

Updated and Amended Programme Memorandum dated 17 August 2012



Sizanani Capital

KAGISO SIZANANI CAPITAL LIMITED (RF)

(Incorporated with limited liability under Registration Number 2003/028948/07 in the Republic of South Africa)

ZAR 2 000 000 000

Domestic Note and Redeemable Preference Share Programme

**Unconditionally and irrevocably guaranteed or in respect of which
a put option has been conferred by**



KAGISO TISO HOLDINGS PROPRIETARY LIMITED (RF)

(Incorporated with limited liability under Registration Number 2011/000848/07 in the Republic of South Africa)

Kagiso Sizanani Capital Limited (RF) ("Issuer") established a ZAR1 000 000 000 Domestic Medium Term Note and Redeemable Preference Share Programme ("Programme") in terms of a Programme Memorandum dated 16 September 2004, as amended by a Supplement dated 28 March 2007 ("Previous Programme Memorandum").

Under the Programme the Issuer may, from time to time, issue unsecured guaranteed registered notes ("Notes") and registered cumulative non-participating redeemable preference shares ("Redeemable Preference Shares"), provided that the aggregate Outstanding Principal Amount of all of the Notes and the Redeemable Preference Shares (collectively, the "Instruments") in issue under the Programme from time to time does not exceed the Programme Amount.

With the consent of the Instrument Holders of Tranches of Instruments in issue under the Programme as at 17 August 2012 ("Existing Tranches"), the Issuer has amended and updated the Previous Programme Memorandum (including certain of the Terms and Conditions contained in the Previous Programme Memorandum), on the basis set out in this amended and updated Programme Memorandum dated 17 August 2012 ("Programme Memorandum"), and has increased the Programme Amount to ZAR2 000 000 000. As at 17 August 2012 ("Programme Date"), the Programme Amount is ZAR2 000 000 000.

Save to the extent expressly agreed in writing between the Issuer, Kagiso Tiso Holdings Proprietary Limited (RF) ("Guarantor") and the Instrument Holder/s of Existing Tranches, this Programme Memorandum supersedes and replaces the Previous Programme Memorandum in its entirety, and applies to all Instruments in issue under the Programme prior to the Programme Date and all Instruments issued under the Programme on or after the Programme Date.

Capitalised terms used in this Programme Memorandum are defined in Section 7 of this Programme Memorandum headed "Terms and Conditions of the Instruments" ("Terms and Conditions") unless separately defined in this Programme Memorandum. References in this Programme Memorandum to any Condition are to that Condition of the Terms and Conditions.

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The Instruments will be issued (or, save to the extent expressly agreed in writing between the Issuer, the Guarantor and the Instrument Holder/s of Existing Tranches, remain in issue) on, and subject to, the Terms and Conditions.

In terms of the Guarantee, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the Guarantor has irrevocably and unconditionally agreed to pay the Guarantee Amount to the relevant Noteholders, in accordance with the Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement. The salient terms and conditions of the Guarantee are set out in annexure "A" to Section 7 of this Programme Memorandum.

In terms of the Put Option Agreement, the Guarantor has irrevocably and unconditionally granted to the Redeemable Preference Share Holders, following an Event of Default, an irrevocable put option to sell the relevant Tranche of Redeemable Preference Shares to the Guarantor, in accordance with the Put Option Agreement, the Terms and Conditions and the Representative Agreement. The salient terms and conditions of the Put Option Agreement are set out in annexure "B" to Section 7 of this Programme Memorandum.

The Representative will act as the representative of the Instrument Holders in respect of the Instruments, the Guarantee and the Put Option Agreement, in accordance with the Terms and Conditions and the Representative Agreement.

Instruments may be listed on the Interest Rate Market of the JSE or on such further exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Instruments may also be issued under the Programme. Details of a particular Tranche of Instruments, including any additional terms and conditions specific to that Tranche of Instruments, as well as the Principal Amount, the Interest Rate or Dividend Yield, as the case may be, the Maturity Date or Redemption Date, as the case may be, and the Issue Price, will be set out in the Applicable Pricing Supplement.

The Applicable Pricing Supplement of a Tranche of Instruments which is to be listed on the Interest Rate Market of the JSE or such other or further exchange or exchanges, will be delivered to the JSE and the CSD or such other or further exchange or exchanges, before the Issue Date of such Instruments and the Instruments may then be traded by or through members of the relevant exchange or exchanges from the date specified in the Applicable Pricing Supplement. The trading of Instruments listed on the Interest Rate Market of the JSE will take place in accordance with the rules and operating procedures for the time being of the JSE. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD. The settlement and redemption procedures for a Tranche of Instruments listed on another exchange, irrespective of whether that Tranche is listed on the Interest Rate Market of the JSE (as well), will be specified in the Applicable Pricing Supplement.

The Instruments may be issued on a continuing basis and be placed by one or more of the dealers contemplated in Section 9 of this Programme Memorandum headed "**Dealer and Placing Arrangements**" and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an on-going basis (each a "**Dealer**" and together the "**Dealers**").

The Instruments may, subject to the Terms and Conditions, comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Senior Notes, Subordinated Notes, Short-Term Notes, Long-Term Notes, Fixed Yield Preference Shares and Floating Yield Preference Shares, as provided for in this Programme Memorandum and the Applicable Pricing Supplement.

The Instruments will be issued in individual Tranches which, together with other Tranches, may form a Series of Instruments. Each Tranche of Instruments will be subject to the Terms and Conditions; provided that the Applicable Pricing Supplement relating to any Tranche of Instruments may specify other terms and conditions (which may replace, modify, or supplement the Terms and Conditions).

Subject to the Terms and Conditions, (i) each Note will be redeemed by the Issuer at its Principal Amount on the Maturity Date, and (ii) each Redeemable Preference Share will, subject to the Companies Act, be redeemed by the Issuer at its Principal Amount on the Redemption Date.

This Programme Memorandum was approved by the JSE on 14 August 2012.

As at the Programme Date, the Guarantor has a domestic long term credit rating of Baa2.za and a domestic short term credit rating of P-2.za with a stable outlook from Moody's Investors Service Inc, which was assigned on 17 January 2012 as stated in the credit opinion dated 19 January 2012.

As at the Programme Date, neither the Issuer nor the Programme is rated by any rating agency. The Issuer and/or the Programme may be rated by a rating agency, on a national or international scale basis after the Programme Date. The Issuer may at any time obtain a rating from a rating agency for any issue of

Instruments issued pursuant to the terms of this Programme, in which case such rating will be indicated in the Applicable Pricing Supplement.

The Issuer may agree with any Dealer that the Instruments may be issued in a form not contemplated by the Terms and Conditions, in which event (in the case of Instruments listed on the Interest Rate Market of the JSE) a supplementary Programme Memorandum, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Instruments.

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

Prospective purchasers of Instruments issued under this Programme Memorandum should pay particular attention to Section 5 of this Programme Memorandum headed "Risk Factors" and to annexure "D" to this Programme Memorandum headed "Issuer Disclosure Supplement".

This Programme Memorandum will only be applicable to Instruments issued under the Programme. The JSE does not regulate unlisted Instruments. The Issuer agrees to adhere to the recognised and standardised electronic clearing and settlement procedures operated within the JSE environment.

Arranger and Dealer

Kagiso Tiso Holdings Proprietary Limited (RF)

Debt Sponsor

Absa Capital, a division of Absa Bank Limited

References in this Programme Memorandum to the Terms and Conditions or to particular Conditions are to Section 7 of this Programme Memorandum headed "Terms and Conditions of the Instruments". Capitalised terms used in this Programme Memorandum are defined in the Terms and Conditions unless separately defined in this Programme Memorandum and/or the Applicable Pricing Supplement.

GENERAL NOTICE

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, the Applicable Pricing Supplements and the annual financial reports and any amendments to the annual financial reports or any supplement from time to time, except as otherwise stated herein. Each of the Issuer and the Guarantor certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Programme Memorandum contains all information required by applicable law and the JSE Debt Listings Requirements.

The JSE assumes no responsibility or liability of whatsoever nature for the contents of this Programme Memorandum or any Applicable Pricing Supplement or the annual reports or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time), and the JSE makes no representation as to the accuracy or completeness of this Programme Memorandum or any Applicable Pricing Supplement, the annual report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or any Applicable Pricing Supplement or the annual report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time).

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

This Programme Memorandum must be read and construed with any amendment or supplement thereto and in conjunction with all documents which are deemed to be incorporated herein by reference (see Section 1 of this Programme Memorandum headed "**Documents Incorporated by Reference**"). This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

No person has been authorised by the Issuer to give any information or to make any representation concerning the Programme or the issue of the Instruments thereunder not contained in the information and representations contained in this Programme Memorandum or any other document entered into by the Issuer or the Guarantor in relation to the Programme. If any such information is given or representation made, it must not be relied upon as having been authorised by the JSE, the Issuer, the Guarantor, the Debt Sponsor, Arranger or the Dealers, or any of their respective subsidiary or holding companies or a subsidiary of their holding company ("**Affiliates**") or advisers.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement nor any offer, sale, allotment or solicitation made in connection with the offering of the Instruments shall, in any circumstances, create any implication or constitute a representation that there has been no change in the information contained herein or the affairs of the Issuer, the Guarantor and the Kagiso Tiso Group since the Programme Date or that the information contained in this Programme Memorandum is correct at any time subsequent to the Programme Date. The JSE, the Debt Sponsor, the Arranger, the Dealers as well as their respective Affiliates and other advisers have not separately verified the information contained in this Programme Memorandum. Accordingly, none of the JSE, the Debt Sponsor, the Arranger, the Dealers, or any of their respective Affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Programme Memorandum or any other information supplied in connection with the Programme. Each person receiving this Programme Memorandum acknowledges that such person has not relied on the JSE, the Debt Sponsor, the Arranger, the Dealers or any other person affiliated with the JSE, the Debt Sponsor, the Arranger or the Dealers in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Programme Memorandum nor any other information supplied in connection with the Instruments is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the JSE, the Issuer, the Debt Sponsor, the Arranger or the Dealers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for or purchase any of the Instruments. Each person contemplating making an investment in the

Instruments must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The JSE, the Debt Sponsor, the Arranger and the Dealers as well as their respective Affiliates and advisors do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Instruments of any information coming to the attention of the Arranger, the Debt Sponsor or the Dealers as well as their respective Affiliates and advisors.

Investors should review, among other things, (i) the financial information relating to the Issuer and the Kagiso Tiso Group incorporated by reference into this Programme Memorandum in terms of Section 1 of this Programme Memorandum headed "**Documents Incorporated by Reference**", and (ii) the financial information relating to the Issuer, the Guarantor and the Kagiso Tiso Group set out in annexure "D" to this Programme Memorandum headed "**Issuer Disclosure Supplement**" (Parts five to seven inclusive), when deciding whether or not to purchase any Instruments.

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

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

This Programme Memorandum does not constitute an offer or an invitation by or on behalf of the Issuer, the Debt Sponsor, the Arranger, the Dealers or to any person to subscribe for or purchase any of the Instruments, nor does it constitute an offer to sell or the solicitation of an offer to buy any Instruments in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction (see Section 9 of this Programme Memorandum headed "**Dealer and Placing Arrangements**").

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

The Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Instruments may not be offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act. In addition, there are restrictions on the distribution of this Programme Memorandum in South Africa, the European Economic Union and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of the Instruments and distribution of this Programme Memorandum see Section 9 of this Programme Memorandum headed "**Dealer and Placing Arrangements**".

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

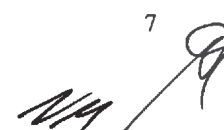
In connection with the issue and distribution of any Tranche of Instruments, the Issuer or a Dealer disclosed as the approved stabilisation manager, if any, ("**Stabilisation Manager**"), in the Applicable Pricing Supplement and/or the Relevant Dealer Agreement may, to the extent permitted by applicable law and

regulations and the JSE Debt Listing Requirements, over-allot or effect transactions which stabilise or maintain the market price of the Instruments of the Series of which such Tranche forms part at a level which might not otherwise prevail for a limited period after the Issue Date. However, there may be no obligation on the Stabilisation Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period and the price/yield and amount of Instruments to be issued under this Programme Memorandum will be determined by the Issuer and each Dealer and/or Arranger at the time of issue in accordance with the prevailing market conditions.

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Section 1

DOCUMENTS INCORPORATED BY REFERENCE

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

- a) all amendments and supplements to this Programme Memorandum from time to time;
- b) the respective annual financial statements of the Issuer for the financial years ended 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012, which include the independent auditor's reports in respect of such financial statements;
- c) the respective annual financial statements of the Issuer for all financial years of the Issuer after the Programme Date, which will include the independent auditor's reports in respect of such financial statements;
- d) the consolidated interim financial statements of the Guarantor for the period ended 31 December 2011;
- e) the respective annual reports of the Guarantor for all financial years of the Guarantor after the Programme Date, which will include the audited consolidated annual financial statements of the Guarantor for such financial years and the independent auditor's reports in respect of such financial statements;
- f) annexures "A", "B", "C" and "D" to this Programme Memorandum, and all other supplements to this Programme Memorandum circulated by the Issuer from time to time;
- g) each Applicable Pricing Supplement relating to any Tranche of Instruments issued under this Programme;
- h) all information pertaining to the Issuer and the Guarantor which is relevant to the Programme and/or this Programme Memorandum which is (i) electronically submitted by the SENS, to SENS subscribers, if required and/or (ii) available on any electronic news service established or used or required by the JSE,

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

The Issuer will provide at the Specified Office of the Issuer, upon request by any person and without charge, a copy of this Programme Memorandum and any or all of the documents which are incorporated herein by reference (as and when, if applicable, the relevant document is approved and becomes available), unless such document has been modified or superseded. Requests for such documents should be directed to the Issuer at its Specified Office. This Programme Memorandum, all Applicable Pricing Supplements and any supplementary documents published pursuant to any previous Programme Memoranda will also be available on the JSE website, www.jse.co.za and the Kagiso Tiso Group's website, www.kagiso.co.za.

The Issuer will, for so long as any Instrument remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, within six months of the financial year end of the Issuer, if any of the information contained in this Programme Memorandum becomes outdated in a material respect. A new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, must be approved by the JSE.

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

Section 2

GENERAL DESCRIPTION OF THE PROGRAMME

Words used in this section headed "General Description of the Programme" shall bear the same meanings ascribed thereto in the Terms and Conditions, except to the extent that they are separately defined in this Section 2 or are clearly inappropriate from the context.

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

Under the Programme, the Issuer may from time to time issue one or more Tranches of Instruments pursuant to this Programme Memorandum and applicable laws, provided that the aggregate Outstanding Principal Amount of all Instruments issued under the Programme from time to time does not exceed the Programme Amount. One or more Tranches may collectively constitute a Series of Instruments. Each Instrument will be issued with a denomination of ZAR1 000 000. The applicable terms of each Tranche of Instruments will be set out in the Terms and Conditions, as modified and supplemented by the Applicable Pricing Supplement relating to the Instruments and any supplement to this Programme Memorandum.

This Programme Memorandum and any supplement will only be valid for the issuing of Instruments in an aggregate Principal Amount which, when added to the aggregate Outstanding Principal Amount of all Instruments in issue under the Programme, does not exceed the Programme Amount. A Tranche of Instruments may be listed on the Interest Rate Market of the JSE or on such other or additional exchange(s) as may be determined by the Issuer, subject to Applicable Laws. Unlisted Instruments may also be issued under the Programme. Unlisted Instruments are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Instruments will be listed and, if so, on which exchange. In the event that the Issuer issues unlisted Instruments, or any Instruments are listed on any exchange other than the JSE, the Issuer shall, no later than the last day of the month of such issue, inform the JSE in writing of the aggregate Principal Amount and Maturity Date or Redemption Date, as applicable, in respect of such Instruments.

The Instruments may, subject to the Terms and Conditions, comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Senior Notes, Subordinated Notes, Short-Term Notes, Long-Term Notes, Fixed Yield Preference Shares and Floating Yield Preference Shares, as provided for in the Programme Memorandum and the Applicable Pricing Supplement. Redeemable Preference Shares will be issued with a Redemption Date which falls more than three years plus one day after the Issue Date, in accordance with the Companies Act, the Memorandum of Incorporation of the Issuer and the Terms and Conditions.

From time to time the Issuer may, in consultation with the Guarantor, wish to increase the Programme Amount. The Issuer, in consultation with the Guarantor, shall be entitled to do so provided that the increased Programme Amount shall not cause any borrowing or similar limit binding on the Issuer in terms of its constitutive documents or otherwise to be breached. Subject to the JSE Debt Listings Requirements and/or any such other financial exchange or exchanges on which the Instruments may be listed and subject to Applicable Law, the Issuer, in consultation with the Guarantor may, without the consent of Instrument Holders, increase the Programme Amount by delivering a notice thereof to the Instrument Holders and the relevant exchange on which the Instruments are listed in accordance with Condition 23.1 of the Terms and Conditions. Upon such notice being given, all references in the Programme Memorandum and any other agreement, deed or document relating to the Programme, to the Programme Amount shall be, and shall be deemed to be, references to the increased Programme Amount as set out in such notice.

As at the Programme Date, the Guarantor has a domestic long term credit rating of Baa2.za and a domestic short term credit rating of P-2.za with a stable outlook from Moody's Investors Service Inc, which was assigned on 17 January 2012 as stated in the credit opinion dated 19 January 2012. As at the Programme Date, neither the Issuer nor the Programme is rated, but the Issuer and/or the Programme may be rated by a rating agency, on a national or international scale basis after the Programme Date. A Tranche of Instruments may also, on or before the Issue Date, be rated by a rating agency on a national scale or international scale basis. Unrated Tranches of Instruments may also be issued. The Applicable Pricing Supplement will reflect the rating, if any, which has been assigned to the Issuer and/or the Programme and/or a Tranche of

Instruments, as the case may be, as well as the rating agency or rating agencies which assigned such rating or ratings. A rating is not a recommendation to subscribe for, buy, sell or hold any Instruments. A rating of a Tranche of Instruments may be subject to revision, suspension or withdrawal at any time by the rating agency.

