security ("**Net Proceeds**").
- 5.2 If the Net Proceeds is insufficient to make all payments owing to the Secured Debenture holders, then the obligations of the Issuer in respect of such payments will be limited to such Net Proceeds. No debt shall be owed by the Issuer after realisation of the Security and the application of the Net Proceeds in accordance with the applicable Priority of Payments.

6. **INTEREST**

6.1 **General**

A Debenture may or may not entitle the holder to interest. A Debenture entitles the holder to interest only if and to the extent specified in the applicable Pricing Supplement.

Generally speaking, zero coupon Debentures are not interest bearing whilst each fixed and floating rate Debenture entitle the holder to interest on the Principal Amount from (and including) its Interest Commencement Date to (but excluding) the Actual Redemption Date at a rate of interest specified in the applicable Pricing Supplement.

6.2 **Determination of Interest Rate and Calculation of Interest Amount**

- (A) The Interest Rate payable from time to time in respect of a Debenture will be determined in the manner specified in the applicable Pricing Supplement for that particular tranche of Debenture.
- (B) In the case of interest bearing Debentures, the Issuer shall procure that the Calculation Agent shall, on each Interest Determination Date, determine the Interest Rate and Interest Amount for the Interest Period. Each Interest Amount shall be calculated by applying the Interest Rate to the Principal Amount of the Debenture, multiplying such sum by the applicable Day Count Fraction referred to in 6.2(D) below and rounding

the resultant figure to the nearest cent, half a cent being rounded downwards.

- (C) In the case of Indexed Debentures if the rate or amount of interest falls to be determined by reference to an index and/or a formula, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified in the applicable Pricing Supplement.
- (D) If interest is required to be calculated for a period other than a full year, such interest shall, unless otherwise specified in the applicable Pricing Supplement, be calculated on the basis of a Day Count Fraction of the actual number of days elapsed divided by 365.

6.3 Notice of Determinations

Whenever a determination is made pursuant to the foregoing provisions of this Condition 6, the Issuer shall notify the Debenture holders affected by the determination and, where applicable, each exchange on which the relevant Debentures are Listed and each depository. Notices shall be given in accordance with Condition 19.

7. REDEMPTION OF DEBENTURES

7.1 Redemption at maturity

- (A) Unless previously redeemed in terms of these Conditions, each Debenture will be redeemed on its common Maturity Date specified in the applicable Pricing Supplement by payment of the Redemption Amount to the holder of the Debenture. The Redemption Amount shall be the Principal Amount of the Debenture, unless otherwise provided for in the applicable Pricing Supplement or these Conditions.
- (B) There are no breakage costs upon redemption or early redemption of any Debenture.

7.2 Optional Early Redemption at the election of Debenture holder

- (A) The holder of a Debenture may at any time require early redemption of the Debenture by giving written notice (an “**Early Redemption Notice**”) to the Transfer Secretary in accordance with the Conditions.
- (B) An Early Redemption Notice must contain a description of each Debenture which must be redeemed early. Pro forma Early Redemption Notices are available from the office of the Transfer Secretary.
- (C) Following receipt of a valid Early Redemption Notice, the Issuer shall determine an “**Early Maturity Date**” in respect of each Debenture to be redeemed pursuant to the Early Redemption Notices as the first Business Day after expiry of the Early Redemption Notice Period.
- (D) On the Early Maturity Date the Issuer shall pay the holder of the Debenture the Redemption Amount in respect of the Debenture that is to be redeemed.
- (E) If the Redemption Amount of a Debenture is to be determined at any time before its common Maturity Date (i.e. the date specified in the applicable Pricing Supplement as the Maturity Date of the relevant tranche of Debentures), then the Redemption Amount (the “**Early Redemption**”

Amount") shall, subject to these Conditions, be calculated as follows:

- (i) in the case of Debentures with a Principal Amount equal to the Issue Price, at the Principal Amount thereof; or
- (ii) in the case of Debentures (other than Zero Coupon Debentures) with a Principal Amount which is or may be less or greater than the Issue Price, then determined in the manner specified in the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Principal Amount; or
- (iii) in the case of Zero Coupon Debentures, at an amount (the "**Amortised Face Amount**") equal to the sum of: (i) the Reference price (as defined in the relevant Pricing Supplement); and (ii) the product of the Accrual Yield (as defined in the relevant Pricing Supplement) (compounded annually) being applied to the Reference price from (and including) the Issue Date to (but excluding) the Redemption Date or (as the case may be) the date upon which such Debenture otherwise becomes due and repayable in respect of these Conditions, or such other amount as is provided in the applicable Pricing Supplement.

7.3 **Optional Early Redemption at the election of Debenture holder following an Event of Default**

- (A) If the Issuer or Security Trustee becomes aware of the occurrence of an Event of Default in regard to any Series of Debentures, the Issuer shall forthwith notify the holders of that Series of Debentures of the occurrence of such event.
- (B) Upon the occurrence of an Event of Default, any holder of Debentures (or the Security Trustee on behalf of Secured Debenture holders) in respect of which such Event of Default has occurred shall, upon becoming aware of such Event of Default, be entitled to redeem the Debentures forming part of all such Debentures of that Series held by that holder in accordance with the provisions in Condition 7.2 above but on the basis that the Early Redemption Notice Period shall be [three] Business Days.
- (C) The Issuer shall pay the applicable holder interest at the Default Rate on the outstanding, unpaid balance of any Redemption Amount which is due for payment by the Issuer hereunder, such Default interest to run from the due date of payment of the Redemption Amount to its actual date of payment on the unpaid, outstanding balance.

7.4 **Issuer's Optional Early Redemption**

If, as a result of a change in law or an order of any competent Court, the board of directors of the Issuer adopts a resolution that the Issuer must terminate its business of issuing Debentures and investing the proceeds, the Issuer shall, within 14 days of the date of that resolution (i) Notify the holders of the resolution; (ii) In such notice specify a date (an "**Early Maturity Date**"), which shall be not more than 30 days after the date of the notice, on which the Debentures shall be redeemed; and (ii) pay the holders the Redemption Amount of the Debentures together with the accrued, unpaid interest on the Debentures on such Early Maturity Date.

- (A) Insolvency Equivalent Reduced Redemption Amount

- (i) If, as a result of extraordinary market conditions or any other reason, the NAV of the Issuer should fall below zero, the Issuer shall forthwith notify the holders of the Debentures.
- (ii) If the Calculation Agent determines that, on any Maturity Date, the Issuer's assets would, assuming their realisation at market value on the Maturity Date, be insufficient to fully repay the Issuer's debts on that date, then the Redemption Amount of each Subordinated Debenture to be redeemed on that date will be reduced by a pro-rata amount of the shortfall. In other words, the Redemption Amount of each such Subordinated Debenture will be reduced to an amount determined by the Calculation Agent as the amount (if any) which would have been paid to the holder in respect of that Debenture on the relevant Maturity Date on a winding-up of the Issuer on that date. In making such determination, the Calculation Agent may assume that all provisions in the Issuer's books are adequate and necessary. Only in circumstances where a reduction in the amounts owing in respect of Subordinated Debentures is insufficient to render the Issuer solvent, shall Senior Debentures be reduced on the basis contemplated in this Condition 7.4(A)(ii).
- (iii) To the extent that the Redemption Amount of any Debenture is reduced pursuant to Condition 7.4(A)(ii) above, the Debenture holder will have a claim against the Issuer for payment of an amount equal to that which the Redemption Amount was so reduced (a "**Deferred Amount**") plus interest thereon from time to time, subject to Condition 7.4(A)(iv) below.
- (iv) Deferred Amounts shall be repayable as follows: To the extent that the NAV of the Issuer on or about the last Business Day of any calendar month is positive, the positive amount shall be applied to repayment of Deferred Amounts pro-rata the amount of the Deferred Amounts owing until the Deferred Amounts are repaid in full.

8. PAYMENTS

8.1 General

The Issuer shall not be obliged to make payment and Debenture holders shall not be entitled to receive payment of any amount due and payable under the Debentures, except in accordance with the relevant Priority of Payments.

8.2 Uncertificated Debentures

Payment of every amount owing by the Issuer in respect of each Uncertificated Debenture will, in accordance with the Applicable Procedures, be made by or on behalf of the Issuer to Strate (or its nominee) for the account or benefit of the holder of the relevant Debenture and such payment will be in discharge the Issuer's payment obligation to the extent of the amount paid. The Issuer is not responsible for any obligation on the part of Strate (or its nominee) or any CSDP to account to the holder of a Debenture for any amount paid by the Issuer to Strate in respect of an Uncertificated Debenture.

8.3 Registered Debentures

Payment of every amount owing by the Issuer in respect of each Registered Debenture shall be made to the holder reflected in the Register on the close of business on the Record Date. The payment of the Redemption Amount in

respect of a Registered Debenture is subject to delivery, on or before the Record Date preceding the Maturity Date, to the Transfer Secretary of the Certificate that evidences the Debenture. Where only a portion of the Debenture represented by a single Certificate is cancelled, the Transfer Secretary shall deliver a replacement Certificate to the holder in respect of the balance of the Debenture.

8.4 Method of Payment

- (A) Payments by the Issuer will be made by electronic funds transfer to the registered bank account nominated by the Debenture holder.
- (B) A payment of an amount of money by the Issuer shall be deemed to have been made on the date that a valid instruction is given to the Issuer's bank to transfer that amount of money to the payee's Registered bank account.
- (C) The Issuer is not liable for loss or damage resulting from reliance on incorrect or inadequate Registered payment information having been provided by the holder of a Debenture to the Issuer.
- (D) Payments will be subject in all cases to any Taxation or other laws, directives and regulations thereto in the place of payment, but without prejudice to the provisions of Condition 10 (Taxation).