In terms of the Guarantee, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the Guarantor has irrevocably and unconditionally agreed to pay the Guarantee Amount to the relevant Noteholders, on the Guarantee Payment Date, in accordance with the Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

In terms of the Put Option Agreement, the Guarantor has irrevocably and unconditionally granted to the Redeemable Preference Share Holders, following an Event of Default, an irrevocable put option to sell the relevant Tranche of Redeemable Preference Shares to the Guarantor, for a consideration equal to the Put Option Amount, in accordance with the Put Option Agreement, the Terms and Conditions and the Representative Agreement. Following the Enforcement of the Put Option, the Guarantor shall pay the Put Option Amount to the relevant Redeemable Preference Share Holders, on the Put Option Implementation Date, in accordance with the Put Option Agreement, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

The rights of Instrument Holders to enforce their claims directly against the Issuer and/or the Guarantor are limited, and the Instrument Holders are, save for the exceptions set out in Condition 18.2 of the Terms and Conditions, required to make such claims through the Representative. Subject to Condition 18.3 of the Terms and Conditions, the Representative (for the benefit and on behalf of the relevant Noteholders) will, following an Event of Default, demand payment of the Guarantee Amount from the Guarantor, by delivering a Demand to the Guarantor and the Issuer, in accordance with the Terms and Conditions, the Representative Agreement and the Guarantee. Subject to Condition 18.4 of the Terms and Conditions, the Representative (for the benefit and on behalf of the relevant Redeemable Preference Share Holders) will, following an Event of Default, exercise the put option contemplated in the Put Option Agreement by delivering a Put Notice to the Guarantor, in accordance with the Terms and Conditions, the Representative Agreement and the Put Option Agreement.

This Programme Memorandum will only apply to Instruments issued under the Programme.

A summary of the Programme and the Terms and Conditions appears below.

Section 3

SUMMARY OF THE PROGRAMME AND THE TERMS AND CONDITIONS OF THE INSTRUMENTS

A summary of the Programme and the Terms and Conditions is set out in this section headed "Summary of the Programme and the Terms and Conditions of the Instruments" below. The summary does not purport to be complete and is taken from, and is qualified by, the remainder of the Programme Memorandum and, in relation to any particular Tranche of Instruments, the Applicable Pricing Supplement.

References in the summary to any Condition are to that Condition of the Terms and Conditions. Words used in this section shall bear the same meanings ascribed thereto in the Terms and Conditions, except to the extent that they are separately defined in this section or are clearly inappropriate from the context.

Arranger	Kagiso Tiso Holdings Proprietary Limited (RF), unless the Issuer and Guarantor elect to appoint another entity as Arranger.
Blocked Rand	Blocked Rand may be used to subscribe for or purchase Instruments, subject to the Exchange Control Regulations (see Annexure "A" to this Programme Memorandum headed " General Information " – " Exchange control ").
Calculation Agent	Absa Capital, a division of Absa Bank Limited (Registration Number 1986/004794/06), unless the Issuer and Guarantor elect to appoint another Approved Calculation Agent as a Calculation Agent, as contemplated in Condition 22.
CSD or Central Securities Depository	STRATE Limited (Registration Number 1998/022242/06), registered as a central securities depository operating in terms of the Securities Services Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s) and the JSE.
CSD Participants	The persons accepted, in terms of section 34 of the Securities Services Act, by the CSD as participants. As at the Programme Date, the CSD Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, the Standard Bank of South Africa Limited and the South African Reserve Bank.
Currency	South African Rand ("ZAR"), the official currency of the Republic of South Africa and/or such other Specified Currency, subject to all Applicable Laws and, in the case of Instruments listed on the Interest Rate Market of the JSE (or such other or further exchange or exchanges as may be selected by the Issuer in relation to such issue), the rules of the JSE or such other exchange or exchanges.
Dealer(s)	Kagiso Tiso Holdings Proprietary Limited (RF) (Registration Number 2011/000848/07) and each additional Dealer appointed under the Programme from time to time pursuant to a Relevant Dealer Agreement, which appointment may be for a specific issue or on an ongoing basis (see Section 9 of this Programme Memorandum headed " Dealer and Placing Arrangements ").
Debt Sponsor	Absa Capital, a division of Absa Bank Limited (Registration Number 1986/004794/06) unless the Issuer and Guarantor elect to appoint another entity as Debt Sponsor.
Denomination	Each Instrument will be issued in a denomination of ZAR1 000 000.
Distribution	Instruments will be offered by way of private placement or any other means permitted by law, as determined by the Issuer and specified in the

	Applicable Pricing Supplement.
Dividend Payments	Dividends on the Redeemable Preference Shares will be payable, in respect of the Dividend Period(s) specified in the Applicable Pricing Supplement, on the Dividend Payment Date(s) specified in the Applicable Pricing Supplement.
Dividend Yield	The Redeemable Preference Shares will bear dividends at a rate per annum equal to the Dividend Yield specified in the Applicable Pricing Supplement.
Early Redemption	The Notes may be redeemed prior to the Maturity Date, and the Redeemable Preference Shares may, subject to the Companies Act, be redeemed prior to the Redemption Date, following the occurrence of the events described in Condition 14.2.
Electronic Settlement	Each Tranche of Instruments which is held in the CSD will be issued, cleared and settled, through the electronic settlement system of the CSD, in accordance with the electronic settlement procedures of the JSE and the CSD. Euroclear Bank S.A/N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") may hold Instruments through their CSD Participant.
Enforcement of the Guarantee	Subject to Condition 18, the Representative shall (for the benefit and on behalf of the relevant Noteholders), following an Event of Default, demand payment of the Guarantee Amount from the Guarantor, by delivering a Demand to the Guarantor and the Issuer, in accordance with the Terms and Conditions, the Representative Agreement and the Guarantee.
Enforcement of the Put Option	Subject to Condition 18, the Representative shall (for the benefit and on behalf of the relevant Redeemable Preference Share Holders), following an Event of Default, exercise the put option contemplated in the Put Option Agreement by delivering a Put Notice to the Guarantor, in accordance with the Terms and Conditions, the Representative Agreement and the Put Option Agreement.
Form and Type of Instruments	<p>The Instruments will be issued in registered form as more fully described in Section 4 of this Programme Memorandum headed "Form of the Instruments".</p> <p>The Instruments may, subject to the Terms and Conditions, comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Senior Notes, Subordinated Notes, Short-Term Notes, Long-Term Notes, Fixed Yield Preference Shares and Floating Yield Preference Shares, as provided for in the Programme Memorandum and the Applicable Pricing Supplement.</p>
Governing Law	The Instruments, the Terms and Conditions, the Guarantee and the Put Option Agreement will be governed by, and construed in accordance with, the laws of South Africa.
Guarantee	In terms of the Guarantee, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the Guarantor has irrevocably and unconditionally agreed to pay the Guarantee Amount to the relevant Noteholders, on the Guarantee Payment Date, in accordance with the Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement. The salient terms and conditions of the Guarantee are set out in annexure "A" to Section 7 of the Programme Memorandum headed "Salient Terms of the Guarantee".
Guarantor	Kagiso Tiso Holdings Proprietary Limited (RF), Registration Number 2011/000848/07.



Interest Payments	Interest on the Notes (other than Zero Coupon Notes) will be payable, in respect of the Interest Period(s) specified in the Applicable Pricing Supplement, on the Interest Payment Date(s) specified in the Applicable Pricing Supplement.
Interest Rate	The Notes (other than Zero Coupon Notes) will bear interest at a rate per annum equal to the Interest Rate specified in the Applicable Pricing Supplement. Zero Coupon Notes will not bear interest.
Instruments	Collectively, Notes and Redeemable Preference Shares.
Issuer	Kagiso Sizanani Capital Limited (RF) (Registration Number 2003/028948/07) a limited liability company incorporated on 17 November 2003 in accordance with the law of South Africa.
Issue Date	In respect of each Tranche of Instruments, the Issue Date shall be the date specified as such in the Applicable Pricing Supplement.
Issue Price	In respect of each Tranche of Instruments, the Issue Price shall be the price specified as such in the Applicable Pricing Supplement.
Issue and Transfer Taxes	<p>Notes: As at the Programme Date, no securities transfer taxes, value added tax or any similar tax is payable in respect of the issue, transfer or redemption of Notes (see annexure "B" to this Programme Memorandum headed "South African Tax").</p> <p>Redeemable Preference Shares: As at the Programme Date, the Securities Transfer Tax Act, 2007, imposes securities transfer tax on the transfer and redemption of a Redeemable Preference Share at a rate of 0.25% of the higher of the Issue Price of the Redeemable Preference Share and its market value (see annexure "B" to this Programme Memorandum headed "South African Tax").</p>
JSE	JSE Limited (Registration Number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE.
Listing	This Programme Memorandum was approved by the JSE on 14 August 2012. Instruments issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or additional exchange or exchanges as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Instruments may also be issued under the Programme. Unlisted Instruments are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Instruments will be listed and, if so, on which exchange or exchanges.
Maturity Date	Each Tranche of Notes will (unless previously redeemed or purchased and cancelled) be redeemed by the Issuer on the Maturity Date specified as such in the Applicable Pricing Supplement.
Negative Pledge	Condition 7 provides, in respect of the Senior Notes, for a negative pledge by the Issuer, the Guarantor and each Affected Subsidiary.
Notes	<p>Notes may comprise any of the following:</p> <p>Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed interest rate, as specified in the Applicable Pricing Supplement, and more fully described in Condition 9.1;</p> <p>Floating Rate Notes: Floating Rate Notes will bear interest at a floating interest rate, as specified in the Applicable Pricing Supplement, and more fully described in Condition 9.2;</p> <p>Long-Term Notes: Long-Term Notes will be issued with a Maturity Date which falls more than 364 (three hundred and sixty four) days after the Issue Date, as specified in the Applicable Pricing Supplement;</p> <p>Senior Notes: Senior Notes will bear the status described under "Status</p>

	of Senior Notes" below;
	Subordinated Notes: Subordinated Notes will bear the status described under " Status of Subordinated Notes " below;
	Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their Principal Amount and will not bear interest; or
	Other Notes: the description of, and terms and conditions applicable to, Notes other than those specifically contemplated in this Programme Memorandum will be specified in the Applicable Pricing Supplement.
Paying Agent	The Standard Bank of South Africa Limited, unless the Issuer and the Guarantor elect to appoint another Approved Paying Agent as a Paying Agent, as contemplated in the Condition 22.
Programme	Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme.
Programme Amount	As at the Programme Date, the Programme Amount is ZAR2 000 000 000. The issue of Instruments under this Programme will be for a total aggregate Outstanding Principal Amount which does not exceed the Programme Amount at any point in time. The Issuer may increase the Programme Amount in the manner set out in Section 2 of this Programme Memorandum headed " General Description of the Programme ".
Put Option Agreement	In terms of the Put Option Agreement, the Guarantor has irrevocably and unconditionally granted to the Redeemable Preference Share Holders, following an Event of Default, an irrevocable put option to sell such Redeemable Preference Shares to the Guarantor, for a consideration equal to the Put Option Amount, in accordance with the Put Option Agreement, the Terms and Conditions and the Representative Agreement. Following the Enforcement of the Put Option, the Guarantor shall pay the Put Option Amount to the relevant Redeemable Preference Share Holders, on the Put Option Implementation Date, in accordance with the Put Option Agreement, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement. The salient terms and conditions of the Put Option Agreement are set out in annexure " B " to Section 7 of this Programme Memorandum headed " Salient Terms of the Put Option Agreement ".
Redeemable Preference Shares	Redeemable Preference Shares will bear the status described under " Status of Redeemable Preference Shares " below. Redeemable Preference Shares will be issued with a Redemption Date which falls more than three years plus one day after the Issue Date, as specified in the Applicable Pricing Supplement and more fully described in Condition 2.3. Redeemable Preference Shares may comprise any of the following: <p>Fixed Yield Preference Shares: Fixed Yield Preference Shares will bear dividends at a fixed interest rate, as specified in the Applicable Pricing Supplement and more fully described in Condition 10.1.</p> <p>Floating Yield Preference Shares: Floating Yield Preference Shares will bear dividends at a floating interest rate, as specified in the Applicable Pricing Supplement and more fully described in Condition 10.2.</p> <p>Other Redeemable Preference Shares: the description of, and terms and conditions applicable to, Redeemable Preference Shares other than those specifically contemplated in the Programme Memorandum will be specified in the Applicable Pricing Supplement.</p>
Redemption	Subject to the Terms and Conditions, (i) each Note will be redeemed by the Issuer at its Principal Amount on the Maturity Date, and (ii) subject to the Companies Act, each Redeemable Preference Share will be

	redeemed by the Issuer at its Principal Amount on the Redemption Date.
Redemption Date	Each Tranche of Redeemable Preference Shares will (unless previously redeemed or purchased and cancelled), subject to the Companies Act, be redeemed by the Issuer on the Redemption Date specified as such in the Applicable Pricing Supplement.
Register	The Register will be maintained by the Transfer Secretary. The Register will list CSD's Nominee as the registered holder of each Tranche of Instruments which is held in the CSD. Each holder of Instruments which are represented by Individual Certificates will be listed in the Register as the registered holder of such Instruments.
Register Closed Period	The Register shall, in respect of each Tranche of Instruments, be closed during the five days preceding each Payment Date from 17h00 (South African time) on the Last Day to Register. The Last Day to Register shall be the sixth day (whether such is a Business Day or not) preceding each Payment Date until 17h00 (South African time) on that sixth day.
Representative	GMG Trust Company (SA) Proprietary Limited (Registration Number 2006/013631/07, unless the Issuer and the Guarantor elect to appoint another Approved Representative as Representative, as contemplated in Condition 22.
Selling Restrictions	There are selling restrictions in relation to the United States of America, the United Kingdom and South Africa (see Section 9 of this Programme Memorandum headed "Dealer and Placing Arrangements").
Stabilisation	A Stabilisation Manager may be appointed in order to stabilise and maintain the market price of the Instruments.
Status of Guarantee and Put Option Agreement	The obligations of the Guarantor under the Guarantee and the Put Option Agreement are unconditional, unsubordinated and unsecured obligations of the Guarantor and rank (subject to any obligations preferred by law) <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Status of Redeemable Preference Shares	Redeemable Preference Shares comprise share capital of the Issuer and, subject to the memorandum of incorporation of the Issuer, rank (i) <i>pari passu</i> among themselves, (ii) in priority to the ordinary shares of the Issuer, and (iii) below all claims (including the claims of Noteholders) in respect of any indebtedness of the Issuer, as more fully set out in Condition 6.
Status of Senior Notes	Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> and rateably without any preference among themselves and, subject to Condition 7 and save for certain debts required to be preferred by law, rank <i>pari passu</i> with all other present and future unsecured unsubordinated obligations of the Issuer, as set out in Condition 5.1.
Status of Subordinated Notes	Subordinated Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank <i>pari passu</i> among themselves and, save for certain debts required to be preferred by law, rank <i>pari passu</i> with all other Subordinated Indebtedness, as more fully set out in Condition 5.2, save for those obligations that have been accorded a preference by law.
	Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound up or is subject to business rescue proceedings, then and in any such event the claims of the persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer, including the claims of Senior Note Holders except for other Subordinated Indebtedness of the Issuer, to the extent that, in any such event, and provided as aforesaid, no

amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to be paid amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, liquidation, winding-up or business rescue proceedings (other than Subordinated Indebtedness) has been paid or discharged in full.

Taxation

General

A summary of the applicable tax legislation in respect of the Instruments is set out in Annexure "B" to this Programme Memorandum headed "South African Taxation". The summary does not constitute tax advice. Potential investors in the Instruments should consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Instruments.

No Gross-Up of Tax on Notes

All payments of principal, interest and any other amounts in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any Tax imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by Applicable Law.

If any such withholding or deduction is required to be made by Applicable Law in respect of Tax imposed or levied on any payments of principal and/or interest and/or other amounts in respect of any Notes in a Tranche, the Issuer will make such payments after such withholding or deduction has been made and will account to the relevant Taxation authorities for the amount so required to be withheld or deducted.

The Issuer will not be obliged to make any additional payments to any Noteholder in respect of such withholding or deduction.

Gross-Up of Tax on Dividend Amounts

Subject to Condition 15.2.1 (and, in particular, the provisos set out in Condition 15.2.1), if a Tax Event occurs (within the period specified in Condition 15.2.1(A)) in relation to any Dividend Amount in respect of any Redeemable Preference Share which the Issuer has already paid or where the Issuer has failed to comply with the "Use of Proceeds" provisions set out in Section 8 of the Programme Memorandum headed "Use of Proceeds" in relation to such Redeemable Preference Share (within the period specified in Condition 15.2.1(B)), the Issuer will, subject to the Issuer's rights to redeem the relevant Tranche of Redeemable Preference Shares pursuant to Condition 14.2(i), pay the Redeemable Preference Share Holder such additional amount (including any Tax on such additional amount) as shall be necessary to place the Redeemable Preference Share Holder in the same net after tax position as it would have been in had the Tax Event not occurred and had that Redeemable Preference Share Holder been subject to tax at the Corporate Tax Rate and without regard to that Redeemable Preference Share Holder's own tax-paying position or taking into account any assessed loss of that Redeemable Preference Share Holder.

Subject to Condition 15.2.2 (and, in particular, the provisos set out in Condition 15.2.2), if a Tax Event occurs and, as a result of such occurrence, any Dividend Amount in respect of any Redeemable Preference Share which the Issuer has not yet paid, will become subject to Tax other than the Dividends Tax then, subject to the Issuer's rights to redeem the relevant Tranche of Redeemable Preference Shares pursuant to Condition 14.2(i), the Issuer shall pay the Redeemable Preference Share Holder such additional amount (including any Tax on

such amount) as is necessary to place the Redeemable Preference Share Holder in the same net after tax position as it would have been in had the Tax Event not occurred and had that Redeemable Preference Share Holder been subject to Tax at the Corporate Tax Rate and without regard to that Redeemable Preference Share Holder's own tax-paying position or taking into account any assessed loss of that Redeemable Preference Share Holder.

If, during the period before the relevant Redeemable Preference Share has been redeemed pursuant to Condition 14, the Issuer fails to pay any additional amount referred to in Condition 15.2 (including any Tax on such additional amounts) which is due and payable to the relevant Redeemable Preference Share Holder, such failure to pay will constitute a Potential Event of Default under Condition 17.1(a) and, subject to Condition 18.4, an Event of Default.

During the period after the relevant Redeemable Preference Share has been redeemed pursuant to Condition 14, the Issuer (and the Guarantor, who shall be jointly and severally liable with the Issuer) shall pay the additional amount referred to in Condition 15.2 (including any Tax on such additional amount) to the relevant Redeemable Preference Share Holder.

Where the Guarantor has become liable to pay any additional amount referred to in Condition 15.2 (including any Tax on such additional amount), in terms of Condition 15.2.4, the provisions of Condition 18.2 shall apply *mutatis mutandis* to the enforcement of the rights against the Guarantor conferred on the relevant Redeemable Preference Share Holder in terms of Condition 15.2.

Transfer Secretary

Computershare Investor Services Proprietary Limited, unless the Issuer (with the written consent of the Guarantor) elects to appoint another entity as Transfer Secretary, as contemplated in the Terms and Conditions.

Use of Proceeds

The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) of the net proceeds from the issue of a Tranche of Instruments will be the Guarantor.

The net proceeds from the issue of a Tranche of Notes will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.

The net proceeds from the issue of a Tranche of Redeemable Preference Shares will be distributed to (and applied by) the Guarantor only in such a manner as not to render the Redeemable Preference Share Holders liable for tax, as contemplated in section 8EA or section 8E of the Income Tax Act, as described more fully in Section 8 of this Programme Memorandum headed "Use of Proceeds".

Section 4

FORM OF THE NOTES

Instruments issued in uncertificated form

Each Tranche of Instruments which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Instruments will be issued in registered uncertificated form, in terms of section 37 of the Securities Services Act, and will be held in the CSD (see "Beneficial Interests in Notes held in the CSD" below). Instruments issued in registered uncertificated form will not be represented by any certificate or written instrument.

Beneficial Interests in Instruments held in the CSD

While a Tranche of Instruments is held in its entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Instrument Holder of the Instruments in that Tranche.

The CSD will hold each Tranche of Instruments subject to the Securities Services Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Instruments held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Instruments.

The CSD maintains central securities accounts only for CSD Participants. Beneficial Interests which are held by CSD Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such CSD Participants, through the central securities accounts maintained by the CSD for such CSD Participants.

The CSD Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such CSD Participants, and such CSD Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such CSD Participants for such clients. The clients of CSD Participants may include the holders of Beneficial Interests in the Instruments or their custodians. The clients of CSD Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Instruments held by them in the CSD only through their CSD Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking *societe anonyme* ("Clearstream Luxembourg") may hold Instruments through their CSD Participant.

In relation to each person shown in the records of the CSD or the relevant CSD Participant, as the case may be, as the holder of a Beneficial Interest in a particular Outstanding Principal Amount of Instruments, a certificate or other document issued by the CSD or the relevant CSD Participant, as the case may be, as to the Outstanding Principal Amount of such Instruments standing to the account of any person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Instrument Holder of such Instruments named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant CSD Participant as the holder of that Outstanding Principal Amount of such Instruments for all purposes.

Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such CSD Participants. Title to Beneficial Interests held by clients of CSD Participants indirectly through such CSD Participants will pass on transfer thereof by electronic book entry in the securities accounts maintained by such CSD Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

Instruments represented by Individual Certificates

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Instruments represented by an Individual Certificate in accordance with Condition 20.1.

Title to Instruments represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 19.2.

The Issuer, the Paying Agent and the Transfer Agent shall regard the Register as the conclusive record of title to the Instruments represented by Individual Certificates.

Payments of all amounts due and payable in respect of Instruments represented by Individual Certificates will be made in accordance with Condition 13 to the person reflected as the registered Instrument Holder of such Instruments in the Register at 17h00 (South African time) on the Last Day to Register.

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Section 5

RISK FACTORS

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

Risks that may affect the Issuer's ability to fulfil its obligations under the Instruments and risks that may affect the Guarantor's ability to fulfil its obligations under the Guarantee and/or the Put Option Agreement are set out in Annexure "D" to this Programme Memorandum headed "Description of the Issuer" (Part 3 (Governance and risk management)).

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

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

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

Risks Relating to the Instruments

The Instruments may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Instruments, the merits and risks of investing in the Instruments and the information contained or incorporated by reference in this Programme Memorandum or any Applicable Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Instruments and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Instruments, including Instruments with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Instruments and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

There is no active trading market for the Instruments

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

The Instruments may be redeemed prior to the Maturity Date or the Redemption Date

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

In addition, if in the case of any particular Tranche of Instruments the Applicable Pricing Supplement provides that the Instruments are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Instruments 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 Instruments.

Certain Instruments will be held in the CSD

Each Tranche of Instruments which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Instruments will be issued in registered uncertificated form and will be held in the CSD.

The Instrument Holders of such Instruments will have to rely on the procedures of the JSE and the CSD for transfer, payment and communication with the Issuer. Except in the circumstances described in the Terms and Conditions, the Instrument Holders of such Instruments will not be entitled to receive Individual Certificates.

The CSD will maintain records of the Beneficial Interests in Instruments held in the CSD. While the Instruments are held in the CSD, the holders of Beneficial Interests in such Instruments will be able to trade their Beneficial Interests in such Instruments only through the CSD.

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

Holders of Beneficial Interests in Instruments vote in accordance with the Applicable Procedures and will not have a direct right to vote in respect of such Instruments.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Instruments represented by an Individual Certificate in accordance with Condition 20.1.

Recourse to the BESA Guarantee Fund Trust

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

Rating

As at the Programme Date, the Guarantor has a domestic long term credit rating of Baa2.za and a domestic short term credit rating of P-2.za with a stable outlook from Moody's Investors Service Inc, which was assigned on 17 January 2012 as stated in the credit opinion dated 19 January 2012. As at the Programme Date, neither the Issuer nor the Programme is rated, but the Issuer and/or the Programme may be rated by a rating agency, on a national or international scale basis after the Programme Date. A Tranche of Instruments may, on or before the Issue Date, be rated by a rating agency on a national scale or international scale basis. Unrated Tranches of Instruments may also be issued. A rating is not a recommendation to subscribe for, buy, sell or hold Instruments and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in the rating of a Tranche of Instruments could adversely affect the trading price of all or any of the Instruments.

Risks related to the structure of a particular issue of Instruments

A wide range of Instruments may be issued under the Programme. A number of these Instruments may have features which contain particular risks for potential investors.

The risks of a particular Tranche of Instruments will depend on the applicable Terms and Conditions of that Tranche of Instruments, but may include, without limitation, the possibility of significant changes in the values of the applicable interest rates or other indices or formula. Prospective investors could lose all or a substantial portion of their investment.

Such risks generally depend on factors over which the Issuer has no control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant securities, assets or other property. Neither the current nor the historical price, value or performance of (A) the relevant interest rates or other indices or formulae, (B) the relevant classes of securities, assets or other property, or (C) the relevant entities should be taken as an indication of future price, value or performance during the term of any Tranche of Instruments.

In addition, certain issues of Instruments may not be an appropriate investment for investors who are inexperienced with respect to:

- the applicable interest rate indices, currencies, other indices or formulas, or redemption or other rights or options; or
- investments where the amount of principal and/or interest payable (if any) is based on the price, value, performance or some other factor and/or the creditworthiness of one or more entities.

Instruments subject to optional redemption by the Issuer

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

Financial Markets

A prospective investor of the Instruments should be aware of the prevailing and widely reported global credit market conditions (which continues at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Instruments. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether conditions of general market illiquidity for the Instruments will return in the future.

Index-Linked Instruments

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

- the market price of such Instruments may be volatile;
- no interest may be payable on such Instruments;
- payments of principal or interest on such Instruments may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Principal Amount of such Instruments or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Instruments in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any instalment could result in an investor losing all of its investment.

Variable Rate Instruments with a multiplier or other leverage factor

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

Fixed/Floating Rate Instruments

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

Instruments issued at a substantial discount or premium

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

Other Instruments

The risks (if any) of investing in particular types of Instruments which are not set out in, or covered by, this Section 5 of the Programme Memorandum head "*Risk Factors*" will be set out in a supplement to this Programme Memorandum prior to the Issue Date of the first Tranche of such Instruments to be issued under the Programme.

Risks related to Instruments generally

Modification and waivers

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

Change of law

The Instruments, the Terms and Conditions, the Guarantee and the Put Option Agreement will be governed by, and construed in accordance with, the laws of South Africa. No assurance can be given as to the impact of any possible judicial decision or change to South African law or other applicable law or administrative practice after the Programme Date or after the date of any Applicable Pricing Supplement.

Individual Certificates

An Individual Certificate will, in relation to a Beneficial Interest in any number of Instruments of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Instruments of that aggregate Principal Amount, and will otherwise be in such form as may be agreed between the Issuer and the Transfer Secretary; provided that if such aggregate Principal Amount is equivalent to a fraction of ZAR1,000,000 or a fraction of any multiple thereof, such Individual Certificate will be issued in accordance with, and be governed by, the Applicable Procedures.

Holders of Instruments which are represented by Individual Certificates should be aware that, where such Individual Certificates have a denomination which is a fraction of ZAR1,000,000 or a fraction of any thereof, such Instruments may be illiquid and difficult to trade.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Instruments are legal investments for it, (2) Instruments can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Instruments. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Instruments under any applicable risk-based capital or similar rules.

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Section 6

PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement which will be completed for each Tranche of Instruments issued under the Programme. Each Applicable Pricing Supplement relating to a Tranche of Redeemable Preference Shares shall be adopted by the board of directors of the Issuer as an amendment to the Memorandum of Incorporation of the Issuer and filed with a Notice of Amendment of its Memorandum of Incorporation as contemplated in section 36 of the Companies Act.



Sizanani Capital

KAGISO SIZANANI CAPITAL LIMITED (RF)

(Incorporated with limited liability under Registration Number 2003/028948/07 in the Republic of South Africa)

ZAR 2 000 000 000**Domestic Note and Redeemable Preference Share Programme**

**Unconditionally and irrevocably guaranteed or in respect of which
a put option has been conferred by**

**KAGISO TISO HOLDINGS PROPRIETARY LIMITED (RF)**

(Incorporated with limited liability under Registration Number 2011/000848/07 in the Republic of South Africa)

**Issue of [aggregate Principal Amount of Tranche] [Title of Instruments]
under the Programme**

This document constitutes the Applicable Pricing Supplement relating to the Tranche of Instruments described herein.

This Applicable Pricing Supplement must be read in conjunction with the amended and updated Programme Memorandum dated 17 August 2012 (as further amended and/or supplemented from time to time) ("**Programme Memorandum**") prepared by Kagiso Sizanani Capital Limited (RF) ("**Issuer**") in connection with the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme ("**Programme**").

The Programme Memorandum was approved by the JSE on 14 August 2012.

To the extent that there is any conflict or inconsistency between the provisions of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

References in this Applicable Pricing Supplement to the Terms and Conditions are to Section 7 of the Programme Memorandum headed "**Terms and Conditions of the Instruments**". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions. Any

capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions.

1. GENERAL DESCRIPTION OF THE INSTRUMENTS

- | | | |
|----|--|--|
| a) | Issuer | Kagiso Sizanani Capital Limited (RF) |
| b) | Guarantor | Kagiso Tiso Holdings Proprietary Limited (RF) |
| | a. Tranche Number | [] |
| | b. Series Number | [] |
| c) | Aggregate Principal Amount of Tranche as at the Issue Date | [] |
| d) | Form of Instruments | The Instruments in this Tranche are issued in registered uncertificated form and will be held in the CSD. |
| e) | Type of Instruments | [Notes/Redeemable Preference Shares] |
| f) | Issue Date | [] |
| g) | Issue Price | [] |
| h) | Principal Amount per Instrument as at the Issue Date | ZAR1 000 000 |
| i) | Specified Currency | [ZAR] <i>[specify other]</i> |
| j) | Business centre | [] |
| k) | Additional business centre | [] |
| l) | Business Day Convention applicable | [Yes/No] |
| m) | If Business Day Convention applicable, specify | [Following Business Day Convention /other (insert details)] |
| n) | Calculation Agent | [Absa Capital, a division of Absa Bank Limited] <i>[specify other]</i> |
| o) | Specified Office of the Calculation Agent | [15 Alice Lane, Sandton, 2196, Republic of South Africa] <i>[specify other]</i> |
| p) | Paying Agent | [The Standard Bank of South Africa Limited] <i>[specify other]</i> |
| q) | Specified Office of the Paying Agent | [1st Floor Reception 1, No 5 Simmonds Street, Standard Bank Centre, Johannesburg, 2001, Republic of South Africa] <i>[specify other]</i> |
| r) | Transfer Secretary | [Computershare Investor Services Proprietary Limited] <i>[specify other]</i> |
| s) | Specified Office of the Transfer Secretary | [Ground Floor, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa] <i>[specify other]</i> |
| t) | Representative | [GMG Trust Company (SA) Proprietary Limited] <i>[specify other]</i> |
| u) | Specified Office of the Representative | [3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708, Republic of South Africa] <i>[specify other]</i> |

2. DESCRIPTION OF THE NOTES **(delete if not applicable)*

- | | | |
|----|--|---|
| a) | Status of Notes | [Senior Notes (Condition 5.1)/Subordinated Notes (Condition 5.2)] |
| b) | Type of Notes/Interest basis | [Fixed Rate/Floating Rate/Zero Coupon/Other] |
| c) | Security | Unsecured |
| d) | Automatic/optional conversion from one interest /payment basis | [] |

to another

- e) Maturity Date []
- A FIXED RATE NOTES**
- a) Fixed Rate(s) []% [NACA/ NACS/ NACQ/ NACM]
- b) Interest Commencement Date []
- c) Interest Payment Date(s) [Dates]
- d) First Interest Payment Date []
- e) Interest Periods [The first Interest Period shall commence on (and include) the Interest Commencement Date and end on (but exclude) the first Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Interest Payment Date and end on (but exclude) the immediately following Interest Payment Date; provided that the final Interest Period shall end on (but exclude) the Applicable Maturity Date.] *[specify other]*
- f) Initial Broken Amount []
- g) Final Broken Amount []
- h) Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] *[specify other]*
- i) Default Rate []% [NACA/ NACS/ NACQ/ NACM]] *[specify other]*
- j) Any other terms relating to the particular method of calculating interest []
- B FLOATING RATE NOTES**
- a) Interest Commencement Date []
- b) Interest Payment Date(s) [Dates]
- c) First Interest Payment Date []
- d) Interest Period(s) [The first Interest Period shall commence on (and include) the Interest Commencement Date and end on (but exclude) the first Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Interest Payment Date and end on (but exclude) the immediately following Interest Payment Date; provided that the final Interest Period shall end on (but exclude) the Applicable Maturity Date.] *[specify other]*
- e) Minimum Interest Rate []
- f) Maximum Interest Rate []
- g) Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] *[specify other]*
- h) Default Rate [[]% [NACA/ NACS/ NACQ/ NACM]] *[specify other]*
- i) Other terms relating to the method of calculating interest (eg Day Count Fraction if different from that set out in Condition 1/rounding up provision if different from that set out in Condition 10.1) *[give details]*

- j) Manner in which the Interest Rate is to be determined [ISDA Determination/ Screen Rate Determination/ other (insert details)]
- k) Margin [\pm % to be added to /subtracted from the relevant (ISDA Rate/Reference Rate/other rate)]
- l) **If ISDA Determination:**
- a. Floating Rate Option []
- b. Designated Maturity []
- c. Reset Date(s) []
- m) **If Screen Rate Determination:**
- a. Reference Rate [eg ZAR-JIBAR-SAFEX Rate]
- b. Interest Determination Date(s) [The first day of each Interest Period] [*specify other*]
- c. Relevant Screen Page and Reference Code []
- n) **If Other Determination:** If the Interest Rate to be calculated otherwise than by reference to paragraph (l) or paragraph (m) above, insert basis for determining Interest Rate /Margin/fall back provisions
[*give details*]
- o) Determining Interest Rate/Margin/fall back provisions []

C ZERO COUPON NOTES

- a) Implied Yield []% [NACA/ NACS/ NACQ/ NACM]
- b) Reference Price []
- c) Any other formula or basis for determining amount payable []

D OTHER NOTES

- a) If the Notes are not Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional terms and conditions applicable to such Notes []

3. DESCRIPTION OF THE REDEEMABLE PREFERENCE SHARES **(delete if not applicable)*

- a) Status of Redeemable Preference Shares Condition 6 applicable
- b) Type of Redeemable Preference Shares/Dividend basis [Fixed Yield/Floating Yield/Other]
- c) Automatic/optional conversion from one dividend/payment basis to another []
- d) Redemption Date []

A FIXED YIELD PREFERENCE SHARES

- a) Dividend Yield(s) []% [NACA/ NACS/ NACQ/ NACM]
- b) Dividend Commencement Date []

- c) Dividend Payment Date(s) [Dates]
- d) First Dividend Payment Date []
- e) Dividend Periods [The first Dividend Period shall commence on (and include) the Dividend Commencement Date and end on (but exclude) the first Dividend Payment Date. Thereafter, each successive Dividend Period shall commence on (and include) the immediately preceding Dividend Payment Date and end on (but exclude) the immediately following Dividend Payment Date; provided that the final Dividend Period shall end on (but exclude) the Applicable Redemption Date.] [specify other]
- f) Initial Broken Amount []
- g) Final Broken Amount []
- h) Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [specify other]
- i) Default Rate [[]% [NACA/ NACS/ NACQ/ NACM]] [specify other]
- j) Any other terms relating to the particular method of calculating dividends []