8.5 Business Day Convention

If any due date for payment by the Issuer is not a Business Day, the relevant day for payment shall be adjusted in accordance with the Business Day Convention.

9. TAXATION

No withholding or deduction will be made in respect of any payments (whether in respect of principal, interest or otherwise) in respect of the Debentures for or on account of any present or future Taxes imposed or levied by or on behalf of the RSA or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall make such payments net of such withholding and/or deduction and shall account to the relevant authorities for the amount so withheld and/or deducted. The Issuer shall not be obliged to make any additional payments to holders in respect of any such withholding and/or deduction.

10. REGISTER OF DEBENTURE HOLDERS

10.1 The Issuer shall, in addition to any securities register that the Issuer is required to keep by law (the "**statutory securities register**"), keep or cause to be kept a register of Debenture holders for purposes of, and in compliance with, these Conditions (the "**Register**").

10.2 The Register of Debenture holders:

- (A) shall be kept at the office of the Transfer Secretary;
- (B) shall show the total number of Debentures in issue, the number of such Debentures in Certificated form and the number in Uncertificated form;
- (C) shall contain the name, physical address, contact details and bank account details of each Registered Debenture holder;
- (D) shall show the date(s) upon which each Registered Debenture holder was

Registered as such;

- (E) shall show the serial numbers of the Certificates;
- (F) shall be open for inspection at all reasonable times during business hours on Business Days by any Debenture holder or any person authorised in writing by a Debenture holder, provided that the Issuer may restrict the right of a person other than a Debenture holder to inspect information, such as, but not limited to, banking details, relating to another holder;
- (G) shall be closed during the Books Closed Periods, or such shorter period as the Issuer may decide in order to determine those holders entitled to receive any payment.

10.3 The Transfer Secretary shall alter the Register in respect of any change of name, address or bank account number of any of the holders of which it is notified in accordance with these Conditions.

10.4 The Debenture holders is responsible for ensuring that the correct information, including name, addresses and banking details, relating to that holder is provided in writing to the Transfer Secretary to enable the Transfer Secretary to keep the Register complete and up to date.

10.5 Except as provided for in these Conditions or as required by law, the Issuer:

- (A) will only recognise a holder as the owner of the Debentures Registered in that Debenture holder's name as per the Register;
- (B) 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 Certificate may be subject.

11. DELIVERY, EXCHANGE AND REPLACEMENT OF CERTIFICATES

11.1 Uncertificated Debentures

- (A) A person holding an Uncertificated Debenture may, in terms of the Applicable Procedures and through its nominated CSDP, direct a written request to the Transfer Secretary for a Certificate representing the number of Registered Debentures to be delivered by the Transfer Secretary in exchange for such Uncertificated Debentures. The Transfer Secretary shall deliver such Certificates upon such written request no later than ten Business Days after receiving the written request of the holder of such Uncertificated Debentures in accordance with the Applicable Procedures, provided that joint holders of Uncertificated Debentures 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.
- (B) Certificates shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Conditions. Separate costs and expenses relating to the provision of Certificates and/or the transfer of Debentures may be levied by other persons, such as a CSDP, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates other than by 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 holder.

- (C) The holder of Uncertificated Debentures shall be obliged, if requested upon written notice of not less than five Business Days by the Issuer to do so, to exchange such Uncertificated Debentures for Registered Debentures in accordance with the Applicable Procedures if:
- i) Strate notifies the Issuer that it is unwilling or unable to continue as depository for the Uncertificated Debentures and a successor central securities depository satisfactory to the Issuer and the JSE is not available;
 - ii) Strate is closed for business for a continuous period of ten Business Days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business and a successor central securities depository and clearing system satisfactory to the Issuer and the JSE is not available;
 - iii) Strate notifies the Issuer that it is unwilling or unable to continue as clearing system for the Uncertificated Debentures and a successor clearing system satisfactory to the Issuer and the JSE is not available; or
 - iv) the Issuer has become or will become subject to adverse tax consequences, which would not be suffered were such Uncertificated Debentures to be exchanged for Registered Debentures.

11.2 **Registered Debentures**

- (A) The holder of any Registered Debenture shall be entitled to receive a Certificate evidencing the Debenture within seven Business Days after the date of issuance of the Debenture to the Debenture holder or the date of Registration of transfer of the Debenture to that holder in accordance with Condition 12.3 below, as the case may be, provided that joint Debenture holders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those holders shall be delivery to all of them.
- (B) If a Certificate is worn out or defaced then, within seven Business Days of its presentation to the Transfer Secretary, the Transfer Secretary may cancel that Certificate and issue a new Certificate in its place.
- (C) If a Certificate is lost or destroyed, then upon proof thereof to the satisfaction of the Transfer Secretary, a new Certificate in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, provided that the Debenture holder shall provide the Transfer Secretary and the Issuer with an indemnity and pay any out-of-pocket expenses for investigating the loss. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer. The new Certificate shall be issued within seven Business Days from the date that the conditions for issuing such Certificate have been fulfilled.
- (D) An entry as to the issue of a new Certificate and indemnity (if any) shall be made in the Register.
- (E) Each Certificate to be provided by the Issuer to a Debenture holder shall be collected by the Debenture holder from the Transfer Secretary.
- (F) Any person becoming entitled to Registered Debentures in consequence of the death or insolvency of the relevant holder 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 Condition or of his title, require the Issuer and the Transfer Secretary to register such person as the holder of such Debentures or, subject to the requirements of this Condition 11, to transfer such Debentures to such person.

12. TRANSFER OF DEBENTURES

12.1 Debentures Listed on the JSE

- (A) Debentures that are Listed on the JSE may only be traded on the JSE whilst in Uncertificated form and the transfer of a JSE-listed Debenture must be done through the Strate System by way of book entry in the securities accounts of the relevant CSDPs in accordance with the Applicable Procedures. The holder of a JSE-listed Registered Debenture that wishes to sell the Debenture must first Dematerialise the Debenture (i.e. exchange the Registered Debenture for an Uncertificated Debenture).
- (B) All subscribers for, and holders of, JSE-listed Debentures will be required to appoint either a Broker or a CSDP to act on their behalf and to handle their trading and settlement requirements in respect of the Debentures.
- (C) The JSE's approval of the listing of any Commercial Paper is not to be taken in any way as an indication of the merits of the Issuer or the Commercial Paper. The JSE has not verified the accuracy and truth of the contents of the Programme Memorandum or any Pricing Supplement and, to the extent permitted by law, the JSE will not be liable for any claim of whatever kind.

12.2 Uncertificated Debentures (other than JSE-listed Debentures)

The conditions and procedures relating to the transfer of Uncertificated Debentures that are either unlisted or that are listed on an exchange other than the JSE, will be set out in the applicable Pricing Supplement. An unlisted Debenture may only be transferred if the Principal Amount of the Debenture is R1,000,000 or greater.

12.3 Registered Debentures

- (A) In order for any transfer of ownership of a Debenture to be recognised by the Issuer, the transfer must have been recorded in Register to reflect the transferee as the holder of the Debenture.
- (B) In order for a transfer of a Debenture to be recorded in the Register:
 - i) the Debenture holder and the transferee shall have concluded a written agreement of transfer in the usual form or in such other form approved by the Transfer Secretary;
 - ii) the Principal Amount of the Debenture to be transferred must be equal to or greater than R1,000,000 (one million Rand);
 - iii) the agreement of transfer must be delivered to the Transfer Secretary together with the relevant Certificate(s) (if only part of the Debenture evidenced by a Certificate is transferred, a new Certificate for the balance will be issued to the transferor and the cancelled Certificate will be retained by the Transfer Secretary);
 - iv) the Transfer Secretary shall be satisfied that all relevant transfer taxes (if any) have been paid;

- v) the Transfer Secretary shall have been provided with all such information concerning the transfer and the transferee as the Transfer Secretary may require.
- (C) Notwithstanding conclusion and performance of an agreement of transfer of a Debenture, the holder is deemed to remain the owner of the Debenture until a transfer is Registered.
- (D) The Transfer Secretary may refuse to register the transfer of a Registered Debenture in violation of the restrictive legend (if any) set forth on the face of the Certificate.
- (E) If a transfer is Registered, the transfer form and cancelled Certificate will be retained by the Transfer Secretary.

13. ACTIVITIES OF THE ISSUER

13.1 *Appointment of Service Providers*

The Issuer shall have no full-time employees but shall appoint one or more third parties (each a “**Service Provider**”) to carry out and perform the Issuer’s requisite business and activities. The appointment of Service Providers does not relieve the Issuer from its obligations to the Debenture holders.

13.2 *Investments*

All Investments acquired for the Issuer shall be in accordance with the Issuer’s Investment Policy from time to time.

13.3 *Cash Management and Payments*

- (A) The Issuer shall establish and maintain or have maintained two bank accounts with South African registered banks . The bank accounts shall be in the Issuer’s name or in the name of the Issuer’s custodian and shall only be used for the following purposes respectively:
 - i) One bank account (the “**Issuance Proceeds Bank Account**” for purposes of this Programme Memorandum or “**Custody Account**” for purposes of the custody agreement entered into with the custodian) shall be used only for purposes of receiving and holding the issuance proceeds of the Debentures; and
 - ii) The other bank account (the “**Operations Bank Account**”) shall be used for purposes of receiving, holding and disbursing all other money paid to the Issuer including disbursements for acquiring Investments.
- (B) Funds credited to the Issuance Proceeds Bank Account shall be transferred to the Issuer’s Operations Bank Account.
- (C) Funds in the Operating Bank Account shall be used for the purposes of acquiring Investments and the balance shall be applied towards payment of the following claims then due in the following order of priority and in each case only if and to the extent that payments or provisions of a higher priority have been made in full:
 - i) firstly, payment of the Issuer’s liability for Taxes;
 - ii) secondly, reimbursement of amounts incurred by Service Providers for the Issuer, including the purchase price of Investments;

- iii) thirdly, in paying all costs, charges and expenses and in satisfying every liability incurred by the Trust in the execution of the Trust, powers and provisions contained in the Deed;
- iv) fourthly, in paying all other amounts due under the Deed, including any sums payable to the Trustee in respect of its own remuneration or otherwise;
- v) fifthly, payment of the amounts due under the Senior Debentures;
- vi) sixthly, payment of the Issuer's operating costs and expenses and remuneration of Service Providers;
- vii) seventhly, payment of any remaining unsubordinated debts due by the Issuer;
- viii) eighthly, subject to Conditions, payment of amounts due under subordinated Indebtedness to Investors, including the Subordinated Debentures; and
- ix) finally, any other amounts, including any payments owing under the Subordinated Loan or any distributions to shareholders,

the above priority constituting the **“Pre-enforcement Priority of Payments”**.