B FLOATING YIELD PREFERENCE SHARES

- a) Dividend Commencement Date []
- b) Dividend Payment Date(s) [Dates]
- c) First Dividend Payment Date []
- d) Dividend Periods [The first Dividend Period shall commence on (and include) the Dividend Commencement Date and end on (but exclude) the first Dividend Payment Date. Thereafter, each successive Dividend Period shall commence on (and include) the immediately preceding Dividend Payment Date and end on (but exclude) the immediately following Dividend Payment Date; provided that the final Dividend Period shall end on (but exclude) the Applicable Redemption Date.] [specify other]
- e) Minimum Dividend Yield []%
- f) Maximum Dividend Yield []%
- g) Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [specify other]
- h) Default Rate [[]% [NACA/ NACS/ NACQ/ NACM]] [specify other]
- i) Other terms relating to the method of calculating dividends (eg Day Count Fraction if different from that set out in Condition 1 / rounding up provision if different from that set out in Condition 10.2) []
- j) Manner in which the Dividend Yield is to be determined [ISDA Determination/Screen Rate Determination/other (insert details)]
- k) Margin [\pm % to be added to/subtracted from the relevant (ISDA Rate/Reference Rate/other rate)]
- l) **If ISDA Determination:**

- a. Floating Rate Option []
- b. Designated Maturity []
- c. Reset Date(s) []
- m) **If Screen Rate Determination:**
 - a. Reference Rate [eg ZAR-JIBAR-SAFEX Rate]
 - b. Dividend Determination Date(s) [] [The first day of each Interest Period] [*specify other*]
 - c. Relevant Screen Page and Reference Code []
- n) **If Other Determination:** If the Dividend Yield to be calculated otherwise than by reference to paragraph (l) or paragraph (m) above, insert basis for determining Dividend Yield/Margin/fall back provisions
[give details]
- o) Any other terms relating to the particular method of calculating dividends

C OTHER REDEEMABLE PREFERENCE SHARES

- a) If the Redeemable Preference Shares are not Fixed Yield Preference Shares or Floating Yield Preference Shares, or if the Redeemable Preference Shares are a combination of any of the foregoing, set out the relevant description and any additional terms and conditions applicable to such Redeemable Preference Shares []

4. PROVISIONS REGARDING REDEMPTION AT MATURITY

- a) Final Redemption Amount payable on redemption at maturity pursuant to Condition 14.1:
 - a. definition of Final Redemption Amount applicable [Yes/No]
 - b. if definition of Final Redemption Amount not applicable, specify method of calculation of amount payable on redemption pursuant to Condition 14.1 []

5. PROVISIONS REGARDING EARLY REDEMPTION AND LATE PAYMENT

- a) Early Redemption Amount payable on early redemption pursuant to Condition 14.2 or (if this Tranche comprises a Tranche of Redeemable Preference Shares) Condition 7.2.3C, as the case may be:
 - a. Definition of Early Redemption Amount [Yes/No]

applicable

- b. If definition of Early Redemption not applicable, specify method of calculation of amount payable on early redemption pursuant to Condition 14.2 or (if this Tranche comprises a Tranche of Redeemable Preference Shares) Condition 7.2.3C, as the case may be []

- b) Late Redemption Amount payable on late redemption pursuant to Condition 11:

- a. Definition of Late Redemption Amount applicable: [Yes/No]

- b. If definition of Late Redemption Amount not applicable, specify method of calculation of amount payable on late redemption pursuant to Condition 11 []

6. PROVISIONS REGARDING EVENT OF DEFAULT

- a) This Tranche comprises a **(delete if not applicable)* Tranche of Notes and, following an Event of Default and the Enforcement of the Guarantee in respect of this Tranche:

- a. Calculation of Guarantee Amount in accordance with Condition 18.5.1 applicable [Yes/No]

- b. If calculation of Guarantee Amount in accordance with Condition 18.5.1 not applicable, specify method of calculation of Guarantee Amount []

- b) This Tranche comprises a **(delete if not applicable)* Tranche of Redeemable Preference Shares and, following an Event of Default and the Enforcement of the Put Option in respect of this Tranche:

- a. Calculation of Put Option Amount in accordance with Condition 18.5.2 applicable [Yes/No]

- b. If calculation of Put Option Amount in accordance with Condition 18.5.2 not applicable, specify method of calculation of Put Option []

Amount

7. REGISTER CLOSED

- a) Last Day to Register [Dates]: up until 17h00 (South African time) on the sixth day (whether such is a Business Day or not) preceding each Payment Date, being the last date on which the Transfer Secretary will accept Transfer Forms and record in the Register the transfer of Instruments represented by Individual Certificates.
- b) Register Closed Period [Dates/Periods]: the Register will, in relation to a Tranche of Instruments, be closed during the five days preceding each Payment Date from 17h00 (South African time) on the Last Day to Register.
- c) Register Closed Dates []

8. GENERAL

- a) Additional selling restrictions []
- b) International Securities Numbering (ISIN) []
- c) Stock Code Number []
- d) Financial exchange, if applicable []
- e) If syndicated, names of Dealer/s []
- f) Method of distribution [Private Placement] [Method of Distribution set out in the Term Sheet, dated [], prepared by [] and sent to potential investors for purposes of placing the Notes in this Tranche] [Dutch Auction] [*specify other*]
- g) Stabilisation Manager (if applicable) [Not Applicable] [*give details*]
- h) Credit rating (if any) assigned to this Tranche of Instruments as at the Issue Date []
- i) Applicable Rating Agency (if any) []
- j) Credit rating assigned to the Guarantor as at the Issue Date (if different from that set out in the Programme Memorandum) [As at the Issue Date, the Guarantor has a domestic long term credit rating of Baa2.za and a domestic short term credit rating of P-2.za with a stable outlook from Moody's Investors Service Inc, which was assigned on 17 January 2012 as stated in the credit opinion dated 19 January 2012.] [*specify other*]
- k) Applicable Rating Agency (Guarantor) [Moody's Investors Service Inc] [*specify other*]
- l) Governing law (if the laws of South Africa are not applicable) []
- m) Programme Amount as at the Issue Date [ZAR2,000,000,000] [*specify other*]
- n) Aggregate Outstanding Principal Amount of all of the Instruments issued under the Programme as at the Issue Date ZAR[], excluding the aggregate Principal Amount of this Tranche and any other Tranche(s) of Instruments issued on the Issue Date specified in Item 1(f) above.
- o) Exchange Control Approval (if any) [Not Applicable] [Applicable] (*Note: The issue of a Tranche of Instruments may, depending on the type of Instruments in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.*)

[The Issuer has, as required by the Exchange Control Regulations, obtained the prior written approval of the Exchange Control Authorities for the issue of this Tranche of Instruments]

p) Use of Proceeds

[This Tranche comprises a Tranche of Notes, and the net proceeds from the issue of this Tranche will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.]

[This Tranche comprises a Tranche of Redeemable Preference Shares, and the net proceeds from the issue of this Tranche will be distributed to (and applied by) the Guarantor only in such a manner as not to render the Redeemable Preference Share Holders of this Tranche liable for tax, as contemplated in section 8EA or section 8E of the Income Tax Act, as more fully set out in Section 8 of the Programme Memorandum headed "Use of Proceeds".]

q) Commercial Paper Regulations

See Annexure "A" to this Applicable Pricing Supplement

Responsibility:

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement and the annual financial reports and any amendments to the annual financial reports or any supplement from time to time, except as otherwise stated herein.

Each of the Issuer and the Guarantor certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum contains all information required by Applicable Law and the JSE Debt Listings Requirements.

[Application is hereby made to list Tranche [] of Series [] of the Instruments on the Interest Rate Market of the JSE, as from [], pursuant to the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme.]

For: KAGISO SIZANANI CAPITAL LIMITED (RF) (as Issuer)

By: _____
duly authorised

By: _____
duly authorised

Date: _____

Date: _____

For: KAGISO TISO HOLDINGS PROPRIETARY LIMITED (RF) (as Guarantor)

By: _____
duly authorised

By: _____
duly authorised

Date: _____

Date: _____



ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations in respect of the Tranche of Instruments described in the Applicable Pricing Supplement (the "relevant Tranche") is set out in this Annexure "A" (except where such information is disclosed in the Programme Memorandum and/or the Applicable Pricing Supplement):

1. Paragraph 3(5)(a)

The Issuer of the relevant Tranche is Kagiso Sizanani Capital Limited (RF). The "ultimate borrower" (as defined in the Commercial Paper Regulations) is the Guarantor.

2. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting the adequacy of the liquidity and solvency of the Issuer.

3. Paragraph 3(5)(c)

The auditors of the Issuer as at the Issue Date are [PricewaterhouseCoopers Incorporated] [*specify other*]. [PricewaterhouseCoopers Incorporated] [*specify other*] has acted as the auditors of the Issuer's latest audited financial statements.

4. Paragraph 3(5)(d)

As at the Issue Date:

- a) the Issuer has issued [ZAR*,000,000,000] "commercial paper" (as defined in the Commercial Paper Regulations); and
- b) the Issuer estimates that it may issue [ZAR*,000,000,000] of Commercial Paper during the Issuer's current financial year (excluding the relevant Tranche).

5. Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the relevant Tranche is contained in the Programme Memorandum and the Applicable Pricing Supplement.

6. Paragraph 3(5)(f)

Save as disclosed in the Programme Memorandum [and as set out below], there has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

[*give details of material adverse change if applicable*]

7. Paragraph 3(5)(g)

The relevant Tranche will be [listed/unlisted].

8. Paragraph 3(5)(h)

[*The relevant Tranche comprises Notes:* The net proceeds from the issue of the relevant Tranche will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.]

[*The relevant Tranche comprises Redeemable Preference Shares:* The net proceeds from the issue of the relevant Tranche will be distributed to (and applied by) the Guarantor only in such a manner as not to render the relevant Redeemable Preference Share Holders liable for tax, as contemplated in section 8EA or section 8E of the Income Tax Act, as more fully set out in Section 8 of the Programme Memorandum headed "Use of Proceeds".]

9. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the relevant Tranche are unsecured.

10. Paragraph 3(5)(j)

The statutory auditors of the Issuer as at the Issue Date have confirmed that nothing has come to their attention to cause them to believe that the issue of the relevant Tranche under the Programme, pursuant to the Programme Memorandum (as read with the Applicable Pricing Supplement) does not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

Where, in relation to the issue of the relevant Tranche, the Programme Memorandum and/or the Applicable Pricing Supplement is distributed and/or made available for inspection in South Africa, a copy of the Issuer's latest audited annual financial statements will at all times separately accompany (either by electronic delivery or by physical delivery) the Programme Memorandum and/or the Applicable Pricing Supplement, as required by the Commercial Paper Regulations.

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Section 7

TERMS AND CONDITIONS OF THE INSTRUMENTS

The following are the Terms and Conditions. The Applicable Pricing Supplement in relation to any Tranche of Instruments may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Instruments.

1 DEFINITIONS

Unless inconsistent with the context or separately defined in the Programme Memorandum and/or the Applicable Pricing Supplement, the following expressions shall have the following meanings:

"Actual Redemption Date" means, in relation to a Tranche of Instruments, the date on which that Tranche of Instruments is redeemed in full by the Issuer and the full amount due and payable by the Issuer to the holders of such Instruments has been unconditionally paid;

"Applicable Law" means, in relation to a person, all and any (i) statutes and subordinate legislation, (ii) regulations, ordinances and directives, (iii) by-laws, (iv) codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, and (v) other similar provisions, from time to time, compliance with which is mandatory for that person;

"Applicable Maturity Date" means, in respect of a Tranche of Notes:

- a) in the case of the redemption of that Tranche of Notes pursuant to Condition 14.1, the Maturity Date;
- b) in the case of the redemption of that Tranche of Notes pursuant to Condition 14.2, the Early Redemption Date defined as such in Condition 14.2;

"Applicable Redemption Date" means, in respect of a Tranche of Redeemable Preference Shares:

- a) in the case of the redemption of that Tranche of Redeemable Preference Shares pursuant to Condition 14.1, the Redemption Date;
- b) in the case of the redemption of that Tranche of Redeemable Preference Shares pursuant to Condition 14.2, the Early Redemption Date defined as such in Condition 14.2;
- c) in case of the redemption of that Tranche of Redeemable Preference Shares pursuant to Condition 7.2.3C, the Early Redemption Date defined as such in Condition 7.2.3C;

"Applicable Pricing Supplement" means, in respect of a Tranche of Instruments, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Instruments, as contemplated in Section 6 of the Programme Memorandum headed **"Pro Forma Applicable Pricing Supplement"**, setting out such additional terms and conditions as are applicable to that Tranche of Instruments;

"Applicable Procedures" means the rules and operating procedures for the time being of the CSD, CSD Participants, the JSE and/or any other applicable financial exchange, as the case may be;

"Approved Calculation Agent" means any of FirstRand Bank Limited, acting through its Rand Merchant Bank division, Nedbank Capital, a division of Nedbank Limited, The Standard Bank of South Africa Limited, Absa Capital, a division of Absa Bank Limited and Investec Bank Limited;

"Approved Calculation Dispute Agent" means any of FirstRand Bank Limited, acting through its Rand Merchant Bank division, Nedbank Capital, a division of Nedbank Limited, The Standard Bank of South Africa Limited, Absa Capital, a division of Absa Bank Limited, Investec Bank Limited, Deloitte & Touche, PricewaterhouseCoopers, Ernst & Young and KPMG;

"Approved Paying Agent" means any of FirstRand Bank Limited, acting through its Rand Merchant Bank division, Nedbank Capital, a division of Nedbank Limited, The Standard Bank of South Africa Limited, Absa Capital, a division of Absa Bank Limited and Investec Bank Limited;

"Approved Representative" means any of FirstRand Bank Limited, acting through its Rand Merchant Bank division, Nedbank Capital, a division of Nedbank Limited, The Standard Bank of

South Africa Limited, Absa Capital, a division of Absa Bank Limited Investec Bank Limited, Maitland Trust Limited and GMG Trust Company (SA) Proprietary Limited;

"Beneficial Interest" means, in respect of a Tranche of Instruments which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Instruments in that Tranche of Instruments, as provided in section 41(1) of the Securities Services Act, the nominal value of which beneficial interest, in relation to any number of Instruments in that Tranche, is determined by reference to the proportion that the aggregate Outstanding Principal Amount of such number of Instruments bears to the aggregate Outstanding Principal Amount of all of the Instruments in that Tranche, as provided in section 41(3) of the Securities Services Act;

"BESA" means the Bond Exchange of South Africa Limited (registration number 2007/034441/06), which was a licensed financial exchange in terms of the Securities Services Act, prior to its merger, on 22 June 2009, with the JSE;

"BESA Guarantee Fund Trust" means the guarantee fund established and operated by BESA, prior to its merger with the JSE on 22 June 2009 and, as at the Programme Date, operated by the JSE as a separate guarantee fund, in terms of the rules of the JSE, as required by sections 9(1)(e) and 18(2)(x) of the Securities Services Act or any successor fund;

"Business Day" means a day (other than a Saturday, Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle payments in Rand in South Africa;

"Business Day Convention" means, if the due date for payment under the Instruments falls on a day that is not a Business Day, the due date for such payment will be adjusted to the first Business Day immediately following such due date for payment under the Instruments, unless otherwise specified in the Applicable Pricing Supplement;

"Calculation Agent" means Absa Capital, a division of Absa Bank Limited (Registration Number 1986/004794/06), unless the Issuer and the Guarantor elect to appoint another Approved Calculation Agent as a Calculation Agent, as contemplated in Condition 22;

"Calculation Agency Agreement" means the Amended and Restated Calculation Agency Agreement, dated on or about the Programme Date, concluded between the Issuer, the Guarantor and Absa Capital, a division of Absa Bank Limited (as Calculation Agent), as amended, novated and/or substituted from time to time in accordance with its terms;

"Commercial Paper Regulations" means Government Notice 2172, promulgated under the Banks Act, 1990, and published in Government Gazette 16167 of 14 December 1994;

"Companies Act" means the Companies Act, 2008, as amended from time to time;

"Control" means, in relation to any company:

- a) the holding of more than 50% of the equity share capital of such company; or
- b) the right to appoint more than one half of the board of directors of such company; or
- c) the right to exercise more than one half of the votes which are exercisable at general meetings of such company;

"CSD" means STRATE Limited (Registration Number 1998/022242/06), registered as a central securities depository and operating in terms of the Securities Services Act (or any successor legislation thereto) and/or any additional or alternate depository approved by the Issuer and the relevant Dealer(s) and the JSE;

"CSD's Nominee" means any wholly owned Subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act and any reference to "CSD's Nominee" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Securities Services Act;

"CSD Participant" means a person accepted by the CSD as a participant in in terms of the Securities Services Act;

"Day Count Fraction" means, in respect of the calculation of the Interest Amount for Floating Rate Notes or the Dividend Amount for Floating Yield Preference Shares, as the case may be, for any Interest Period or Dividend Period, as the case may be (each such period being hereinafter referred to as a "Period"):

- a) if "1/1" is specified in the Applicable Pricing Supplement, 1; or
- b) if "Actual/365", "Act/365", "Actual/Actual" or "Act/Act" is specified in the Applicable Pricing Supplement, the actual number of days in the Period in respect of which payment is being made divided by 365 (three hundred and sixty five) (or, if any portion of that Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Period falling in a leap year divided by 366 (three hundred and sixty six) and (ii) the actual number of days in that portion of the Period falling in a non-leap year divided by 365 (three hundred and sixty five)); or
- c) if "Actual/365 (Fixed)", "Act/365 (Fixed)", "A/365 (Fixed)" or "A/365F" is specified in the Applicable Pricing Supplement, the actual number of days in the Period in respect of which payment is being made divided by 365 (three hundred and sixty five); or
- d) if "Actual/360", "Act/360" or "A/360" is specified in the Applicable Pricing Supplement, the actual number of days in the Period in respect of which payment is being made divided by 360 (three hundred and sixty); or
- e) if "30/360", "360/360" or "Bond Basis" is specified in the Applicable Pricing Supplement, the number of days in the Period in respect of which payment is being made divided by 360 (three hundred and sixty) (the number of days to be calculated on the basis of a year of 360 (three hundred and sixty) days with twelve 30-day months (unless (i) the last day of the Period is the 31st day of a month but the first day of the Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) that last day of the Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- f) if "30E/360" or "Eurobond Basis" is specified in the Applicable Pricing Supplement, the number of days in the Period in respect of which payment is being made divided by 360 (three hundred and sixty) (the number of days to be calculated on the basis of a year of 360 (three hundred and sixty) days with twelve 30-day months, without regard to the date of the first day or last day of the Period unless, in the case of the final Period, the Interest Payment Date or the Dividend Payment Date, as the case may be, is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- g) such other calculation method as is specified in the Applicable Pricing Supplement;

"Dealer" means Kagiso Tiso Holdings Proprietary Limited (RF) (Registration Number 2011/000848/07) and each additional dealer appointed from time to time by the Issuer and the Guarantor under the Programme pursuant to the Relevant Dealer Agreement, which appointment may be for a specific issue of one or more Tranches of Instruments or for the duration of the Programme, subject to the Issuer's right to terminate the appointment of any Dealer;

"Default Rate" means, if applicable to a Tranche of Instruments, the default rate specified as such in the Applicable Pricing Supplement;

"Demand" means, following an Event of Default in respect of a Tranche of Instruments, subject to Condition 18.3, a written notice (contemplated in Condition 18.3) given by the Representative to the Issuer and the Guarantor, in accordance with the applicable provisions of Condition 18.3, the Guarantee and the Representative Agreement, pursuant to which the Representative, for the benefit and on behalf of the relevant Noteholders, demands payment of the Guarantee Amount from the Guarantor;

"Dividend Amount" means, in respect of a Tranche of Redeemable Preference Shares, the amount of dividend payable, per ZAR1 000 000 on the Principal Amount of that Tranche of Redeemable Preference Shares, on the relevant Dividend Payment Date in respect of the relevant Dividend Period, determined by the Calculation Agent in accordance with Condition 10 and Condition 12.1;

"Dividend Determination Date" means, if applicable to a Tranche of Redeemable Preference Shares, the day falling on the first day of each Dividend Period or, if such day is not a Business Day, the first following day that is a Business Day (or, in the case of the first Dividend Determination Date, such other date, if any, as is specified in the Applicable Pricing Supplement), being the day upon which the Dividend Yield in respect of such Dividend Period shall be determined by the Calculation Agent in accordance with Condition 10.2;

"Dividend Payment Date" means, in respect of a Tranche of Redeemable Preference Shares, the

Dividend Payment Date specified as such in the Applicable Pricing Supplement or, if no Dividend Payment Date is specified in the Applicable Pricing Supplement, the last day of each Dividend Period;

"Dividend Period" means, in respect of a Tranche of Redeemable Preference Shares, each successive period in respect of which dividends accrue on that Tranche of Redeemable Preference Shares, commencing on and including a Dividend Payment Date and ending on but excluding the following Dividend Payment Date, provided that the first Dividend Period shall commence on and include the Issue Date and the last Dividend Period shall end on but exclude the Actual Redemption Date;

"Dividend Yield" means, in respect of a Tranche of Redeemable Preference Shares, subject to Condition 10, the rate or rates of interest applicable to that Tranche of Redeemable Preference Shares specified in the Applicable Pricing Supplement;

"Early Redemption Amount" means, unless otherwise specified in the Applicable Pricing Supplement:

- a) in the case of Zero Coupon Notes, the amount calculated in accordance with Condition 14.3;
- b) in the case of Instruments (other than Zero Coupon Notes), the Final Redemption Amount;

"Enforcement of the Guarantee" means, following an Event of Default in respect of a Tranche of Instruments, subject to Condition 18.3, a demand, made by the Representative, for the benefit and on behalf of the relevant Noteholders, for payment of the Guarantee Amount from the Guarantor, by delivering a Demand to the Guarantor and the Issuer, in accordance with Condition 18.3, the Guarantee and the Representative Agreement;

"Enforcement of the Put Option" means, following an Event of Default in respect of a Tranche of Instruments, subject to Condition 18.4, the exercise by the Representative, for the benefit and on behalf of the relevant Redeemable Preference Share Holders, of the put option contemplated in the Put Option Agreement by delivering a Put Notice to the Guarantor, in accordance with Condition 18.4, the Put Option Agreement and the Representative Agreement;

"Event of Default" means an event of default referred to in Condition 17.1;

"Exchange Control Authorities" means the Financial Surveillance Department of the South African Reserve Bank;

"Exchange Control Regulations" means the Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933;

"Extraordinary Resolution" means a resolution passed at a duly convened meeting of Instrument Holders (or the relevant Group of Instrument Holders) by a majority consisting of not less than 66.67% (sixty six point sixty seven per cent) of the persons voting thereat upon a show of hands or, if a poll be duly demanded, then by a majority consisting of not less than 66.67% (sixty six point sixty seven per cent) of the votes given on such poll;

"Final Redemption Amount" means, in respect of a Tranche of Instruments, unless otherwise specified in the Applicable Pricing Supplement, the aggregate Principal Amount of that Tranche of Instruments;

"Fixed Rate Notes" means Notes which bear interest at a fixed rate of interest, as specified in the Applicable Pricing Supplement and set out in Condition 9.1;

"Fixed Yield Preference Shares" means Redeemable Preference Shares which bear dividends at a fixed dividend rate, as specified in the Applicable Pricing Supplement and set out in Condition 10.1;

"Floating Rate Notes" means Notes which bear interest at a floating rate of interest, as specified in the Applicable Pricing Supplement and set out in Condition 9.2;

"Floating Yield Preference Shares" means Redeemable Preference Shares which bear dividends at a floating dividend rate, as specified in the Applicable Pricing Supplement and set out in Condition 10.2;

"Group Company" means any company within the Kagiso Tiso Group;

"Group of Instrument Holders" means, in relation to a Tranche of Instruments, the holders of the Instruments in that Tranche;

"Guarantee" means the Amended and Restated Guarantee, dated on or about the Programme Date, entered into by the Guarantor, as a *stipulatio alteri* for the benefit of the Noteholders, and concluded

between the Guarantor and GMG Trust Company (SA) Proprietary Limited (as Representative) in its capacity as the Representative of the Noteholders, as amended, novated and/or substituted from time to time in accordance with its terms;

"Guarantee Amount" means, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the amount (determined by the Calculation Agent in accordance with Condition 18.5) payable by the Guarantor to the relevant Noteholders in terms of Condition 18.3 and the Guarantee;

"Guarantee Amount Payment Date" means, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the seventh Business Day after the date of the notice contemplated in the 2nd paragraph of Condition 18.3, such Business Day being the date on which the Guarantee Amount is due and payable to the relevant Noteholders;

"Guarantor" means Kagiso Tiso Holdings Proprietary Limited (RF), (Registration Number 2011/000848/07), a company duly registered and incorporated under the laws of South Africa;

"Implied Yield" means, in respect of a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of that Tranche of Zero Coupon Notes, specified as a percentage in the Applicable Pricing Supplement;

"Income Tax Act" means the Income Tax Act, 1962, as amended;

"Index-Linked Instruments" means an Indexed Interest Instrument and/or an Indexed Redemption Amount Instrument;

"Index Interest Instruments" means Instruments in respect of which the Interest Amount is calculated by reference to such index and/or formula as indicated in the Applicable Pricing Supplement;

"Indexed Redemption Amount Instruments" means Instruments in respect of which the Final Redemption Amount is calculated by reference to an index and/or formula as may be indicated in the Applicable Pricing Supplement;

"Individual Certificate" means the single certificate in definitive registered form without interest coupons representing Instruments for which Beneficial Interest has been exchanged in accordance with Condition 20.2 and any further certificate issued in consequence of a transfer thereof;

"Instruments" means, collectively, the Notes and the Redeemable Preference Shares;

"Instrument Holders" means, collectively, the Noteholders and the Redeemable Preference Share Holders;

"Interest Amount" means, in respect of a Tranche of Notes (other than Zero Coupon Notes), the amount of interest payable, per ZAR1 000 000 in Principal Amount of the Notes, on the relevant Interest Payment Date in respect of the relevant Interest Period, determined by the Calculation Agent in accordance with Condition 9 and Condition 12.1;

"Interest Determination Date" means, if applicable to a Tranche of Notes, the day falling on the first day of each Interest Period or, if such day is not a Business Day, the first following day that is a Business Day (or, in the case of the first Interest Determination Date, such other date, if any, as is specified in the Applicable Pricing Supplement), being the day upon which the Interest Rate in respect of such Interest Period shall be determined by the Calculation Agent in accordance with Condition 9.2;

"Interest Payment Date" means, in respect of a Tranche of Notes (other than Zero Coupon Notes), the Interest Payment Date specified as such in the Applicable Pricing Supplement or, if no Interest Payment Date is specified in the Applicable Pricing Supplement, the last day of each Interest Period;

"Interest Period" means, in respect of a Tranche of Notes (other than Zero Coupon Notes), each successive period in respect of which interest accrues on Notes commencing on and including an Interest Payment Date and ending on but excluding the following Interest Payment Date; provided that the first Interest Period shall commence on and include the Issue Date and the last Interest Period shall end on but exclude the Redemption Date;

"Interest Rate" means, in respect of a Tranche of Notes (other than Zero Coupon Notes), subject to Condition 9, the rate or rates of interest applicable that Tranche of Notes specified in the Applicable Pricing Supplement;

"ISDA" means International Swaps and Derivatives Association, Inc;

"ISDA Definitions" means the 2000 ISDA Definitions (Interest Rate and Currency Derivative Transactions) published by ISDA (as amended, supplemented, revised or republished from time to time);

"Issue Date" means, in respect of a Tranche of Instruments, the date specified as such in the Applicable Pricing Supplement;

"Issue Price" means, in respect of a Tranche of Instruments, the price specified as such in the Applicable Pricing Supplement;

"Issuer" means Kagiso Sizanani Capital Limited (RF) (Registration Number 2003/028948/07), a company duly registered and incorporated under the laws of South Africa;

"JSE" means JSE Limited (Registration Number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE;

"JSE Debt Listings Requirements" means the document published by the JSE entitled "*Debt Listings Requirements*", dated March 2011, which came into effect on 1 June 2011, as amended and/or supplemented from time to time;

"Kagiso Tiso Group" means the Guarantor's group of companies comprising of the Issuer and each Subsidiary of the Guarantor from time to time whose financial results are consolidated with the financial results of the Guarantor;

"Last Day to Register" means, in respect of a Tranche of Instruments, the sixth day (whether such is a Business Day or not) preceding each Payment Date until 17h00 (South African time) on that sixth day, such sixth day being the last day on which the Transfer Secretary will accept Transfer Forms and record in the Register the transfer of Instruments in that Tranche represented by Certificates;

"Late Payment Date" means:

- a) in respect of a Tranche of Instruments for purposes of Condition 11, the earlier of (i) the date on which the outstanding amount due and payable to the Instrument Holders of Instruments in that Tranche has been paid to such Instrument Holders, and (ii) the date on which such outstanding amount has been paid to CSD's Nominee and notice to that effect has been given by the Issuer to such Instrument Holders in accordance with Condition 23.1;
- b) following an Event of Default and the Enforcement of the Guarantee or the Enforcement of the Put Option, as the case may be, in respect of a Tranche of Instruments (and for purposes of Condition 18.5), the earlier of (i) the date on which the Guarantee Amount or the Put Option Amount, as the case may be, has been paid to the relevant Noteholders or the relevant Redeemable Preference Share Holders, as the case may be, and (ii) the date on which the Guarantee Amount or the Put Option Amount, as the case may be, has been paid to CSD's Nominee and notice to that effect has been given by the Issuer to the relevant Noteholders or the relevant Redeemable Preference Share Holders, as the case may be, in accordance with Condition 23.1;

"Late Redemption Amount" means, for purposes of Condition 11, unless otherwise specified in the Applicable Pricing Supplement:

- a) in the case of Zero Coupon Notes, the amount calculated in accordance with Condition 11.2;
- b) in the case of Notes (other than Zero Coupon Notes), the amount calculated in accordance with Condition 11.1;
- c) in the case of Redeemable Preference Shares, the amount calculated in accordance with Condition 11.3;

"Long Term Notes" means Notes issued with a Maturity Date which falls more than 364 (three hundred and sixty four) days after the Issue Date, as specified in the Applicable Pricing Supplement;

"Maturity Date" means, in respect of a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;

"NACA" means nominal annual compounded annually;

"NACM" means nominal annual compounded monthly;

"NACQ" means nominal annual compounded quarterly;

"NACS" means nominal annual compounded semi-annually;

"Notes" means the unsecured guaranteed registered notes issued by the Issuer, under the Programme, pursuant to the Programme Memorandum;

"Noteholders" means, subject to Condition 4, the holders of Notes (as recorded in the Register);

"Outstanding Principal Amount" means, in respect of the Programme at any point in time, the aggregate Principal Amount of all of the Instruments in issue under the Programme at that time;

"Partly Paid Instruments" means Instruments which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Instrument Holder in instalments (as indicated in the Applicable Pricing Supplement);

"Paying Agent" means The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), a company duly registered and incorporated under the laws of South Africa, unless the Issuer and the Guarantor elect to appoint another Approved Paying Agent as a Paying Agent, as contemplated in Condition 22;

"Paying Agency Agreement" means the Amended and Restated Paying Agency Agreement, dated on or about the Programme Date, concluded between the Issuer, the Guarantor and The Standard Bank of South Africa Limited (as Paying Agent), as amended, novated and/or substituted from time to time in accordance with its terms;

"Payment Amount" means, in respect of a Tranche of Instruments, the aggregate amount due and payable by the Issuer in respect of that Tranche of Instruments on a Payment Date, calculated by the Calculation Agent in accordance with Condition 12.1.1 and the Calculation Agency Agreement;

"Payment Date" means:

- a) in respect of a Tranche of Notes, the Applicable Maturity Date (as adjusted, if applicable, in accordance with Condition 13.1) and (in the case of Notes other than Zero Coupon Notes) each Interest Payment Date (as adjusted, if applicable, in accordance with Condition 9.3);
- b) in respect of a Tranche of Redeemable Preference Shares, the Applicable Redemption Date (as adjusted, if applicable, in accordance with Condition 13.1) and each Dividend Payment Date (as adjusted, if applicable, in accordance with Condition 10.3);

"Potential Event of Default" means any event or circumstance specified in Condition 17.1(a) to Condition 17.1(o) inclusive which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Terms and Conditions or any combination of the foregoing), be an Event of Default;

"Preference Dividend" means in relation to a Redeemable Preference Share Holder, the right to receive, in priority to the holders of ordinary shares and the holders of any other class of shares in the share capital of the Issuer not ranking prior to or *pari passu* with the Redeemable Preference Shares, a preferential cash dividend;

"Principal Amount" means:

- a) in relation to each Note in a Tranche, the nominal value of that Note (being the amount of ZAR1 000 000) and, in relation to any number of Notes in that Tranche, such number of Notes multiplied by ZAR1 000 000;
- b) in relation to each Redeemable Preference Share in a Tranche at any date, the aggregate of (i) the Issue Price of that Redeemable Preference Share (including share premium, where applicable) and (ii) the aggregate of each Dividend Amount in respect of that Redeemable Preference Share which would have been (but was not paid on a Dividend Payment Date had dividends in respect of that Redeemable Preference Share been declared prior to that Dividend Payment Date), and in relation to any number of Redeemable Preference Shares in that Tranche, such number of Redeemable Preference Shares multiplied by that aggregate amount;

"Programme Amount" means the maximum aggregate Principal Amount of all of the Instruments that may be issued under the Programme at any one point in time being, as at the Programme Date, ZAR2 000 000 000 or such increased amount as is determined by the Issuer and the Guarantor from time to time subject to and in accordance with all applicable laws, as set out in Section 2 of this Programme Memorandum headed "General Description of the Programme";

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"Programme Date" means the date of this Programme Memorandum, being 17 August 2012;

"Programme Memorandum" means this document so entitled in respect of the Instruments, dated 17 August 2012; provided that if (as contemplated in Section 1 of the Programme Memorandum headed **"Documents Incorporated by Reference"**), the Issuer publishes a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, references to **"Programme Memorandum"** shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be;

"Programme" means the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme pursuant to which the Issuer may issue Instruments from time to time;

"Put Notice" means, following an Event of Default in respect of a Tranche of Instruments, subject to Condition 18.4, a written notice (contemplated in Condition 18.4) given by the Representative to the Issuer and the Guarantor in accordance with the applicable provisions of Condition 18.4, the Put Option Agreement and the Representative Agreement, pursuant to which the Representative, for the benefit and on behalf of the relevant Redeemable Preference Share Holders, exercises the put option contemplated in the Put Option Agreement;

"Put Option Agreement" means the Second Amended and Restated Put Option Agreement, dated on or about the Programme Date, entered into by the Guarantor as a *stipulato alteri* for the benefit of the Redeemable Preference Share Holders, and concluded between the Guarantor and GMG Trust Company (SA) Proprietary Limited (as Representative) in its capacity as the Representative of the Redeemable Preference Share Holders), as amended, novated and/or substituted from time to time in accordance with its terms;

"Put Option Amount" means, following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the purchase consideration for the relevant Redeemable Preference Shares (determined by the Calculation Agent in accordance with Condition 18.5) payable by the Guarantor to the relevant Redeemable Preference Share Holders in terms of Condition 18.4 and the Put Option Agreement;

"Put Option Exercise Date" means, following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the seventh Business Day after the date (contemplated in the 2nd paragraph of Condition 18.4) on which the Put Notice is given to the Guarantor by the Representative;