- (B) The Issuer shall not pay any distributions to its shareholders or any amount under the Subordinated Loan except to the extent that, immediately before and after the payment the NAV of the Issuer is positive in an amount which the Calculation Agent considers to be an adequate safety margin.

14. UNDERTAKINGS

14.1 The Issuer undertakes to:

- (A) keep proper and adequate accounting records and produce audited financial statements in accordance with International Financial Reporting Standards and the Companies Act, 2008, within 90 (days) after each financial year-end of the Issuer;
- (B) comply with, perform and observe all the obligations on its part contained in the Programme Memorandum;
- (C) expeditiously invest any surplus cash in the manner provided for in these Conditions;
- (D) not conduct any business other than the Issuer's Designated Business as defined in its memorandum of incorporation;
- (E) not enter into any document, agreement, or arrangement which is not part of the Issuer's Designated Business or which would have a Material Adverse Effect on the Issuer;
- (F) ensure that, at all times, at least one director of the Issuer is an independent director (as contemplated in the latest King codes on corporate governance);
- (G) not recognise a quorum at any meeting of the directors of the Issuer unless

the independent director is present at that meeting;

- (H) not issue any Commercial Paper that does not conform to the relevant provisions of the Securitisation Notice.

14.2 The Issuer shall not, for so long as any Senior Debenture remains outstanding:

- (A) except for the Security, create or permit to subsist any encumbrance (unless arising by operation of law or for securing liquidity facilities) upon the whole or any part of its assets or revenues, present or future, or its business;
- (B) pay any dividend or make any other distribution to its shareholders (or repurchase any of its shares) or make any payment in respect of the Subordinated Loan except to the extent permitted in terms of Conditions;
- (C) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (D) save as provided in the Issuer's memorandum of incorporation, incur any Indebtedness;
- (E) permit the validity or effectiveness of any of the Transaction Documents or the Security created thereby to be amended, terminated or discharged, or consent to any variation of, or exercise of, any powers of consent or waiver pursuant to the terms of any of the Transaction Documents, or permit any party to any of the Transaction Documents or dispose of any assets other than in the normal course of business;
- (F) upon the happening of an Event of Default, acquire or dispose of any financial instruments (or enter any contract to do so) or otherwise effect any changes to the Portfolio as existed as at the occurrence of the Event of Default.

15. CANCELLATION AND TERMINATION OF LISTING

15.1 All Debentures which have been redeemed or purchased by the Issuer and submitted to the Transfer Secretary for cancellation will forthwith be cancelled. All Debentures so cancelled cannot be re-issued or resold.

15.2 The Issuer must apply to the JSE for the termination of the listing on the JSE of all Debentures so cancelled, in accordance with the Applicable Procedures.

16. PRESCRIPTION

If the Certificate relating to a Registered Debenture is not surrendered to the Issuer within three years from the Maturity Date, the Debenture shall be void and the Issuer shall have no liability in relation to the Debenture.

17. EVENTS OF DEFAULT

17.1 For purposes of this Condition 17.1, each of the following comprises an “**Event of Default**”:

- (A) The failure by the Issuer to pay, on its due date, any amount due in respect of a Debenture and fails to remedy the breach within three Business Days after having been called upon to do so in writing by the relevant Debenture holder(s) or Security Trustee; or

- (B) The failure by the Issuer to perform or observe any of its other obligations under any Debenture and such failure continues for a period of seven Business Days following the service by a Debenture holder on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
 - (C) The granting of an order by any competent court or authority for the liquidation, winding-up or dissolution of the Issuer, whether provisionally or finally, or the placing of the Issuer under voluntary liquidation, curatorship or business rescue proceedings, or the appointment by any competent authority of a trustee or other official to take charge and administer the assets of the Issuer for the benefit of the Issuer's creditors, provided that no liquidation, winding-up or dissolution shall comprise an Event of Default if:
 - i) the liquidation, winding-up or dissolution is for purposes of effecting an amalgamation, merger, demerger, consolidation, re-organisation or other similar arrangement; and
 - ii) the terms of such amalgamation, merger, demerger, consolidation, re-organisation or other similar arrangement were approved by Extraordinary Resolution of holders before the date of the liquidation, winding-up, dissolution or judicial management.
- 17.2 If the Issuer or Administrator becomes aware of the occurrence of any Event of Default as described in Condition 17.1, the Issuer and/or Administrator shall forthwith notify all Debenture holders, the Security Trustee, the JSE and the Ratings Agency (as applicable).
- 17.3 The Security Trustee shall, as soon as the Event of Default comes to its notice, forthwith call a meeting of the holders of Secured Debentures. At such meeting the Security Trustee may, if so instructed by an Extraordinary Resolution of the holders of Secured Debentures, by written notice to the Issuer (which notice shall constitute an “**Enforcement Notice**”) declare the Secured Debentures (and any amount owing thereunder) to be immediately due and payable and require the Principal Amount and any accrued but unpaid Interest Amounts to be forthwith paid in accordance with the Post-enforcement Priority of Payments. The Issuer shall forthwith do this, failing which the Security Trustee may take all necessary steps to enforce the rights of Secured Debenture holders, including the enforcement of the Security on the basis set out in the Deed, subject always to the provisions of the Post-enforcement Priority of Payments.
- 17.4 The Security Trustee shall not be required to take any steps to ascertain whether any Event of Default has occurred and until the Security Trustee has actual knowledge or has been served with an express notice thereof it shall be entitled to assume that no such Event of Default has taken place.
- 17.5 It is recorded that as security for the due, proper and timeous fulfilment by the Issuer of all its obligations under the Secured Debentures, the Issuer provides the Secured Debenture holders with the Security Cession. Each Secured Debenture holder expressly accepts the benefits of the Security Cession and acknowledge the limitations on its rights of recourse in terms of such Security Cession and the Transaction Documents.
- 17.6 The rights of Secured Debenture holders against the Issuer will be limited to the extent that the Secured Debenture holders will take any action or proceedings

against the Issuer to recover any amounts payable by the Issuer to them under the Secured Debentures (including levying or enforcing any attachment or execution upon the asset of the Issuer) through the Security Trust, and all rights or enforcement shall be exercised by lodging a claim under the Security, provided that:

- (A) if the Security Trust is entitled and obliged to enforce the Secured Debenture holders claims against the Issuer pursuant to the Security but fails to do so within 60 Business Days of being called upon to do so by an Extraordinary Resolution of the Secured Debenture holders; or
- (B) if the Security Trust is wound-up or liquidated, as the case may be, or if the Security Cession is not enforceable (as finally determined by a judgment of a court of competent jurisdiction after all rights of appeal and review have been exhausted),

then Secured Debenture holders shall be entitled to take action themselves to enforce their claims directly against the Issuer if an Event of Default occurs in which event the Secured Debenture holders shall notify the Issuer, the Administrator and the Security Trustee in writing of such claim and any such notice shall be deemed to constitute an Enforcement Notice delivered by the Security Trustee.

- 17.7 The Secured Debenture holders shall not institute, or join with any person in instituting, or approve any steps or legal proceedings for the winding-up, liquidation, deregistration, Business Rescue or sequestration of the Issuer, as the case may be, or any compromise or scheme of arrangement with its members (if applicable) or any of its creditors or any related relief, or for the appointment of a liquidator, Business Rescue practitioner, trustee, or similar officer of the Issuer or of any or all of the Issuer's assets or revenues, until 2 years after the payment of all amounts outstanding and owing by the Issuer under all of the Debentures and any other Transaction Documents.
- 17.8 Without prejudice to the foregoing provisions of this Condition, each Secured Debenture holder undertakes to the Issuer and the Security Trust that if any payment is received by it other than in accordance with the relevant Priority of Payments in respect of sums due to it by the Issuer and/or the Security Trust, the amount to be paid shall be received and held by such Secured Debenture holder as agent for the Issuer and/or the Security Trust and shall be paid to the Issuer and/or the Security Trust immediately on demand.
- 17.9 The Security Trust acknowledges that it shall enforce and distribute the proceeds of the Security in accordance with the provisions of the Post-enforcement Priority of Payments.
- 17.10 Each Debenture holder undertakes that it will not set off or claim to set off any amounts owed by it to the Issuer or the Security Trust against any liability or amount owed to it by the Issuer or the Security Trust.
- 17.11 Notwithstanding the provisions of the preceding sub-clauses, in the event of a liquidation, winding-up or sequestration of the Issuer or of the Issuer being placed under Business Rescue, secured creditors ranking prior to others in the Post-enforcement Priority of Payments shall be entitled to receive payment in full from the assets of the Issuer of amounts due and payable to them, before other secured creditors that rank after them in the Post-enforcement Priority of Payments receive any payment on account of amounts owing to them.

17.12 In order to ensure the fulfilment of the provisions regarding Post-enforcement Priority of Payments, each Secured Debenture holder agrees that in the event of a liquidation, winding-up or sequestration of the Issuer or of the Issuer being placed under Business Rescue, it will lodge a claim against the Security. The Security Trust will act on behalf of the Secured Debenture holders in respect of such claim in the winding-up, liquidation, sequestration or Business Rescue proceedings of the Issuer pursuant to the Security and pay the Secured Debenture holders out of any amount recovered in such proceedings in accordance with the Post-enforcement Priority of Payments.

17.13 In the event that the Security Trust fails, for whatever reason, to make a claim on behalf of the Secured Debenture holders in the liquidation, winding-up, sequestration or Business Rescue proceedings of the Issuer pursuant to the Security or should the liquidator, trustee or Business Rescue practitioner not accept a claim tendered for proof by the Security Trust on behalf of the Secured Debenture holders pursuant to the Security, then, in order to ensure compliance with the Post-enforcement Priority of Payments, each Secured Debenture holder shall be entitled to lodge such claims itself and each Secured Debenture holder agrees that:

- (A) any claim made or proved by a Secured Debenture holder in the liquidation, winding-up, sequestration or Business Rescue proceedings in respect of amounts owing to it by the Issuer shall be subject to the condition that no amount shall be paid in respect thereof to the extent that the effect of such payment would be that the amount payable to the secured creditors that rank prior to it in terms of the Post-enforcement Priority of Payments would be reduced; and
- (B) if the liquidator, trustee or Business Rescue practitioner does not accept claims proved subject to the condition contained in the preceding subparagraph then each secured creditor shall be entitled to prove its claims against the Issuer in full, on the basis that any liquidation dividend payable to it is paid to the Security Trust for distribution in accordance with the Post-enforcement Priority of Payments.

17.14 Upon the occurrence of any Event of Default and whilst that Event of Default is continuing (and notwithstanding the enforcement of Secured Debentures as described above), any Debenture holder affected by that Event of Default shall be entitled to call upon the Issuer in writing to immediately pay the Principal Amount plus accrued interest in respect of all Debentures of that Debenture holder.

17.15 Interest at 1% above the Interest Rate shall accrue on the outstanding, unpaid balance of any amount, whether capital or interest, which is due for payment by the Issuer in respect of any Debenture and which is not paid on due date.

18. **CALCULATION AGENT**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained pursuant to these Conditions by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error) be binding on the Issuer and the holders of all Debentures, and in the absence as aforesaid no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to these Conditions.

19. NOTICES

19.1 A notice (including all demands or requests under these Conditions) to the holder of any Debenture shall be valid if:

- (A) sent by email to its email addresses appearing in the Register; or
- (B) delivered by hand to the Debenture holder's Registered address; or
- (C) published in a leading English language daily newspaper of general circulation in South Africa.

19.2 Every notice (including all demands or requests under these Conditions) to the holders of any Class of Debentures shall:

- (A) in the case of holders of Debentures that are Listed on the JSE, simultaneously be delivered to the JSE; and
- (B) in the case of any Class of Uncertificated Debentures not Listed on the JSE, be delivered to Strate and the CSDP's in accordance any Applicable Procedures.

19.3 Any notice to the Issuer shall be deemed to have been received by the Issuer two Business Days after being hand delivered to the registered office of the Issuer or one Business Day after the day on which it is sent by email to the Issuer's specified email address (as the case may be).

20. AMENDMENT OF THESE CONDITIONS

20.1 The Issuer may, without the consent of Debenture holders, amend these Conditions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein, provided that:

- (A) the amendment is made in a manner which the Issuer deems necessary or desirable and which is not, in the opinion of the Issuer, prejudicial to the interests of the Debenture holders; and
- (B) the JSE has approved the amendment (in respect of Listed Debentures).

20.2 The Debenture holders have the power (which shall only be exercised by Extraordinary Resolution) to sanction any proposal by the Issuer for: (i) the amendment of the Conditions, or (ii) any modification, compromise or arrangement in respect of the rights of Debenture holders against the Issuer whether such rights shall arise under the Conditions or otherwise. Any such proposal that is so approved by Extraordinary Resolution of Debenture holders shall be binding upon the Issuer and all the Debenture holders.

21. MEETINGS OF DEBENTURE HOLDERS

The rules and procedures governing the adoption of resolutions of Debenture holders and meetings of Debenture holders are set out in the MOI of the Issuer. For the avoidance of doubt, any reference in these Conditions to an Extraordinary Resolution shall be construed as a special resolution for purposes of the MOI of the Issuer.

22. LIQUIDATION/SEQUESTRATION OF THE SECURITY TRUST

No Debenture holder shall be entitled, directly or indirectly, to institute, or join with any person in instituting or voting in favour of, any proceedings for the winding-up or

liquidation, as the case may be, of the Security Trust or any compromise or scheme of arrangement or any related relief in respect of the Security Trust or for the appointment of a liquidator, trustee or similar officer of the Security Trust, in any court in South Africa or elsewhere, until 2 years after the payment of all amounts still outstanding and owing by the Issuer under all of the Debentures and any other Transaction Documents entered into in respect of the Programme.

23. **APPOINTMENT OF AGENTS – NOTICE**

The Issuer shall notify the Debenture holders of any change in the appointment of the Calculation Agent, Transfer Secretary or Investment Manager or Security Trustee.

24. **GOVERNING LAW**

The Debentures are subject to South African law.

USE OF PROCEEDS

The issuance proceeds of the Debentures and other Commercial Paper issued by the Issuer, Southchester (RF) Limited, pursuant to this Programme will be used to augment the Issuer's portfolio of financial instruments and products (the "**Portfolio**") which is invested and managed in accordance with the Investment Policy described on page 40 of this Programme Memorandum. The investments are made and managed for the Issuer by the Investment Manager, Southchester Investment Managers Proprietary Limited.

SECURITY STRUCTURE

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum and in the applicable Pricing Supplement. Capitalised words used in this section shall bear the meanings contained in the Conditions, and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires. References to the “applicable Pricing Supplement” will be construed as references to an applicable Pricing Supplement executed in respect of a tranche of Debentures. Unless the context indicates otherwise, references to “Programme Memorandum” will include the applicable Pricing Supplement.

1. Debentures will be obligations of the Issuer only.
2. In relation to each tranche of Debentures, the Pre-enforcement Priority of Payments sets out the sequence in accordance with which certain creditors of the Issuer will be paid prior to delivery of an Enforcement Notice by the Security Trust (or the Secured Debenture holders). The Post-enforcement Priority of Payments sets out the sequence in accordance with which certain creditors of the Issuer will be paid following delivery of an Enforcement Notice by the Security Trust. Amounts payable at any time to any secured creditor which ranks in the applicable Priority of Payments after other secured creditors, will only be paid to the extent that funds are available at such time after payment has been made in full to creditors ranking higher in the applicable Priority of Payments.
3. Pursuant to the terms of the Deed, the Security Trust will undertake in favour of each Secured Debenture to enforce the Security for the benefit of the Secured Debenture holders. The liability of the Security Trust will, however, be limited in the aggregate to the amount recovered by the Security Trust from the Issuer arising out of the Security Cession referred to below. Payment of amounts by the Security Trust after the delivery of an Enforcement Notice will be made strictly in accordance with the applicable Post-enforcement Priority of Payments.
4. The Issuer will give the Security Cession to the Secured Debenture holders in respect of the claims that may be made against the Issuer arising out of the Secured Debentures. The obligations of the Issuer in terms of Security Cession will be enforced by the Security Trust on behalf of the holders of Secured Debentures.
5. Each tranche of Secured Debentures will share the same security *pari passu* and *pro rata* and jointly (unless a particular tranche of Secured Debentures is expressed to be of a different class of otherwise subordinated to other Debentures). In the event of the delivery of an Enforcement Notice, the Debentures will rank in accordance with the Post-enforcement Priority of Payments.

THE PORTFOLIO

1. GENERAL

- 1.1 All cash paid to the Issuer, including the issuance proceeds of the Debentures and other Commercial Paper, will be deposited into the following bank account of the Issuer's Custodian, Societe Generale Johannesburg Branch:

Account name: Societe Generale Trustee Account;

Account No. 1008880981;

Bank: Nedbank Limited;

Branch code: 194405

- 1.2 The Issuer's available cash resources will be used to acquire investment instruments and products ("**Investments**"), all of which will form part of the Issuer's portfolio of Investments (the "**Portfolio**") acquired and managed in the manner described below.

2. THE PORTFOLIO EXPOSURES AS AT 31 JULY 2017

ASSET DETAIL	VALUE	WEIGHT
ABSA Bank	1,252,248,139.46	26.32%
Standard Bank	1,210,138,473.55	25.44%
Nedbank Limited	1,021,499,354.01	21.47%
FirstRand Bank	794,241,690.83	16.69%
Investec Bank	223,676,666.85	4.70%
Société Générale S.A.	192,717,144.65	4.05%
China Construction Bank	60,255,674.32	1.27%
JSE Trustees	2,802,932.09	0.06%
HSBC	20,285.79	0.00%
TOTAL	4,757,600,361.54	100.00%

3. ORIGINATION AND MANAGEMENT OF INVESTMENTS

3.1 Originator / Investment Manager

- 3.1.1 The Issuer has appointed the Investment Manager to acquire Investments for the Issuer and to manage the Issuer's Portfolio of Investments. For Information concerning the Investment Manager see page 51 of this Programme Memorandum.
- 3.1.2 The Investment Manager's appointment is provided for in the written agreement entitled "Fund Management Agreement" entered into on or about 31 March 2014 between the Investment Manager and the Issuer (the "**Management Agreement**").
- 3.1.3 No person other than the Investment Manager is authorised to acquire Investments for the Issuer.