"Put Option Implementation Date" means, following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the seventh Business Day after the Put Option Exercise Date;

"Redeemable Preference Shares" means the registered cumulative non-participating redeemable preference shares issued by the Issuer, under the Programme, pursuant to the Programme Memorandum and the Issuer's Memorandum of Incorporation;

"Redeemable Preference Share Holders" means, subject to Condition 4, the holders of Redeemable Preference Shares (as recorded in the Register);

"Redemption Date" means, in respect of a Tranche of Redeemable Preference Shares, the date specified as such in the Applicable Pricing Supplement;

"Register" means the register of Instrument Holders maintained by the Transfer Secretary in terms of Condition 21;

"Relevant Dealer Agreement" means the relevant dealer agreement in respect of the Instruments concluded (or to be concluded) between the Issuer and Kagiso Tiso Holdings Proprietary Limited (RF) (Registration Number 2011/000848/07) (as Guarantor, Arranger and Dealer);

"Representative" means GMG Trust Company (SA) Proprietary Limited (Registration Number 2006/013631/07), a company duly registered and incorporated under the laws of South Africa,, unless the Issuer and the Guarantor elect to appoint another Approved Representative as Representative, as contemplated in Condition 22;

"Representative Agreement" means the Amended and Restated Representative Agreement, dated on or about the Programme Date, concluded between the Issuer, the Guarantor and GMG Trust Company (SA) Proprietary Limited (as Representative), as amended, novated and/or substituted from time to time in accordance with its terms;

- "Securities Services Act"** means the Securities Services Act, 2004, as amended from time to time, or any successor act;
- "Senior Notes"** means Notes, specified as such in the Applicable Pricing Supplement, issued with the status and characteristics set out in Condition 5.1 and which enjoy the benefit of the negative pledge set out in Condition 7;
- "SENS"** means Securities Exchange News Service established by the JSE;
- "Series of Instruments"** and **"Series"** means a Tranche of Instruments which, together with any other Tranche(s) of Instruments, is expressed in the Applicable Pricing Supplement to form a single series of Instruments, identified in the relevant Applicable Pricing Supplements by way of a unique numeral;
- "South Africa"** means the Republic of South Africa;
- "Specified Currency"** means, in respect of a Tranche of Instruments, subject to all Applicable Laws, the currency specified as such in the Applicable Pricing Supplement;
- "Specified Office"** means, in relation to each of the Issuer, the Guarantor, the Representative, the Calculation Agent, the Paying Agent and the Transfer Secretary, the address of the office specified in respect of such entity at the end of the Programme Memorandum, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Instrument Holders in accordance with Condition 23.1, as the case may be;
- "Subordinated Notes"** means Notes, specified as such in the Applicable Pricing Supplement, issued with the status and characteristics set out in Condition 5.2;
- "Subsidiary"** shall bear the meaning assigned thereto in section 1 of the Companies Act;
- "Tax"** means all present and future taxes, duties, imposts, levies, charges, fees withholdings or deductions of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, any governmental, fiscal or other competent authority in South Africa (including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and *"Tax"* and *"Taxation"* will be construed accordingly;
- "Terms and Conditions"** means, subject to the 3rd paragraph of Condition 2.1, the terms and conditions of the Instruments set out in this Section 7 of the Programme Memorandum headed **"Terms and Conditions of the Instruments"**;
- "Third Party Security"** means, in relation to any company, any guarantee, suretyship, indemnity or other personal security of any nature whatsoever given by that company to any person for the debts of any other person;
- "Tranche of Instruments"** and **"Tranche"** means those Instruments which are identical in all respects (including as to listing) and in respect of which the same Applicable Pricing Supplement applies;
- "Transfer Form"** means the written form for the transfer of Instruments represented by an Individual Certificate, in the form approved by the Transfer Secretary, and signed by the transferor and transferee;
- "Transfer Secretary"** means Computershare Investor Services Proprietary Limited (Registration Number 2004/003647/07), a company duly registered and incorporated under the laws of South Africa, unless the Issuer (with the written consent of the Guarantor) elects to appoint another entity as Transfer Secretary, as contemplated in Condition 22;
- "Transfer Secretary Agreement"** means the Amended and Restated Transfer Secretary Agreement, dated on or about the Programme Date, concluded between the Issuer and Computershare Investor Services Proprietary Limited (as Transfer Secretary), as amended, novated and/or substituted from time to time in accordance with its terms;
- "ZAR"** means the official currency of South Africa, being South African Rand, or any successor currency;
- "ZAR-JIBAR-SAFEX Rate"** means the mid-market rate for deposits in ZAR for a period of the Designated Maturity (as specified in the Applicable Pricing Supplement) which appears on the Reuters Screen SAFEX Page at or about 12h00 (South African time) on the relevant Interest Determination Date or Dividend Determination Date, as the case may be;
- "Zero Coupon Notes"** means Notes which are offered and sold at a discount to their aggregate

Principal Amount and which will not bear interest.

All references in the Terms and Conditions to any legislation (including, without limiting the generality of the foregoing, any statute, regulation, rule or Applicable Procedure) shall be deemed to include any successor or replacement legislation to such legislation. Unless otherwise specified, references to any Condition are to that Condition of the Terms and Conditions.

2 ISSUE

2.1 All Instruments

The Issuer may, at any time and from time to time (without the consent of any Instrument Holder), issue one or more Tranche(s) of Instruments; provided that the total aggregate Outstanding Principal Amount of all of the Instruments issued under the Programme from time to time does not exceed the Programme Amount and provided further that nothing contained herein shall preclude the Issuer from, at any time, increasing the Programme Amount, as set out in Section 2 of this Programme Memorandum headed "**General Description of the Programme**".

Instruments will be issued in individual Tranches which, together with other Tranches, may form a Series of Instruments.

Each Tranche of Instruments is subject to the Terms and Conditions; provided that the Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify, or supplement the Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with the Terms and Conditions, replace, modify or supplement the Terms and Conditions for the purpose of that Tranche of Instruments, and all references to "**Terms and Conditions**" in the Programme Memorandum or any other agreement, deed or document relating to the Programme Memorandum shall, for the purpose of that Tranche of Instruments, wherever the context requires, be deemed to include the Terms and Conditions as so replaced, modified or supplemented.

2.2 Notes

Each Note will be a Senior Note or a Subordinated Note, and each Note will be a Short-Term Note or a Long-Term Note, as indicated in the Applicable Pricing Supplement. Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, or such combination of any of the foregoing, or such other type of Note provided in the Programme Memorandum, as may be determined by the Issuer and specified in the Applicable Pricing Supplement.

2.3 Redeemable Preference Shares

Each Tranche of Redeemable Preference Share will, subject to Condition 30:

- a) be issued with a Redemption Date which falls more than three years plus one day after the Issue Date; and
- b) be issued in accordance with the Companies Act and the Memorandum of Incorporation of the Issuer; and
- c) bear the status set out in Condition 6.

Subject to the preceding paragraph, each Redeemable Preference Share may be a Fixed Yield Preference Share or a Floating Yield Preference Share, or such combination of any of the foregoing, or such other type of Redeemable Preference Share provided in the Programme Memorandum, as may be determined by the Issuer and specified in the Applicable Pricing Supplement.

3 FORM AND DENOMINATION

Each Instrument will be issued with a denomination of ZAR1 000 000.

Each Tranche of Instruments which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Instruments will be issued in registered uncertificated form in terms of section 37 of the Securities Services Act, and will be held in the CSD. Instruments issued in uncertificated form will not be represented by any certificate or written instrument.

All Instruments which are held in the CSD will be held subject to the Securities Services Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Instruments held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of

Beneficial Interests in such Instruments.

A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Instruments represented by an Individual Certificate in accordance with Condition 20.1.

4 TITLE**4.1 Instruments issued in uncertificated form**

The CSD's Nominee will be named in the Register as the registered holder of each Tranche of Instruments which is held in the CSD.

4.2 Beneficial Interests in Instruments held in the CSD

While a Tranche of Instruments is held in its entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Instrument Holder of the Instruments in that Tranche.

Beneficial Interests which are held by CSD Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such CSD Participants, through the central securities accounts maintained by the CSD for such CSD Participants.

Beneficial Interests which are held by clients of CSD Participants will be held indirectly through such Participants, and such CSD Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of CSD Participants may include the holders of Beneficial Interests or their custodians. The clients of CSD Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Instruments held by them in the CSD only through their CSD Participants.

In relation to each person shown in the records of the CSD or the relevant CSD Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Instruments, a certificate or other document issued by the CSD or the relevant CSD Participant, as the case may be, as to the aggregate Principal Amount of such Instruments standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered holder of such Instruments named in the Register) will be treated by the Issuer, the Guarantor, the Paying Agent, the Transfer Secretary, the Representative and the relevant CSD Participant as the holder of that aggregate Principal Amount of such Instruments for all purposes.

Beneficial Interests in Instruments may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the registered Instrument Holder of such Instruments, notwithstanding such transfers.

Any reference in the Terms and Conditions to the relevant CSD Participant shall, in respect of a Beneficial Interest, be a reference to the CSD Participant appointed to act as such by the holder of such Beneficial Interest.

Following an Event of Default and the Enforcement of the Guarantee and/or the Enforcement of the Put Option, the holder of a Beneficial Interest shall be deemed to be in the same position, in relation to the Representative, as the holder of Instruments represented by an Individual Certificate whose name is entered in the Register.

4.3 Instruments represented by Individual Certificates

Each holder of Instruments represented by an Individual Certificate will be named in the Register as the registered holder of such Instruments.

Title to Instruments represented by Individual Certificates will pass upon registration of transfer in the Register in accordance with Condition 19.2.

4.4 Register

The Issuer, the Guarantor, the Paying Agent, the Representative and the Transfer Secretary will recognize an Instrument Holder as the absolute owner of the Instruments registered in that Instrument Holder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and neither the Issuer, the Guarantor, the Paying Agent, the Transfer Secretary nor the Representative shall be obliged to record 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 Instrument may be subject.

5 STATUS AND CHARACTERISTICS OF NOTES

5.1 Senior Notes

Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and, subject to Condition 7 and save for certain debts required to be preferred by law, rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer.

5.2 Subordinated Notes

Subordinated Notes are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and, save for certain debts required to be preferred by law, rank *pari passu* with all other Subordinated Indebtedness.

Subject to Applicable Law, in the event of the dissolution, winding-up, liquidation or the commencement of business rescue proceedings in respect of the Issuer, the claims of Noteholders of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer (except for other Subordinated Indebtedness). In any such event, and provided as aforesaid, no amount shall be payable to any Noteholders entitled to be paid amounts due in respect of the Subordinated Notes until all other indebtedness of the Issuer which is admissible in any such dissolution, liquidation, winding-up or business rescue proceedings (other than Subordinated Indebtedness) has been paid or discharged in full.

“**Subordinated Indebtedness**” means, for the purposes of this Condition 5.2 and Condition 6, any indebtedness of the Issuer in respect of moneys borrowed (including guarantees given by the Issuer in respect of such indebtedness) under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer in the event of the dissolution, winding-up, liquidation or business rescue proceedings in respect of the Issuer.

6 STATUS AND CHARACTERISTICS OF REDEEMABLE PREFERENCE SHARES

Redeemable Preference Shares comprise share capital of the Issuer and, subject to the Memorandum of Incorporation of the Issuer, rank (i) *pari passu* among themselves, (ii) in priority to the ordinary shares of the Issuer, and (iii) below all claims (including the claims of Noteholders) in respect of any indebtedness of the Issuer.

Subject to Applicable Law, in the event of the dissolution, winding-up, liquidation or business rescue of the Issuer, the claims of the Redeemable Preference Share Holders shall be subordinated to, and rank in priority of payment below, all claims in respect of any indebtedness of the Issuer (including Subordinated Indebtedness and the claims of Noteholders). In any such event, and provided as aforesaid, but without detracting from the Put Option Agreement, no amount shall be payable to any Redeemable Preference Share Holders entitled to be paid amounts due in respect of the Redeemable Preference Shares until all indebtedness of the Issuer which is admissible in any such dissolution, liquidation, winding-up or business rescue proceedings (including Subordinated Indebtedness and the claims of Noteholders) has been paid or discharged in full.

7 NEGATIVE PLEDGE

7.1 Senior Notes

This Condition 7 shall apply only to Senior Notes. For as long as there is any Outstanding Principal Amount in respect of any Senior Notes, each of the Issuer and the Guarantor undertake not to, and the Guarantor will procure that each Affected Subsidiary will not, create or permit the creation of any Encumbrance over the whole or any Substantial Part of the undertaking or assets (including any uncalled capital) of each of the Issuer and the Guarantor and each Affected Subsidiary, to secure any Indebtedness without at the same time securing Senior Notes equally and rateably with such Indebtedness in the same manner or in a manner satisfactory to the Representative, or such other security shall be provided as the Representative shall, in its absolute discretion, deem not less beneficial to the Noteholders of Senior Notes or as shall be approved by Extraordinary Resolution of such Noteholders.

The provisions set out in the preceding paragraph shall not apply to:

- a) any Encumbrance existing at the Programme Date; or
- b) any Encumbrance created over property, at the time of purchase thereof, solely as security

for the payment of all or part of the purchase price of such property; provided that the relevant Indebtedness thereby secured does not exceed such purchase price; or

- c) any Encumbrance arising by operation of law; or
- d) any Encumbrance created in the ordinary course of trading of the Issuer or the Guarantor or any Affected Subsidiary; or
- e) any statutory Encumbrance; or
- f) any Encumbrance over or affecting any asset of any company which becomes an Affected Subsidiary after the Programme Date, where the Encumbrance is created prior to the date on which that company became an Affected Subsidiary; or
- g) any Encumbrance over or affecting any asset acquired by the Issuer or the Guarantor or any Affected Subsidiary after the Programme Date if:
 - A. the Encumbrance was not created in contemplation of the acquisition of that asset by the Issuer or the Guarantor or such Affected Subsidiary; and
 - B. the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by the Issuer or the Guarantor or such Affected Subsidiary; or
- h) any extension or renewal of any Encumbrance contemplated in paragraphs (a) to (g) inclusive above.

7.2 Redeemable Preference Shares

7.2.1 Guarantor undertakings

The Guarantor undertakes that it shall not, until all Redeemable Preference Shares have been redeemed in full and all Dividend Amounts have been declared and paid up to the Actual Redemption Date, without the consent of Redeemable Preference Share Holders who between them hold at least 67% of the aggregate Principal Amount of the Redeemable Preference Shares then in issue (such consent to be obtained in the manner set out in Condition 7.2.3):

- a) create any Encumbrance, other than a Permitted Encumbrance, over the whole or any Substantial Part of its undertaking or assets;
- b) allow any Affected Subsidiary to create any Encumbrance, other than a Permitted Encumbrance, over the whole or any Substantial Part of its undertaking or assets;
- c) provide any Third Party Security for the debts of any person or allow any Affected Subsidiary to provide any Third Party Security for the debts of any person.

7.2.2 Issuer undertakings

The Issuer shall not, until all Redeemable Preference Shares have been redeemed in full and all Dividend Amounts have been declared and paid up to the Actual Redemption Date, without the consent of Redeemable Preference Share Holders who between them hold at least 67% of the aggregate Principal Amount of the Redeemable Preference Shares then in issue (such consent to be obtained in the manner set out in Condition 7.2.3):

- a) incur any Indebtedness in an amount in excess of the greater of ZAR2 000 000 000 or an amount which is equivalent to the Substantial Part (such amount to be determined *mutatis mutandis* in accordance with the definition of "Substantial Part" in Condition 7.3);
- b) create any Encumbrance, other than a Permitted Encumbrance, over the whole or any Substantial Part of its undertaking or assets;
- c) provide any Third Party Security for the debts of any person.

7.2.3 Consent of Redeemable Preference Share Holders

- A. If the Guarantor or the Issuer, as the case may be, requires any consent pursuant to Condition 7.2.1 or Condition 7.2.2, as the case may be:
 - a) the Guarantor or the Issuer, as the case may be, shall in writing advise the Representative;

- b) the Representative shall either (1) convene a meeting of the Redeemable Preference Share Holders or (2) in writing advise each Redeemable Preference Share Holder and request each such Redeemable Preference Share Holder to advise, within 7 (seven) Business Days, whether it is prepared to provide the required consent.
- B. If the required consent of the Redeemable Preference Share Holders is obtained (either at a meeting of the Redeemable Preference Share Holders convened in accordance with Condition 7.2.3A(b)(1) above or informally in accordance with Condition 7.2.3A(b)(2) above), the Representative shall advise the Issuer thereof within 7 (seven) Business Days of having obtained such consent.
- C. If the required consent of the Redeemable Preference Share Holders cannot be obtained within 20 (twenty) Business Days of request, the Issuer shall be entitled (but not obliged), subject to the Companies Act, having given not less than 10 (ten) days' notice to the Transfer Secretary, the Calculation Agent, the Paying Agent, the Representative, and the Redeemable Preference Share Holders in accordance with Condition 23.1, to redeem each Tranche of Redeemable Preference Shares on the date for early redemption stipulated as such in such notice (such date being the "**Early Redemption Date**"), at its Early Redemption Amount together, if applicable, with dividend accrued to the Early Redemption Date and any and all other amounts payable under that Tranche of Redeemable Preference Shares as at the Early Redemption Date and, after each Tranche of Redeemable Preference Shares has been redeemed (but not before each Tranche of Redeemable Preference Shares has been redeemed) the Issuer shall be entitled to incur the applicable Indebtedness, create the applicable Encumbrance and/or provide the applicable Third Party Security.