3.2 Purchase Price of Investments

- 3.2.1 The Investment Manager is required to acquire Investments for the Issuer and to manage the Issuer's Portfolio in accordance with the Issuer's designated investment policy described in paragraph 4 below (the "**Investment Policy**"). The Investment Policy may not be changed without the written agreement of the Issuer.
- 3.2.2 The Management Agreement provides that, when buying Investments for the Issuer, the Investment Manager will do so "*at such prices and at such commission and/or fee rates, as in the good faith judgement of the Investment Manager will be in the best interests of the Issuer*" (see clause 8.2 of the Management Agreement).
- 3.2.3 The Investment Manager employs registered stockbrokers to execute trading activities in respect of the Portfolio. JSE members and stockbrokers are regulated by the JSE which is an approved self-regulatory organisation under South African law.

3.3 Ownership of Investments

- 3.3.1 Investments are acquired by the Investment Manager as agent for the Issuer and the Issuer is the owner of all Investments so acquired.
- 3.3.2 In terms of the Management Agreement, the Investment Manager has appointed Societe Generale Johannesburg Branch ("**SocGen**" or the "**Custodian**") as the Issuer's custodian. For Information concerning the Investment Manager see page 51 of this Programme Memorandum.
- 3.3.3 All Investments (excluding those Investments not capable of registration) must be registered in the name of the Issuer or, alternatively, in the name of the Custodian or its nominee company (see clause 5.1 of the Management Agreement).

3.4 Recourse against the Investment Manager

The Investment Manager is liable to the Issuer for all loss or damage which arises as a result of the fraud, dishonesty or gross negligence of the Investment Manager or any director, employee, officer, or agent of the Investment Manager (see clause 10.2 of the Management Agreement).

4. INVESTMENT POLICY¹

The Issuer's Investment Policy, as of the date of this Programme Memorandum, is as follows:

4.1 Portfolio Description

The Portfolio is a short-term debt portfolio.

4.2 Investment and Return Objectives and Risk Factors

¹ All ratings references in this section are to South African national scale ratings.

- 4.2.1 The investment objective is to invest in a diversified portfolio of short term debt instruments and participatory interests in collective investment schemes which themselves primarily invest in similar debt instruments.
- 4.2.2 The primary performance objective is to obtain as high a level of current income as is consistent with capital preservation and liquidity. Capital gains will be of an incidental nature.
- 4.2.3 The Portfolio may be invested in any short term debt instruments including, but not limited to, repurchase agreements and participatory interests in collective investment schemes which themselves primarily invest in similar debt instruments.

4.3 **Risk Profile**

The investment policy is that the Portfolio must have a very low risk profile with characteristics similar to low risk money market and income plus type investments.

4.4 **Risk Management Principles**

Given the very low risk profile and the investment objectives, the Investment Manager will employ systems to ensure that the Portfolio is managed within the strict investment restrictions contained below.

4.5 **Investment Restrictions**

- 4.5.1 Only ZAR denominated or fully hedged foreign currency denominated investments may be included in the Portfolio.
- 4.5.2 The Portfolio benchmark shall be the South African Benchmark Overnight Rate (SABOR).

4.6 Asset and Counterparty Exposure Limits

Minimum Rating [or equivalent] of A1+ / AA on the ZA national scale	Minimum %	65
Minimum Rating [or equivalent] of A1 / A to AA- or higher on the ZA national scale	Minimum %	90
Minimum Rating [or equivalent] of A1- / A- or lower on the ZA national scale	Maximum amount ²	sub-debt
Derivative contract counterparty	Minimum ratings	A+/A1
Repurchase agreement counterparty ³	Minimum ratings	A/A1

4.7 Direct Issuer Exposure

Minimum Rating [or equivalent] of A1+ / AA per single issuer on the ZA national scale	Maximum %	35
Minimum Rating [or equivalent] of A1 / A to AA- per single issuer on the ZA national scale	Maximum %	20
Minimum Rating [or equivalent] of A1- / A- or lower per single issuer on the ZA national scale (includes unrated issuers)	Maximum amount ²	sub-debt
Total sovereign debt (South Africa)	Maximum %	100
Total SA government supported parastatal debt	Maximum %	50
Minimum Fund Rating [or equivalent] of AA+ to AAA on the ZA national scale	Maximum %	35
Minimum Fund Rating [or equivalent] of AA- to AA on the ZA national scale	Maximum %	25
Minimum Fund Rating [or equivalent] of A+ on the ZA national scale	Maximum %	5
Limit for rated conduits on the ZA national scale	Max exposure per issuer	10
Limit for rated conduits on the ZA national scale	Max % of total issuance by issuer	10
Aggregate limit for rated conduits on the ZA national scale	Max aggregate exposure	20
Aggregate limit for rated corporates excluding registered banks	Maximum %	100

Asset Maturity

²The exposure to A minus or lower rated assets (including unrated assets) may not exceed the total amount of subordinated debt and/or equity & reserves in issue and also provided that the level of such A minus or lower rated assets does not result in a ratings downgrade.

³ Repurchase agreements with unrated counterparties may be concluded provided the underlying debt instruments forming the subject matter of the repurchase trade has an issuer or instrument credit rating of long term A or short term A1 or better and provided the value of the underlying debt instruments are at least the same as the repurchase amount

Maturity of securities excluding those acquired in terms of a repo	Maximum in days	1 080
Maturity of repurchase agreements (actual repo contract itself)*	Maximum in days	1 080

* the underlying terms of the security acquired in terms of the repo make be greater than 1080 days but adequate addition security must be obtained in such instance

4.8 Portfolio Interest Rates and Spread Risks Measured in Weighted Average Days

WAD (weighted average days) to interest rate reset / weighted average duration	Maximum days	90
WAD (weighted average days) to final maturity of securities and repurchase agreements (this level may be exceeded over certain month ends due to large withdrawals provided that this is rectified during the following month)	Maximum days	180

4.9 Portfolio Liquidity Base Line

Call and overnight maturities and/or liquid government treasury bills (this level may be breached over certain month ends due to large withdrawals)	Minimum %	10
Seven - day maturities and/or liquid government treasury bills (this level may be breached over certain month ends due to large withdrawals)	Minimum %	20

4.10 Management of Liquidity Mismatch / Capital & Sub-Debt Maintenance

- 4.10.1 The Portfolio is managed on a dynamic basis and this together with inflows and outflows can result in significant changes to the prevailing weighted average liquidity mismatch between assets and liabilities.
- 4.10.2 The Portfolio will therefore need to maintain a small but adequate capital & subordinated debt buffer in order to protect against any mark to market losses which may be incurred due to having to sell off assets at inopportune times.
- 4.10.3 In addition the Investment Manager has procured and will continue to procure as the need arises and/or as the portfolio grows in total size, sufficient liquidity facilities.

4.11 Investment Universe to be Approved by Credit Risk Committee

- 4.11.1 The issuer shall not acquire any investment in, or incur exposure to, any non-governmental counterparty unless the counterparty conforms to the applicable requirements and the counterpart has been approved by the Investment Manager's Credit Committee as an Approved Counterparty.

4.11.2 Approved Counterparties must be reviewed at every Credit Committee meeting. The Approved Counterparty list will most likely always be more restrictive than the Investment Policy as contained herein.

5. ADMINISTRATION

5.1 Peregrine Fund Platform Proprietary Limited (Registration number 1958/003551/07) ("**Peregrine**") has been appointed as the Issuer's Administrator in terms of the written agreement entitled "Services Agreement" entered into on 31 March 2014 between the Issuer and Peregrine (the "**Administration Agreement**"). Information relating to Peregrine is set out on page 55 of this Programme Memorandum.

5.2 In terms of the Administration Agreement, Peregrine is required to undertake the day to day administration of the Portfolio. Peregrine's duties include the determination of the NAV of the Portfolio and the NAV of the Issuer.

6. RISK MANAGEMENT

Measures taken by the Investment Manager to mitigate and manage risk relating to the Portfolio include the following:

6.1 Market Risk

6.1.1 Risk definition: Market risk can be defined as the risk that investments can lose their value due to changing market conditions including prices, volatility and market liquidity defines it as the loss due to changes in market prices. Market risk exposes an investor to uncertainty due to movements in factors such as interest rates, foreign exchange rates, commodity prices, bond prices, equity prices, and volatilities related to derivative positions.

6.1.2 Control measures: In relation to the Southchester (RF) portfolio, which is a liquid low risk portfolio, one would expect the market risk to be extremely low.

6.1.3 Nevertheless one cannot reduce the market risk to zero even with a very low risk, liquid, high credit rated portfolio. Large scale withdrawals can force a portfolio to sell assets below par which could result in mark to market losses. This is the most likely cause for losses being sustained bearing in mind that losses in a portfolio of this kind would be a huge event and not something to be expected in the normal course as with an equity or high yield debt fund.

6.1.4 The market risk is however reduced to as low as possible by only investing in highly credit rated counterparties, by keeping the duration as short as possible, through portfolio diversification, by managing the maturity date of each investment together with the weighted average maturity and by having sufficient cash equivalent holdings and liquidity facilities in place.

6.1.5 Recommended actions: Mitigate risk through client diversification, reverse repo and overdraft facilities and also by holding sufficient short dated assets.

- 6.1.6 Risk Categorisation: Low
- 6.1.7 Persons Responsible: Credit and Risk Committee
- 6.1.8 Frequency of monitoring: Daily by Administrator, with exceptions escalated to the Committee. Monthly by Compliance Officer and Committee.

6.2 Counterparty & Credit Risk

- 6.2.1 Risk Definition: Credit or counterparty risk is the risk of a counterparty failing to perform in accordance with the terms and conditions of the contract between the parties and in particular debt contracts where the counterparty fails to pay or deliver.
- 6.2.2 Control Measures: Counterparty risk to all counterparties has been evaluated and considered to be reduced to an acceptable level. The Investment Manager has a policy of only dealing with recognized credit rated market participants which further serves to reduce counterparty risk. Given the importance of credit risk management, the Investment Manager has established a credit and risk committee tasked with the job of managing credit and other business risks relating to the Issuer.
- 6.2.3 Recommended Actions: Due diligence should be performed on all new counter-parties, to ensure that counter-party risk is extremely low.
- 6.2.4 Risk Categorisation: Low
- 6.2.5 Persons Responsible: Credit and Risk Committee
- 6.2.6 Frequency of monitoring: Daily by Administrator with exceptions escalated to the Committee. Monthly by Compliance Officer and Committee

6.3 Regulatory Risk

- 6.3.1 Definition: Regulatory Risk / Compliance Risk can be defined as the risk of non-compliance with legal or regulatory requirements. Regulatory Risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards.
- 6.3.2 Control measures: the Investment Manager manages regulatory risk through its policy of engaging recognized service providers to ensure that is kept abreast of regulatory developments. Our independent compliance officer, ICS, keeps us up to date on new regulatory matters through regular correspondence, monthly emails and phone calls and quarterly visits.
- 6.3.3 Risk Categorisation: Low to Medium. We believe that ICS's intervention and the passing of the regulatory exams by our staff lowers the risk.
- 6.3.4 Persons Responsible: Board of Directors by the Issuer.
- 6.3.5 Frequency of monitoring: Daily by Directors. Monthly by Compliance Officer.

6.4 **Business/Operational Risk**

Definition: Operational risk relates to the risk of loss to a business as a result of inadequate systems and controls, and can be defined as the exposure of an organisation to potential losses, resulting from shortcomings and / or failures in the execution of its operations.

6.5 **Key Man Risk**

6.5.1 Definition: Risk of losing either one or both of the two only portfolio managers employed by the business.

6.5.2 Control measures: the Investment Manager key man risk is mitigated by our succession planning. The Issuer and its independent trustee, GMG Corporate Services (Africa) (Pty) Limited (Registration No. 2017/157610/07) ("**GMG Corporate Services**"), are specifically required to appoint replacement asset managers to act in the place of the Investment Manager should the Investment Manager be unable to fulfil its duties and obligations due to the loss of personnel or for other reasons. The first choice would be to appoint the administrators, Peregrine who are themselves asset managers and part of the Peregrine Group who have many skilled asset managers. In the event that they are unwilling or unable to accept the appointment, GMG Corporate Services have good and long standing relationships with many of the respected fixed income asset managers in South Africa and would be able to appoint one of these managers to continue with the management of the Issuer.

6.5.3 Risk Categorisation: Medium. While the magnitude of this risk is high, we believe it is to a large extent mitigated by having GMG Corporate Services present with the option of immediately appointing the administrator as the first choice followed by other asset managers well known to GMG Corporate Services.

6.5.4 Persons Responsible: Board of Directors and GMG Corporate Services.

6.5.5 Frequency of monitoring: Board meetings.

6.6 **System risk/Data Integrity**

6.6.1 Definition: The risk that our data is erroneous, becomes corrupted or destroyed.

6.6.2 Control measures: Trades are written (emailed) and are reconciled on a daily basis by the Administrator and the Trustee/Custodian, SocGen. The financial results are audited every year by Deloitte & Touche.

6.6.3 Risk Categorisation: Low. We believe that by having two reputable parties who keep independent records and who both have robust systems and disaster recovery infrastructures, greatly reduces the risk.

6.6.4 Persons Responsible: Peregrine and SocGen. Frequency of monitoring: Daily.

6.7 Disaster Recovery/External Environment

- 6.7.1 Definition: The risk that either our data or physical premises are compromised.
- 6.7.2 Control measures: Protect against information loss by keeping back-ups of all portfolio and client information at both Peregrine and SocGen, and by making real time off-site back-ups of research materials on the cloud using Dropbox Professional.
- 6.7.3 In the event that the Southchester office is unusable, there is a back-up work location set up at the principal's homes.
- 6.7.4 All non-investment activities are be outsourced to recognised market participants, including handling of client monies and securities, as well as the independent valuation of the portfolio, all of which greatly reduces the business risk of the Investment Manager.
- 6.7.5 Risk Categorisation: Low, as a result of having two reputable parties who keep independent records and who both have robust systems and disaster recovery infrastructures.
- 6.7.6 Persons Responsible: Executive Directors of Investment Manager / Peregrine / SocGen.
- 6.7.7 Frequency of monitoring: Daily

6.8 Fraud and malfeasance risk

- 6.8.1 Definition: The risk of theft, misappropriation or misuse of client funds and assets.
- 6.8.2 Control measures: Separation of duties between the asset manager, administrator and trustee / custodian. The Custodian performs additional trustee functions similarly to a collective investment scheme to provide additional investor protection.
- 6.8.3 Risk Categorisation: Low. All cash and assets are held by a large international banking group, SocGen, the Issuer's Custodian. Neither the Investment Manager nor the administrator have access to asset and cash. Socgen monitor all cash movement instructions on a very strict basis.

7. LIQUIDITY FACILITIES

- 7.1.1 In order to provide for cash flow mismatches caused by the coupon and/or maturity dates of the assets differing from those of the liabilities together with other timing delays, the Issuer has arranged the following liquidity facilities:
 - (i) Overdraft facility from the Custodian, Societe Generale Johannesburg Branch; and

- (ii) Repurchase facilities with various banks and financial institutions.

7.1.2 Summary of overdraft terms

- (i) Limited to a maximum of the ZAR equivalent of USD 30 million;
- (ii) Same day draw down facility;
- (iii) 24 hour term and capable of being rolled for further 24 hour terms if required; and
- (iv) Assets held in custody may be pledged as security although this does require that the assets be released from the cession and pledge in favour of the Secured Debentures.

7.1.3 Summary of repurchase facilities

- (i) Many counterparties;
- (ii) Mainly governed and concluded in terms of a Global Master Repurchase Agreement ('GMRA') although not all repurchase transactions are concluded in terms of GMRA's;
- (iii) Combination of hard and soft limits;
- (iv) Total repurchase lines to be more or less the same size as the entire Portfolio;
- (v) Combination of T+0, T + 1 and T + 2 settlement terms; and
- (vi) Term ranges from 2 – 7 days.

7.1.4 Absolute prohibitions

- (i) The Issuer may not use any of the liquidity facilities to cover losses incurred in the underlying Portfolio. Such losses shall be absorbed against first equity and then sub-ordinated debt and thereafter against senior debt.
-

SERVICE PROVIDERS

1. GENERAL

- 1.1 The Issuer does not have any full-time or part-time employees. The Issuer has appointed independent contractors ("**Service Providers**") to provide the Issuer with all the services necessary for, or incidental to, carrying on the Issuer's Designated Business.
- 1.2 The Issuer has appointed the following Service Providers to provide the following services the Issuer:
- 1.2.1 Southchester Investment Managers Proprietary Limited (Registration number 2005/035006/07) being the Investment Manager is appointed to provide origination and investment management services. The services provided by the Investment Manager are described in the section of this Programme Memorandum entitled "*The Portfolio*" (see page 40);
- 1.2.2 Peregrine Fund Platform Proprietary Limited (Registration number 1958/003551/07) being the Administrator is appointed to provide administration and transfer secretarial services to the Issuer. The administration services provided by the Administrator are described in the section of this Programme Memorandum entitled "The Portfolio" (see from page 40). In addition thereto, the Administrator is responsible for
- (i) keeping the Issuer's Register of Certificated Debentures;
 - (ii) the issuing and redemption of Certificated Debentures.
- 1.2.3 Societe Generale Johannesburg Branch (Registration number 1996/006193/10) ("**SocGen**") is appointed to provide banking, custodial and settlement services to the Issuer;
- 1.2.4 GMG Corporate Services (Africa) (Pty) Ltd (Registration number 2017/157610/07) ("**GMG Corporate Services**") is appointed as the Issuer's company secretary;
- 1.2.5 Deloitte & Touche has been appointed by the Issuer as the Issuer's auditors.

2. SOUTHCHESTER INVESTMENT MANAGERS / INVESTMENT MANAGER

2.1 Name and Contact Details

- 2.1.1 The full business and trade name of Investment Manager is Southchester Investment Managers Proprietary Limited (Registration number 2005/035006/07).
- 2.1.2 The Investment Manager's business address is: Pinotage House, Vineyards Office Estate, 99 Jip De Jager, Bellville 7530. The contact person of the Investment Manager is Gregg Bayly tel: +27 21 913 9831, fax: +27 611 4876, email: inquiries@southchester.co.za.

2.2 Regulation and Status

- 2.2.1 The Investment Manager is an authorised financial services provider (FSP number 44868) in terms of Section 8 of the FAIS Act. A copy of the Investment Manager's license certificate is available on request.
- 2.2.2 The Investment Manager is authorised to render advisory, intermediary and discretionary financial services in respect of the following financial products-
- (i) **Category I** - Advisory and Intermediary FSP: Securities and instruments: shares, money market instruments, Debentures and securitised debt, warrants, certificates and other instruments, bonds, derivative instruments;
 - (ii) **Category II** - Discretionary FSP: Securities and instruments: shares, money market instruments, Debentures and securitised debt, warrants, certificates and other instruments, bonds, derivative instruments, participatory interests in Collective Investment Schemes, foreign currency denominated investment instruments, long term deposits and short term deposits;
 - (iii) **Category IIA** – Hedge Fund FSP.