7.3 Definitions

For the purposes of this Condition 7:

"**Affected Subsidiary**" means each Subsidiary of the Guarantor as reflected in the Guarantor's most recent audited annual financial statements;

"**Encumbrance**" means any mortgage, charge, pledge, lien or other arrangement creating real rights of security, it being recorded, for the avoidance of doubt, that Encumbrance shall not include any guarantee, suretyship or other arrangement creating personal rights of security;

"**Indebtedness**" means any moneys scheduled for payment in respect of any redeemable preference share or indebtedness in respect of moneys borrowed and guarantees given in respect of such indebtedness, whether present or future, actual or contingent, save that it shall not include Kagiso Tiso Group inter-company indebtedness or redeemable preference shares (and guarantees given in respect of such indebtedness or redeemable preference shares) incurred between the Issuer and/or the Guarantor and/or any Affected Subsidiary and/or any other Kagiso Tiso Group company;

"**Permitted Encumbrance**" means:

- a) in relation to the Issuer, those permitted Encumbrances contemplated in Conditions 7.1(a) to (h) (all inclusive) above to the extent that they form part of the permitted transactions contemplated under 1.1 to 1.5 (all inclusive) of the last paragraph of Schedule 1 (Special Conditions) of the Memorandum of Incorporation of the Issuer which sets out the additional special conditions that apply to the Issuer; and
- b) in relation to the Guarantor, those Encumbrances contemplated in Conditions 7.1(a) to (h) (all inclusive) above.

"**Substantial Part**" means, in relation to each of the Issuer, the Guarantor and each Affected Subsidiary, an aggregate amount equal to or greater than 15% of the aggregate value of the investment assets and current assets of the Kagiso Tiso Group, such value and such assets being determined by reference to the then most recently published audited consolidated balance sheet of the Kagiso Tiso Group. A report by the auditors of the Issuer and the Guarantor that, in their opinion, (i) the amounts shown in a certificate provided by the Issuer and the Guarantor showing the investment assets and current assets of the relevant part and those investment assets and current assets expressed as a percentage of the investment assets and current assets of the Kagiso Tiso Group have been correctly extracted from the accounting records of the Kagiso Tiso Group, and (ii) the percentage of the investment assets and current assets of that part to the investment assets and the current assets of the

Kagiso Tiso Group has been correctly calculated shall, in the absence of manifest error, be prima facie evidence of the matters to which it relates.

8 GUARANTEE AND PUT OPTION

8.1 Guarantee

In terms of the Guarantee, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the Guarantor has irrevocably and unconditionally agreed to pay the Guarantee Amount to the relevant Noteholders, on the Guarantee Payment Date, in accordance with the Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

The obligations of the Guarantor under the Guarantee are unconditional and unsecured obligations of the Guarantor and rank (subject to any obligations preferred by law) *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor.

8.2 Put Option Agreement

In terms of the Put Option Agreement, the Guarantor has irrevocably and unconditionally granted to the Redeemable Preference Share Holders, following an Event of Default, an irrevocable put option to sell the relevant Tranche of Redeemable Preference Shares to the Guarantor, for a consideration equal to the Put Option Amount, in accordance with the Put Option Agreement, the Terms and Conditions and the Representative Agreement. Following the Enforcement of the Put Option, the Guarantor shall pay the Put Option Amount to the relevant Redeemable Preference Share Holders on the Put Option Implementation Date, in accordance with the Put Option Agreement, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

The obligations of the Guarantor under the Put Option Agreement are unconditional and unsecured obligations of the Guarantor and rank (subject to any obligations preferred by law) *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor.

8.3 Role of the Representative

The Representative will act as the representative of the Instrument Holders in respect of the Instruments, the Guarantee and the Put Option Agreement, in accordance with the Terms and Conditions and the Representative Agreement.

Subject to Condition 18.3, the Representative (for the benefit and on behalf of the relevant Noteholders) will, following an Event of Default, demand payment of the Guarantee Amount from the Guarantor by delivering a Demand to the Issuer and the Guarantor, in accordance with the Terms and Conditions, the Representative Agreement and the Guarantee.

Subject to Condition 18.4, the Representative (for the benefit and on behalf of the relevant Redeemable Preference Share Holders) will, following an Event of Default, exercise the put option contemplated in the Put Option Agreement by delivering a Put Notice to the Guarantor, in accordance with the Terms and Conditions, the Representative Agreement and the Put Option Agreement.

9 INTEREST

9.1 Interest on Fixed Rate Notes

Each Fixed Rate Note will bear interest on its Principal Amount from (and including) the Issue Date to (but excluding) the Applicable Maturity Date at the rate per annum equal to the Interest Rate. Subject to Condition 9.3, such interest shall fall due for payment in arrears on each Interest Payment Date and on the Applicable Maturity Date (if the Applicable Maturity Date does not fall on an Interest Payment Date).

Unless otherwise specified in the Applicable Pricing Supplement, the Interest Amount payable on each Fixed Rate Note in respect of any six-monthly Interest Period shall be calculated by dividing the Interest Rate by two and multiplying the product by the Principal Amount, provided that:

- a) if an Initial Broken Amount is specified in the Applicable Pricing Supplement, the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
- b) if a Final Broken Amount is specified in the Applicable Pricing Supplement, the final

Interest Amount shall equal the Final Broken Amount.

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

9.2 Interest on Floating Rate Notes and Indexed Interest Notes

9.2.1 Interest Payment Dates

Each Floating Rate Note will bear interest on its Principal Amount from (and including) the Issue Date to (but excluding) the Applicable Maturity Date at the rate per annum equal to the Interest Rate. Subject to Condition 9.3, such interest shall fall due for payment in arrears on each Interest Payment Date and on the Applicable Maturity Date (if the Applicable Maturity Date does not fall on an Interest Payment Date).

9.2.2 Rate of Interest

The Interest Rate which is applicable to a Tranche of Floating Rate Notes will be determined:

- a) on the basis of ISDA Determination; or
- b) on the basis of Screen Rate Determination; or
- c) on such other basis as may be determined by the Issuer, all as specified in the Applicable Pricing Supplement.

9.2.3 ISDA Determination

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

For the purposes of this Condition 9.2.3, the following words shall have the meanings ascribed thereto:

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

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

"Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those expressions in the ISDA Definitions. Other expressions used in this Condition 9.2.3 or in the Applicable Pricing Supplement (where ISDA Determination is specified) not expressly defined shall bear the meaning given to those expressions in the ISDA Definitions.

Where this Condition 9.2.3 is applicable, the Calculation Agent will, in respect of each Interest Period, be deemed to have discharged its obligations under Condition 9.2.6 in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 9.2.3.

9.2.4 Screen Rate Determination

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

- a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- b) the arithmetic means (rounded if necessary to the fifth decimal place, with 0,00005 being

rounded upwards) of the offered quotations,

for the Reference Rate(s) which appear(s) on the Relevant Screen Page at or about 12h00 (South African time) on the Interest Determination Date, plus or minus (as specified in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

If five or more such offered quotations are available on the Relevant Screen Page the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of paragraph (a) above in this Condition 9.2.4, no such offered quotation appears or, in the case of paragraph (b) above in this Condition 9.2.4, fewer than three such offered quotations appear, in each case at the time specified in the aforementioned paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (South African time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0,00005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 9.2.4, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks (or any two or more of them), at which such banks offered, at approximately 12h00 (South African time) on the relevant Interest Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Floating Rate Notes of the relevant Tranche, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Floating Rate Notes of the relevant Tranche, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 12h00 (South African time) on the relevant Interest Determination Date, by four leading banks in Johannesburg (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

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

"Reference Banks" means the four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer.

9.2.5 *Minimum Interest Rate and/or Maximum Interest Rate*

If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, the Interest Rate for such Interest Period shall not be less than such Minimum Interest Rate. If the Applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, the Interest Rate for such Interest Period shall not be greater than such Maximum Interest Rate.

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

The Calculation Agent will, on each Interest Determination Date, determine the Interest Rate and calculate the Interest Amount payable in respect of Floating Rate Notes for each Interest Period.

Unless stated otherwise in the Applicable Pricing Supplement, each Interest Amount shall be calculated by multiplying the Interest Rate by the Principal Amount, then multiplying the product by the applicable Day Count Fraction and rounding the resultant product to the nearest cent, half a cent being rounded upwards.

9.3 **Business Day Convention**

Notwithstanding anything to the contrary contained in the Terms and Conditions, if any Interest Payment Date is not a Business Day, then:

- a) if a Business Day Convention is not specified in the Applicable Pricing Supplement, such Interest Payment Date shall be the next Business Day;
- b) if a Business Day Convention is specified in the Applicable Pricing Supplement, such Interest Payment Date shall be adjusted according to such Business Day Convention.

10 **DIVIDENDS**

10.1 **Dividend on Fixed Yield Preference Shares**

Each Fixed Yield Preference Share will bear a dividend on its Principal Amount from (and including) the Issue Date to (but excluding) the Applicable Redemption Date at the rate per annum equal to the Dividend Yield. Subject to Condition 10.3 and the law applicable to redeemable preference shares, such dividend shall fall due for payment in arrear on each Dividend Payment Date and on the Applicable Redemption Date (if the Applicable Redemption Date does not fall on a Dividend Payment Date).

Unless otherwise specified in the Applicable Pricing Supplement, the Dividend Amount payable on each Fixed Yield Preference Share in respect of any six-monthly Dividend Period shall be calculated by dividing the Dividend Yield by two and multiplying the product by the Principal Amount, provided that:

- a) if an Initial Broken Amount is specified in the Applicable Pricing Supplement, the first Dividend Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
- b) if a Final Broken Amount is specified in the Applicable Pricing Supplement, the final Dividend Amount shall equal the Final Broken Amount.

Save as provided in the preceding paragraphs, if a dividend is required to be calculated for a period other than one year (in the case of annual dividend payments) or other than six months (in the case of semi-annual dividend payments), as the case may be, such dividend shall be calculated on the basis of the actual number of days in such period divided by 365 (three hundred and sixty five).

10.2 **Dividend on Floating Yield Preference Shares**

10.2.1 *Dividend Payment Dates and Dividend Amount*

- a) Each Floating Yield Preference Share will bear a dividend on its Principal Amount from (and including) the Issue Date to (but excluding) the Applicable Maturity Date at the rate per annum equal to the Dividend Yield. Subject to Condition 10.3 and the law applicable to redeemable preference shares, such dividend shall fall due for payment in arrears on each Dividend Payment Date and on the Applicable Redemption Date (if the Applicable Redemption Date does not fall on a Dividend Payment Date).
- b) Unless otherwise specified in the Applicable Pricing Supplement, for each Dividend Period, the Dividend Amount payable in respect of a Tranche of Floating Yield Preference Shares shall be calculated in accordance with the following formula:

$$A = B \times C \times D$$

Where

"A" = the Dividend Amount;

"B" = the aggregate Principal Amount of that Tranche of Floating Yield Preference Shares on the first day of that Dividend Period;

"C" = the Dividend Yield for that Dividend Period;

"D" = the number of days in that Dividend Period divided by 365 (three hundred

and sixty five).

- c) The Issuer undertakes that it shall procure that all resolutions in terms of which any dividends are declared in respect of Redeemable Preference Shares are adopted in accordance with the applicable provisions of the Companies Act.
- d) The Guarantor indemnifies each Floating Yield Preference Share Holder against any loss or damage of any nature which that Floating Yield Preference Share Holder may incur or suffer as a result of the breach, by the Issuer, of the Issuer undertaking contained in Condition 10.2.1(c) above.

10.2.2 *Dividend Yield*

The Dividend Yield which is applicable to a Tranche of Floating Yield Preference Shares will be determined:

- a) on the basis of ISDA Determination; or
- b) on the basis of Screen Rate Determination; or
- c) on such other basis as may be determined by the Issuer, all as specified in the Applicable Pricing Supplement.

10.2.3 *ISDA Determination*

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

For the purposes of this Condition 10.2.3, "ISDA Rate", "Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" shall have the meanings ascribed thereto in Condition 9.2.3; provided that references to the Interest Period shall be construed as references to the Dividend Period.

When this Condition 10.2.3 is applicable, the Calculation Agent will, in respect of each Dividend Period, be deemed to have discharged its obligations under Condition 10.2.6 in respect of the determination of the Dividend Yield if it has determined the Dividend Yield in respect of such Dividend Period in the manner provided in this Condition 10.2.3.

10.2.4 *Screen Rate Determination*

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

- a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- b) the arithmetic means (rounded if necessary to the fifth decimal place, with 0,00005 being rounded upwards) of the offered quotations,

for the Reference Rate(s) which appear(s) on the Relevant Screen Page at or about 12h00 (South African time) on the Dividend Determination Date, plus or minus (as specified in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

Subject to the preceding paragraph, the provisions of Condition 9.2.4 shall apply *mutatis mutandis* to all calculations of the Dividend Yield in terms of this Condition 10.2.4.

10.2.5 *Minimum Dividend Yield and/or Maximum Dividend Yield*

If the Applicable Pricing Supplement specifies a Minimum Dividend Yield for any Dividend Period, the Dividend Yield for such Dividend Period shall not be less than such Minimum Dividend Yield. If the Applicable Pricing Supplement specifies a Maximum Dividend Yield for any Dividend Period, the Dividend Yield for such Dividend Period shall not be greater than such Maximum Dividend Yield.

10.2.6 *Determination of Dividend Yield and calculation of Dividend Amount*

The Calculation Agent will, on each Dividend Determination Date, determine the Dividend Yield and calculate the Dividend Amount payable in respect of Floating Yield Preference Shares for each Dividend Period.

10.3 Business Day Convention

Notwithstanding anything to the contrary contained in the Terms and Conditions, if any Dividend Payment Date is not a Business Day, then:

- a) if a Business Day Convention is not specified in the Applicable Pricing Supplement, such Dividend Payment Date shall be the following Business Day;
- b) if a Business Day Convention is specified in the Applicable Pricing Supplement, such Dividend Payment Date shall be adjusted according to such Business Day Convention.

11 LATE PAYMENT

11.1 Notes other than Zero Coupon Notes

Each Note (other than a Zero Coupon Note) will cease to bear interest from the Applicable Maturity Date unless principal, or any portion thereof, due and payable on the Applicable Maturity Date or interest, or any portion thereof, due and payable on an Interest Payment Date, as the case may be, is not paid when due and, in such circumstances, interest will continue to accrue on such outstanding amount and any other outstanding amount/s due and payable in respect of such Note, at the Default Rate, from and including the Applicable Maturity Date or the relevant Interest Payment Date or the relevant other payment date, as the case may be, to but excluding the Actual Redemption Date or the Late Payment Date, as the case may be.

11.2 Zero Coupon Notes

Where any calculation is to be made in terms of this Condition 11.2 for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365 (three hundred and sixty five), or such other calculation basis as may be specified in the Applicable Pricing Supplement.

If the principal, or any portion thereof, due and payable in respect of any Zero Coupon Note on the Applicable Maturity Date is not paid when due, such Zero Coupon Note will be redeemed at its Late Redemption Amount calculated (unless otherwise stated in the Applicable Pricing Supplement) as follows:

$$\text{LRA} = \text{IP} + \left(\frac{\text{IY}}{\text{DM}} \times \text{IP} \times D \right)$$

where:

LRA = the Late Redemption Amount of that Zero Coupon Note;

IP = the Issue Price of that Zero Coupon Note;

IY = the Implied Yield;

D = the number of days elapsing between the Issue Date and the Actual Redemption Date or the Late Payment Date, as the case may be (excluding the Issue Date and the Actual Redemption Date or the Late Payment Date, as the case may be);

DM = the number of days elapsing between the Issue Date and the Applicable Maturity Date (excluding the Issue Date and the Applicable Maturity Date).

11.3 Redeemable Preference Shares

Each Redeemable Preference Share will cease to bear a dividend from the Applicable Redemption Date. If principal, or any portion thereof, due and payable on the Applicable Redemption Date or dividend (not being accumulated dividends which are not due and payable), or any portion thereof, due and payable on a Dividend Payment Date, as the case may be, is not paid when due (including, without limitation, by virtue of the Issuer being unable to comply with the "solvency and liquidity" test under section 46 of the Companies Act or the Issuer or its board of directors not complying with the provisions of section 46 of the Companies Act), cumulative preferential dividends will continue to accrue on such outstanding amount and any other outstanding amount/s due and payable in respect of such Redeemable Preference Share, at the Default Rate, from and including the Applicable Redemption Date or the relevant Dividend Payment Date or the relevant other payment date, as the case may be, to but excluding the Actual Redemption Date or the Late Payment Date, as the case may be, calculated *mutatis mutandis* in accordance with Condition 10.

11.4 **Event of Default**

For the avoidance of doubt it is recorded that, in circumstances where any non-payment contemplated in this Condition 11 constitutes an Event of Default contemplated in Condition 17.1(a), then (i) following that Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the amount payable to the relevant Noteholders shall be the Guarantee Amount, (ii) following that Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the amount payable to the relevant Redeemable Preference Share Holders shall be the Put Option Amount, and (iii) the Guarantee Amount and the Put Option Amount shall be calculated by the Calculation Agent in accordance with Condition 18.5.

12 **CALCULATION AGENT**

The Calculation Agent will, in addition to the obligations and duties set out in the Calculation Agency Agreement, perform all of the obligations and duties imposed on, and all of the functions and services contemplated in respect of, the Calculation Agent in the Terms and Conditions.

12.1 **Amounts payable by the Issuer**

12.1.1 *Determinations*

The Calculation Agent will calculate the Payment Amount, and (among other things) for this purpose, the Calculation Agent will, in relation to each Tranche of Instruments, in accordance with the Calculation Agency Agreement, the Terms and Conditions and the Applicable Pricing Supplement:

- a) on each Interest Determination Date, determine the Interest Rate and calculate the Interest Amount payable in respect of Floating Rate Notes for each Interest Period;
- b) calculate the Interest Amount payable in respect of Fixed Rate Notes for each Interest Period;
- c) on each Dividend Determination Date, determine the Dividend Yield and calculate the Dividend Amount payable in respect of Floating Yield Preference Shares for each Dividend Period;
- d) calculate the Dividend Amount payable in respect of Fixed Yield Preference Shares for each Dividend Period;
- e) calculate the Final Redemption Amount;
- f) calculate the Early Redemption Amount (if applicable) and the Late Redemption Amount (if applicable);
- g) subject to Condition 12.2, determine and calculate all other rates, dates and amounts payable in respect of the Instruments pursuant to the Terms and Conditions.