2.3 Management Team

The senior management members of the Investment Manager are:

- 2.3.1 **Andra Greyling - CEO:** Andra has 27 years' experience in fixed income investment and trading. She started her career as a trainee dealer in Fixed Income instruments. She has worked for the likes of Investec, Senbank, Old Mutual, Saambou, District Securities Bank, Cadiz and Rand Merchant Bank. She has a B.Comm Business Economics and a B.Comm Honours in Investment Management degree. During her career she has on occasions served as the head of treasury, member of EXCO and member of the remuneration committee. Her passion is trading and client interaction. While at Rand Merchant Bank, Andra set up and managed a ZAR 16 billion proprietary money market repo portfolio, the only one of its kind in South Africa. The repo portfolio provided opportunities to also trade in fixed income derivatives for both speculative and hedging purposes. Currently Andra is the co-manager of the Southchester (RF) Limited fixed income portfolio.
- 2.3.2 **Gregg Bayly - CIO:** Gregg has 20 years' financial structuring and investments experience. While doing his accounting articles, he focused extensively on servicing international clients and developed a wealth of experience in international tax and foreign exchange issues. Over time, he became more involved in the banking, financial and investment aspects of local and international taxation, which eventually led to him joining the fund management industry specialising in fixed income. He originally studied and trained as an accountant, became an associate member of the British Chartered Institute of Management Accountants after which he studied law and obtained an LLB degree. He now focusses on providing structured solutions to institutional and corporate clients and developing innovative

investment products. One such product was the Absa Dividend Income Fund, a fixed income fund which at its zenith exceeded ZAR13.5 billion in assets under management and which he managed for the Absa Group. He was involved in the setup of and currently jointly manages the Southchester (RF) Limited fixed income portfolio.

2.3.3 Rentia Munro - COO: Rentia has been the in Corporate Treasury (Money Market) for the past 29 years. She started at Santam Bank in 1985 in their Investment Division. She graduated with a B.Econ degree from University of Stellenbosch in 1984. During her career she worked in various Treasury Divisions such as Saambou Bank, PSG Investment Bank, Rand Merchant Bank and Absa Capital. She held managerial positions at each institution she worked for. Her passion for people is reflected through the longstanding relationships with her clients. She is an outstanding marketing specialist focussing on Large Corporates.

2.3.4 Mike Baldwin – Portfolio Manager: Mike is a specialist in financial products with a strength in product structuring and portfolio management, having gained extensive experience in the investment banking, life company and asset management industries, working for institutions such as FNB, BOE Bank, Peregrine, Absa Capital, Investec, Cadiz and Constellation Asset Management. Mike has worked on numerous corporate and institutional transactional mandates in both a professional and consulting capacity over the past eighteen years, covering innovative asset financing and refinancing projects, corporate finance transactions, debt and equity structuring and portfolio management (origination and active management). Mike has more than 25 years' experience. Mike completed his commercial articles and holds a Bachelor's degree in Accounting and Economics, Postgraduate qualifications in Accounting and Taxation and is also a MBA graduate.

2.4 **Authorised Key Individuals and Representatives**

The Financial Services Board requires the Investment Manager to have appointed duly authorised key individuals and representatives to render financial services as defined in terms of the FAIS Act.

The key individuals of the Investment Manager are:

- Gregg Bayly; and
- Andra Greyling.

The representatives of the Investment Manager are:

- Gregg Bayly;
- Michael Baldwin; and
- Andra Greyling.

Details of the Investment Manager's Authorised Representatives are also available on the Financial Services Board's website (under the FAIS section) at <http://www.fsb.co.za>.

2.5 Remuneration Structure

The following remuneration is payable to the Investment Manager:

- 2.5.1 A management fee equal to 0.025% (zero comma zero two five per centum) per annum (plus VAT) of the net asset value of the Portfolio, calculated and payable on a monthly basis.
- 2.5.2 The monthly management fee shall be calculated by multiplying the NAV of the Portfolio at the end of the month by the percentage in 2.5.1 above divided by 12.

2.6 Compliance Officer

Independent Compliance Services (Pty) Ltd (Registration number 2003/020695/07 and Officer number 1258) acts as the compliance officer for the Investment Manager. For further information relating to the Compliance Officer see the following website <http://complianceservices.co.za/>

2.7 Indemnity Cover

The Investment Manager holds Financial Institutions Professional Indemnity Insurance.

2.8 Financial Intelligence Centre Act (FICA)

In terms of FICA, the Investment Manager is an accountable institution. The Investment Manager is required to identify its prospective clients, verify the given information and keep records of the verifying documents. The Investment Manager obliged to report suspicious and unusual transactions that may facilitate money laundering to the authorities.

2.9 Complaints

Should any person wish to pursue a complaint against a key individual or representative of the Investment Manager, the complaint should be made in writing. If the complaint cannot be settled with the Investment Manager, the complainant is entitled to refer it to the office of the FAIS Ombud, at info@faisombud.co.za or telephone number 0860 324 766. The Ombud has been created to provide clients of financial services providers with a redress mechanism for any inappropriate financial advice that a client feel has been given to it by a financial services provider.

2.10 Further Information

For further information relating to the Investment Manager see the following website <http://www.southchester.co.za>

3. PEREGRINE - ADMINISTRATOR

3.1 Background

- 3.1.1 Peregrine Fund Platform Proprietary Limited, Registration number 1958/003551/07, ("Peregrine") provides fund administration services to institutional and alternative fund managers throughout South Africa.
- 3.1.2 Peregrine's business address is Simeka House, Vineyards Office Estate, 99 Jip De Jager, Bellville 7530. The contact person of the Investment Manager

is Kobus Esterhuysen tel: Tel: +27 11 722 7572, email: valuations@peregrine.co.za.

- 3.1.3 The greater Peregrine Group administers and/or manages investment assets amounting to more than R100 billion. Peregrine has a large complement of professional staff involved in providing fund administration and reporting services covering front, middle and back office functions.
- 3.1.4 The operational architecture is designed to deliver services to clients in a seamless way. Clients are afforded direct access to all operational systems required to perform their functions, which results in complete transparency.
- 3.1.5 Peregrine adheres to international best practice and embraces recognized standards, such as Statement on Auditing Standards (SAS) No.70.

3.2 Regulation and Status

- 3.2.1 Peregrine is an authorised financial services provider (FSP number 532) in terms of Section 8 of the FAIS Act. A copy of Peregrine's license certificate is available on request.
- 3.2.2 Peregrine is authorised to render advisory, intermediary and discretionary financial services in respect of the following financial products-
 - (i) **Category I** - Advisory and Intermediary FSP: Securities and instruments: shares, money market instruments, Debentures and securitised debt, warrants, certificates and other instruments, bonds, derivative instruments;
 - (ii) **Category II** - Discretionary FSP: Securities and instruments: shares, money market instruments, Debentures and securitised debt, warrants, certificates and other instruments, bonds, derivative instruments, participatory interests in Collective Investment Schemes, foreign currency denominated investment instruments, long term deposits and short term deposits;
 - (iii) **Category IIA** – Hedge Fund FSP.

3.3 Remuneration

The Issuer will pay Peregrine an annual fee of between 0.05% and 0.1% of the Issuer's assets.

4. SOCGEN - BANKING, CUSTODIAL AND SETTLEMENT SERVICES

Information relating to SocGen may be found at the following websites:

www.societegenerale.com/en/home;

www.securities-services.societegenerale.com/en/worldwide-offices/office/johannesburg/; and

www.strate.co.za/contact/participants-business-partner-contacts/soci%C3%A9t%C3%A9-g%C3%A9n%C3%A9rale-johannesburg-branch

5. **GMG CORPORATE SERVICES - COMPANY SECRETARY**

GMG Corporate Services (Africa) (Pty) Ltd (Registration number 2017/157610/07) ("**GMG Corporate Services**") has been appointed by the Issuer as the Issuer's Company Secretary. Information relating to GMG Corporate Services be found at the following website: www.gmgfinancial.com

THE ISSUER

1. GENERAL

- 1.1 Southchester (RF) Limited (Registration Number: 2010/021595/06) was registered and incorporated on 20 October 2010 under the laws of the Republic of South Africa. The Issuer is a public for profit company with limited liability and restricted capacity. The Capacity of the Issuer is restricted to the Designated Business referred to in paragraph 3.1 below.
- 1.2 The registered office of the Issuer is 2nd Floor, Bridge House, Boundary Terraces, Mariendahl Lane, Newlands 7700, Cape Town, South Africa. The business address of the Issuer is Pinotage House, Vineyards Office Estate, 99 Jip De Jager, Bellville 7530.

2. SHARES AND SHAREHOLDING

- 2.1 The total issued share capital of the Issuer comprises 1,089,999 no par value ordinary shares, 100% of which are beneficially owned Southchester Holdings Limited (Registration Number 2011/008391/07) ("Southchester Holdings").
- 2.2 The issued shares of Southchester Holdings comprises 2,000 (two thousand) A shares and 300 B shares. The A shares have voting rights but no dividend rights whilst the B shares have dividend rights but no voting rights. All the A shares are held by GMG Corporate Services in trust for the benefit of the Salesian Institute, a charitable institution called the Salesian Institute. Southchester Capital (Pty) Ltd ("**Southchester Capital**") owns all the B shares. Southchester Capital and the Investment Manager are associate companies by virtue of the fact that the shares in Southchester Capital and the Investment Manager are owned by the respective family trusts of Messrs Gregg Bayly and Andra Greyling.

3. BUSINESS

- 3.1 The Issuer's sole purpose and objective is to carry on the business of issuing Debentures and other Commercial Paper, investing the proceeds in a portfolio of financial instruments and products (the "**Portfolio**") and managing that Portfolio in accordance with the Issuer's Investment Policy.
- 3.2 The Issuer is a ring-fenced, special purpose company. As such its capacity is limited in terms of sections 15(2)(b) and 19(1)(b)(ii) of the Companies Act, 2008. The powers and capacity of the Issuer are restricted to activities and dealings related to its Designated Business referred to in paragraph 3.1 above. The Issuer may not undertake any business other than its Designated Business or perform any activity other than is necessary for, or incidental to, the conduct of its Designated Business.
- 3.3 The Issuer may have no assets or liabilities (whether contingent, secured or unsecured) other than those relating to its Designated Business. The Issuer shall not have any subsidiaries or employees, purchase, own, lease or otherwise acquire any immovable property or consolidate or merge with any

other person or issue any further shares. The restrictions on the Issuer's business and activities are set out in the Issuer's memorandum of incorporation.

4. DIRECTORS AND COMPANY SECRETARY

4.1 The directors of the Issuer are:

- 4.1.1 Amanda Collis;
- 4.1.2 Jan Reyneke;
- 4.1.3 Andra Greyling;
- 4.1.4 Nicholas Jeffrey;
- 4.1.5 Rentia Munro (alternate for Gregory & Andra);
- 4.1.6 Gregory Bayly; and
- 4.1.7 Johannes Jacobus Esterhuysen.

4.2 The Company Secretary is GMG Corporate Services.

5. FINANCIAL POSITION

The Issuer's financial position as at 31 May 2017 is as follows:

Southchester (RF) Limited

(Registration number 2010/021595/06)

Financial Statements for the 14 months ended 31 May, 2017

Statement of Financial Position as at 31 May, 2017

Figures in Rand	Note(s)	31 May 2017	31 March 2016
Assets			
Current Assets			
Trade and other receivables	3	3,793,754	8,670,014
Financial assets	2	3,316,303,401	3,231,267,487
Cash and cash equivalents	4	563,372,672	179,150,088
Total Assets		3,883,469,827	3,419,087,589
Equity and Liabilities			
Equity			
Share capital	5	910,999	910,999
Retained income		4,313,363	3,092,230
		5,224,362	4,003,229
Liabilities			
Non-Current Liabilities			
Sub-ordinated loans		-	8,408,344
Current Liabilities			
Trade and other payables	8	1,073,434	2,934,009
Financial liabilities	7	3,858,226,670	3,403,742,007
Current tax payable		717,915	-
Dividend payable		3,000,000	-
Bank overdraft		15,227,447	-
Total Liabilities		3,878,245,466	3,415,084,360
Total Equity and Liabilities		3,883,469,828	3,419,087,589

Southchester (RF) Limited

(Registration number 2010/021595/06)

Financial Statements for the 14 months ended 31 May, 2017

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	31 May 2017	31 March 2016
Interest income	9	343,774,317	283,633,012
Interest expense	10	(352,603,314)	(288,738,946)
Net interest income		(8,828,997)	(5,105,934)
Trading income		25,550,602	22,200,584
Operating expenses		(9,470,031)	(10,992,800)
Operating profit		7,251,574	6,101,850
Profit before taxation		7,251,574	6,101,850
Taxation	12	(2,030,441)	(1,732,730)
Profit for the year		5,221,133	4,369,120
Other comprehensive income		-	-
Total comprehensive income for the year		5,221,133	4,369,120

GENERAL INFORMATION

1. CALCULATIONS AND CALCULATION AGENT

Peregrine Fund Platform Proprietary Limited has been appointed as Calculation Agent.

The Calculation Agent will, in its sole discretion, make all determinations regarding the Debentures. Absent manifest error, all determinations of the Calculation Agent will be conclusive for all purposes and final and binding on the Issuer and the holders of Debentures, without any liability on the part of the Calculation Agent. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith and using reasonable judgment. If the Calculation Agent uses its sole discretion to make a determination, the Calculation Agent will notify the Issuer which will, to the extent it is required to, notify each holder. Debenture holders will not (in the absence of manifest error) be entitled to any compensation for any loss suffered as a result of any of the above determinations by the Calculation Agent.

All amounts used in or resulting from any calculation relating to a Debenture will be rounded upward or downward, as appropriate, to the nearest cent.

2. PRELIMINARY AND ISSUE EXPENSES

The aggregate estimated amount to be incurred by the Issuer in the form of preliminary and issue expenses in relation to the establishment of this Programme is R3 million.

3. AUTHORISATION

The Issuer has obtained all necessary consents, approvals and authorisations (if any) which are necessary for the establishment this Programme Memorandum.

The board of directors of the Issuer adopted a resolution on 16 March 2017 approving this Programme Memorandum and authorising any two directors of the Issuer to settle and sign this Programme Memorandum for the Issuer. This Programme Memorandum was signed by two directors of the Issuer on 31 July 2017.

4. SIGNIFICANT CHANGE

Save as disclosed herein, there has been no material adverse change in the financial position of the Issuer since 4 October 2011, being the date of inception of the business.

5. LITIGATION

The Issuer is not involved in any litigation or arbitration proceedings which may have, or have had since its incorporation on 20 October 2010, a significant effect on its financial position, nor is the Issuer aware that such proceedings are pending or threatened.

6. DOCUMENTS AVAILABLE

The following documents may be viewed at, and down loaded from, the Investment Manager's website, www.southchester.co.za:

- this Programme Memorandum, including each Supplemental Programme Memorandum (if any);
- Pricing Supplements relating to Commercial Paper in issue;
- Memorandum of Incorporation of the Issuer;
- Most recent annual financial report of the Issuer;
- Confirmation by the Issuer's auditors that the issue of the Commercial Paper pursuant to this Programme Memorandum complies in all respects with the provisions of the Securitisation Notice;
- Management Agreement providing for the appointment of the Investment Manager;
- Administration Agreement providing for the appointment of the Administrator.

7. **AUDITORS**

The auditors of the Issuer are Deloitte & Touche, 1st Floor, The Square, Cape Quarter, 27 Somerset Road, Green Point, 8005.

The Issuer's auditors have confirmed that the issue of the Commercial Paper pursuant to this Programme Memorandum complies in all material respects with the provisions of the Securitisation Notice.

8. **EXCHANGE CONTROL**

The acquisition of Debentures by non-South African residents and the payment by the Issuer to non-residents is subject to South African exchange controls as set out in the Exchange Control Regulations, 1961, made pursuant to the Currency and Exchanges Act, 1933.

Prospective purchasers of Debentures that are non-South African residents or emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the purchase of Debentures.

9. **Going Concern**

The Issuer is a going concern and can in all circumstances be reasonably expected to meet all of its commitments as and when they fall due.

THE ISSUER

Southchester (RF) Limited

Registration Number: 2010/021595/06

Business Address: Pinotage House, Vineyards Office Estate, 99 Jip De Jager, Bellville 7530

Registered Office: 3rd Floor, 200 on Main, Corner Main and Bowwood Roads, Claremont 7708, Cape Town.

Tel: +27 21 913 9831/2467/1237

Fax: +27 86 519 4837

Directors: GC Bayly *, J Reyneke †, N Jeffrey †, A Collis †, JJ Esterhuysen Δ, A Greyling *. R Munro (*Executive, † Independent non-executive, Δ Non-executive)

INVESTMENT MANAGER

Southchester Investment Managers (Pty) Ltd

Reg. No. 2005/035006/07

Pinotage House,
Vineyards Office Estate,
99 Jip De Jager,
Bellville 7530

Tel: +27 21 913 9831 / 2467 / 1237

Fax: +27 86 611 4876

JSE SPONSORING MEMBER

Java Capital (Pty) Ltd

Reg. No. 2002/031862/07

2nd Floor, Redefine Place,
2 Arnold Road,
Rosebank, 2196

Tel: +27 +27 11 283 0171

Fax: +27 +27 86 686 9489

TRUSTEE AND COMPANY SECRETARY OF THE ISSUER

GMG Corporate Services (Africa) (Pty) Ltd

Reg. No. 2017/157610/07

2nd Floor, Bridge House
Boundary Terraces, Mariendahl Lane,
Newlands 7700, Cape Town, South
Africa

Tel: +27 10 001 8020

Fax: +27 86 649 2700

ISSUER'S CSDP AND CUSTODIAN

SocGen Johannesburg Branch

Reg. No. 1996/006193/10

2nd floor, 160 Jan Smuts Avenue
Rosebank, 2096, Johannesburg

Tel: +27 11 448 8800

Fax: +27 11 448 8450

AUDITOR

Deloitte & Touche

Reg. No. 2017/157610/07

1st Floor, The Square, Cape Quarter
27 Somerset Road, Green Point 8005,
Cape Town

Tel: +27 427 5300

Fax: +27 425 7983

**ADMINISTRATOR, CALCULATION
AGENT AND TRANSFER SECRETARY**


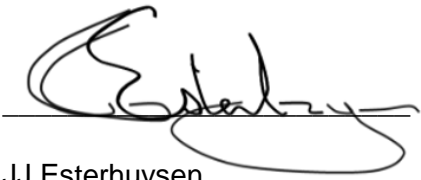
Peregrine Fund Platform (Pty) Ltd
Reg. No. 1958/003551/07
Simeka House, Vineyards Office Estate,
99 Jip De Jager, Bellville 7530, Cape
Town
Tel: +27 11 722 7572
Fax: +27 21 913 9243

LEGAL ADVISOR TO THE ISSUER

Norton Rose Fulbright South Africa Inc
15 Alice Lane
Sandton 2196
South Africa
Tel +27 11 685 8500
Fax +27 11 301 3200
PO Box 784903 Sandton 2146
Docex 215 Johannesburg

On behalf of the company, we, the undersigned directors of the company, hereby adopt the Supplemental Information Memorandum attached hereto and initialled by us

Signed of 23 August 2017 at Cape Town

 GC Bayly	 JJ Esterhuysen
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