12.1.2 *Notifications*

The Calculation Agent will, in accordance with the Calculation Agency Agreement, at least seven days before each Payment Date:

- a) send the Paying Agent written notice, duly signed by an authorised signatory of the Calculation Agent, specifying the Payment Amount, and the manner in which the Payment Amount is to be apportioned between, and disbursed to, the Instrument Holders; and
- b) notify the Issuer, JSE, CSD, and Instrument Holders in accordance with Condition 23.1, of the Payment Amount.

12.2 **Amounts payable by the Guarantor**

12.2.1 *Enforcement of the Guarantee and/or Enforcement of the Put Option*

The Calculation Agent will, in accordance with the Calculation Agency Agreement, forthwith upon receipt of notice from the Issuer of any Event of Default, or upon the Calculation Agent itself becoming aware that any Event of Default has occurred and is continuing:

- a) liaise with the Representative for purposes of ascertaining the action to be taken by the Representative in respect of such Event of Default;

- b) forthwith after ascertaining the action to be taken by the Representative in respect of such Event of Default, determine (in accordance with Condition 18.5) the Guarantee Amount payable to the relevant Noteholders following the Enforcement of the Guarantee and/or the Put Option Amount payable to the relevant Redeemable Preference Share Holders following the Enforcement of the Put Option.

12.2.3 *Notifications*

The Calculation Agent will, in accordance with the Calculation Agency Agreement, at least seven days before the Guarantee Amount Payment Date or the Put Option Implementation Date, as the case may be:

- a) send the Paying Agent written notice, duly signed by an authorised signatory of the Calculation Agent, specifying the Guarantee Amount or the Put Option Amount, as the case may be, and the manner in which the Guarantee Amount or the Put Option Amount, as the case may be, is to be apportioned between, and disbursed to, the relevant Noteholders or the relevant Redeemable Preference Share Holders, as the case may be;
- b) notify the Issuer, the Guarantor, the Representative, JSE, CSD, and the relevant Noteholders or the relevant Redeemable Preference Share Holders, as the case may be, in accordance with Condition 23.1, of the Guarantee Amount or the Put Option Amount, as the case may be.

12.3 **Determinations binding**

12.3.1 All notifications, certificates, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Terms and Conditions ("Calculation"), whether by a primary dealer or Reference Bank (or any of them) or the Calculation Agent shall, in the absence of wilful deceit, bad faith or manifest error, be binding on the Issuer, the Guarantor, the Paying Agent, the Calculation Agent, the Representative, CSD, CSD Participants and the Instrument Holders and, neither the Issuer nor the Guarantor nor any primary dealer nor any Reference Bank nor the Paying Agent nor the Calculation Agent nor the Representative nor CSD nor any CSD Participant shall be liable to the Instrument Holders (i) in connection with the exercise or non-exercise by any of them of their powers, duties and discretions hereunder, or (ii) as a result of the Calculation Agent having acted on any quotation given by any primary dealer or any Reference Bank which subsequently may be found to be incorrect.

12.3.2 If any Instrument Holder is dissatisfied with a Calculation then, if so authorized by or on behalf of the relevant Group of Instrument Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments held by that Group or if so authorised by an Extraordinary Resolution of the relevant Group of Instrument Holders passed at a meeting of the relevant Group of Instrument Holders, as the case may be, the Representative shall refer the relevant Calculation for determination to an Approved Calculation Dispute Agent identified by the Representative who shall act as an expert and not as an arbitrator in determining the Calculation on the same basis, with the necessary adjustments, as the Calculation Agent, in terms of Conditions 12.3.1, 12.4 and 12.5 and:

- a) whose determination shall be final and binding;
- b) who, subject to any express provision to the contrary, shall determine the liability for its charges, which shall be paid accordingly;
- c) who shall be entitled to determine such methods and processes as it may, its sole discretion, deem appropriate in the circumstances provided that it may not adopt any process which is manifestly biased, unfair or unreasonable;
- d) who shall consult with the relevant persons (provided that the extent of such consultation shall be in his or its sole discretion) prior to rendering a determination; and
- e) who, having regard to the sensitivity of any confidential information, shall be entitled to take advice from any person considered by him or it to have expert knowledge with reference to the matter in question.

12.4 **Failure to make determinations**

If the Calculation Agent does not for any reason determine and/or calculate and/or publish any amount, rate or date as provided in the Terms and Conditions, it will forthwith notify the Issuer, the Representative, the Paying Agent, the JSE and CSD thereof. Any failure by the Calculation

Agent to determine and/or calculate and/or publish any of the foregoing will not affect the Issuer's obligations to pay any amount due in respect of the Instruments as and when due or, in the event of the Enforcement of the Guarantee and/or the Enforcement of the Put Option, the Guarantor's obligations to pay any amount due under the Guarantee and/or the Put Option Agreement.

12.5 **Good Faith**

Whenever the Calculation Agent is required to act or to exercise judgment pursuant to the Terms and Conditions, it will do so in good faith and in a commercially reasonable manner.

13 **PAYMENTS**

13.1 **Payments and Business Day Convention**

Only Instrument Holders reflected in the Register at 17h00 (South African time) on the relevant Last Day to Register shall be entitled to payments of principal and interest or dividend, as the case may be.

Notwithstanding anything to the contrary contained in the Terms and Conditions, if any Applicable Maturity Date or any Applicable Redemption Date, as the case may be, is not a Business Day, then:

- a) if a Business Day Convention is not specified in the Applicable Pricing Supplement, such Applicable Maturity Date or such Applicable Redemption Date, as the case may be, shall be the next Business Day;
- b) if a Business Day Convention is specified in the Applicable Pricing Supplement, such Applicable Maturity Date or such Applicable Redemption Date, as the case may, shall be adjusted according to such Business Day Convention.

13.2 **Method of Payment**

All payments of principal and interest or dividend, as the case may be, payable in respect of the Instruments shall be made by the Paying Agent, on behalf of the Issuer, on the terms and conditions of the Paying Agency Agreement and this Condition 13.

The Issuer shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the Instrument Holders, and payment of the relevant Payment Amount by the Issuer to the Paying Agent (into such separate bank account of the Issuer held with the Paying Agent for the Instruments as is agreed in writing between the Issuer and the Paying Agent from time to time) in accordance with clause 6 of the Paying Agency Agreement, shall be satisfaction *pro tanto*, to the extent of the relevant Payment Amount, of the Issuer's obligations to the Instrument Holders under the Instruments, the Terms and Conditions and the Paying Agency Agreement.

Subject to the Paying Agency Agreement, the Paying Agent shall, on behalf of the Issuer:

- a) pay the principal payable on the Notes (and the interest payable in respect of the last Interest Period) on the Applicable Maturity Date as adjusted, if applicable, in accordance with Condition 13.1;
- b) subject to paragraph (a) above in regard to the payment of interest for the last Interest Period, pay the interest payable on the Notes on each Interest Payment Date as adjusted, if applicable, in accordance with Condition 9.3;
- c) pay the principal payable on the Redeemable Preference Shares (and the dividend payable in respect of the last Dividend Period) on the Applicable Redemption Date as adjusted, if applicable, in accordance with Condition 13.1;
- d) subject to paragraph (c) above in regard to the payment of dividend for the last Dividend Period, pay the dividend payable on the Redeemable Preference Shares on each Dividend Payment Date as adjusted, if applicable, in accordance with Condition 10.3.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, subject to Condition 15.

Any reference in this Condition 13 to principal in respect of the Instruments shall be deemed to include, as applicable, the Early Redemption Amount, the Late Redemption Amount, and any additional amounts which may be payable with respect to principal under Condition 15.

13.2.1 *Instruments held in the CSD or represented by Individual Certificates*

Subject to the Paying Agency Agreement, the Paying Agent, on behalf of the Issuer, shall pay the principal and interest or dividend, as the case may be, payable in respect of the Instruments:

- a) in the case of Instruments which are held in the CSD, in immediately available and freely transferable funds, in ZAR via electronic funds transfer, to the bank account of the CSD's Nominee, as the registered holder of such Instruments;
- b) in the case of Instruments which are represented by Individual Certificates, in immediately available and freely transferable funds, in ZAR via electronic funds transfer, to the bank account of the person named as the registered holder of such Instruments in the Register or, in the case of joint registered Instrument Holders, the bank account of the first one of them named in the Register in respect of such Instruments.

13.2.2 *Beneficial Interests*

Following payment to the CSD's Nominee of amounts due and payable in respect of Instruments which are held in the CSD pursuant to Condition 13.2.1(a), the relevant funds will be transferred by the CSD's Nominee, via the CSD Participants, to the holders of Beneficial Interests in such Instruments.

Each of the persons named in the records of the CSD or the relevant CSD Participant, as the case may be, as the holders of Beneficial Interests in Instruments shall look solely to CSD or the relevant CSD Participant, as the case may be, for such person's share of each payment so made by the Paying Agent, on behalf of the Issuer, to or for the order of the CSD's Nominee as the registered Instrument Holder of such Instruments.

Neither the Paying Agent nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests.

Payments of principal and interest or dividend, as the case may be, in respect of Beneficial Interests in Instruments shall be recorded by the CSD's Nominee, as the registered Instruments Holder of such Instruments and such record of payments shall be *prima facie* proof of such payments.

13.3 **Payment by Cheque**

If the Paying Agent, on behalf of the Issuer, is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraphs of this Condition 13 (whether by reason of strike, lock-out, fire, explosion, flood, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or other disturbance, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Paying Agent) the Paying Agent, on behalf of the Issuer, shall make such payment by cheque or by such number of cheques as may be required in accordance with applicable banking law and practice. All moneys so payable by cheque shall be sent by post, at the risk of the relevant Instrument Holder, to the address of that Instrument Holder, as set forth in the Register or, in the case of joint Instrument Holders, the address set forth in the Register of the first one of them named in the Register in respect of that Instrument. Each such cheque shall be made payable to the relevant Instrument Holder or, in the case of joint Instrument Holders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss, including without limitation any loss due to theft or fraud, in transmission and the postal authorities shall be deemed to be the agent of the Instrument Holders for the purposes of all cheques posted in terms of this Condition 13.3.

Payment by cheque sent in terms of this Condition 13.3 shall be a complete discharge by the Issuer of its obligations in respect of the amount of the cheque.

13.4 **Payments under the Guarantee and/or Enforcement of the Put Option**

Following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, all payments of the Guarantee Amount and all other amounts (if any) payable under the Guarantee shall be made by the Paying Agent, on behalf of the Guarantor, to the relevant Noteholders on the Guarantee Payment Date (or, in the case of other amounts (if any) payable under the Guarantee, the date specified for this purpose in the Guarantee), in accordance with

Condition 18.3 and the Paying Agency Agreement.

Following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, all payments of the Put Option Amount and all other amounts (if any) payable under the Put Option Agreement shall be made by the Paying Agent, on behalf of the Guarantor, to the relevant Redeemable Preference Share Holders, on the Put Option Implementation Date (or, in the case of other amounts (if any) payable under the Put Option Agreement, the date specified for this purpose in the Put Option Agreement), in accordance with Condition 18.4 and the Paying Agency Agreement.

The provisions of Condition 13.1, Condition 13.2 and Condition 13.3 shall apply *mutatis mutandis* to all payments of the Guarantee Amount and all other amounts (if any) payable under the Guarantee, or the Put Option Amount and all other amounts (if any) payable under the Put Option Agreement, as the case may be; provided that (i) all references to the Issuer shall be construed as references to the Guarantor, (ii) all references to the Instruments shall be construed as references to the relevant Notes or the relevant Redeemable Preference Shares, as the case may be, (iii) all references to the Instrument Holders shall be construed as references to the relevant Noteholders or the relevant Redeemable Preference Share Holders, as the case may be, (iv) all references to principal and interest or dividend, as the case may be, shall be construed as references to the Guarantee Amount and all other amounts (if any) payable under the Guarantee or the Put Option Amount and all other amounts (if any) payable under the Put Option Agreement, as the case may be, and (v) all references to the Applicable Maturity Date and the Interest Payment Date or the Applicable Redemption Date and the Dividend Payment Date, as the case may be, shall be construed as references to the Guarantee Payment Date (or, in the case of other amounts (if any) payable under the Guarantee, the date specified for this purpose in the Guarantee) or the Put Option Implementation Date (or, in the case of other amounts (if any) payable under the Put Option Agreement, the date specified for this purpose in the Put Option Agreement), as the case may be.

13.5 Surrender of Individual Certificates

13.5.1 *Payment of principal under the Instruments*

Notwithstanding anything to the contrary contained in the Terms and Conditions, payments of principal payable in respect of any Instrument which is represented by an Individual Certificate shall be made to the Instrument Holder of such Instrument only if, at least three days prior to the Applicable Maturity Date or the Applicable Redemption Date, as the case may be, such Individual Certificate shall have been surrendered to the Transfer Secretary (at its Specified Office) for cancellation.

If the relevant Individual Certificate is not surrendered to the Transfer Agent (at its Specified Office) in accordance with the preceding paragraph, the amount of principal payable to the Instrument Holder of the Instrument/s represented by that Individual Certificate shall be retained by the Paying Agent for such Instrument Holder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Secretary (at its Specified Office), and such Instrument Holder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

13.5.2 *Enforcement of the Guarantee and/or Enforcement of the Put Option*

If, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, such Notes are to be redeemed pursuant to Condition 18.3, the holders of the Individual Certificates representing such Notes shall, at least three days prior to the Guarantee Amount Payment Date, surrender such Individual Certificates at the Specified Office of the Transfer Secretary for cancellation.

Following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the holders of the Individual Certificates representing such Redeemable Preference Shares shall, at least three days prior to the Put Option Implementation Date, surrender such Individual Certificates at the Specified Office of the Transfer Secretary for cancellation, together with such Transfer Forms as may be required for the transfer of such Redeemable Preference Shares to the Guarantor or its nominee for which purpose the name of the transferee shall be left blank on a non-recourse basis.

14 REDEMPTION AND PURCHASE

14.1 Redemption on Maturity

A Tranche of Notes will, subject to the Terms and Conditions, be redeemed in ZAR by the Issuer at its Final Redemption Amount, on the Maturity Date, together (if applicable) with interest accrued to the Maturity Date and any and all other amounts payable under that Tranche of Notes as at the Maturity Date.

A Tranche of Redeemable Preference Shares will, subject to the Terms and Conditions and compliance with the Companies Act, be redeemed in ZAR by the Issuer at its Final Redemption Amount, on the Redemption Date, together (if applicable) with dividend accrued to the Redemption Date and any and all other amounts payable under that Tranche of Redeemable Preference Shares as at the Redemption Date.

14.2 Early redemption for tax reasons

The Issuer may at its option (but subject, in the case of Redeemable Preference Shares, to the Companies Act), having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Transfer Secretary, the Calculation Agent, the Paying Agent, the Representative, and the Instrument Holders in accordance with Condition 23.1, redeem all (and not only some) of the Instruments in any Tranche, on the date for early redemption stipulated as such in such notice (such date being the "Early Redemption Date"), at its Early Redemption Amount together, if applicable, with interest or dividend, as the case may be, accrued to the Early Redemption Date and any and all other amounts payable under that Tranche of Instruments as at the Early Redemption Date, if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that there is a substantial likelihood that (i) where such Instruments comprise Redeemable Preference Shares, the Issuer will be obliged to pay additional amounts in accordance with Condition 15.2 in respect of such Redeemable Preference Shares (provided that any such redemption shall not affect and/or prejudice the relevant Redeemable Preference Share Holders' rights (which have accrued prior to the Early Redemption Date) to payment of such additional amounts) or (ii) the economic returns to the Issuer under the Programme will be adversely affected as a result of (in the case of (ii) only):

- a) any actual change, or proposed change which is reasonably imminent, in or amendment to the laws, regulations or rulings of South Africa or any political subdivision or any authority thereof or therein having power to tax; or
- b) any actual change, or proposed change which is reasonably imminent, in the official application or interpretation of such laws, regulations or rulings; or
- c) any action, or proposed action which is reasonably imminent, taken or proposed to be taken by any court of competent jurisdiction of South Africa or any political sub-division or authority thereof or therein having power to tax, whether or not such action was taken or brought, or such proposed action is proposed to be taken or brought, with respect to the Issuer or the Guarantor, as the case may be; or
- d) any actual change, or proposed change which is reasonably imminent, in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which South Africa is or is to be a party,

which change, amendment or execution becomes effective, or proposal is made, on or after the Issue Date or any earlier date specified for this purpose in the Applicable Pricing Supplement.

From the date on which any notice of redemption pursuant to this Condition 14.2 is given, the Issuer shall make available at its Specified Office, for inspection by any holder of Instruments to be so redeemed, a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

14.3 Early Redemption Amount: Zero Coupon Notes

Where any calculation is to be made in terms of this Condition 14.3 for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365 (three hundred and sixty five), or such other calculation basis as may be specified in the Applicable Pricing Supplement.

A Tranche of Zero Coupon Notes which is redeemed pursuant to Condition 14.2 will be redeemed

at its Early Redemption Amount calculated (unless otherwise specified in the Applicable Pricing Supplement) as follows:

$$\text{ERA} = \text{IP} + \left(\frac{\text{IY}}{\text{DM}} \times \text{IP} \times \text{D} \right)$$

where:

ERA = the Early Redemption Amount;

IP = the Issue Price;

IY = the Implied Yield;

D = the number of days elapsing between the Issue Date and the Early Redemption Date (excluding the Issue Date and the Early Redemption Date);

DM = the number of days elapsing between the Issue Date and the Maturity Date (excluding the Issue Date and the Maturity Date).

14.4 Purchase

Subject to the Memorandum of Incorporation of the Issuer, (i) the Issuer may at any time purchase Notes, at any price in the open market or otherwise, and (ii) subject to the Companies Act, the Issuer may at any time purchase Redeemable Preference Shares, at any price in the open market or otherwise. In the event of the Issuer purchasing any Instrument, such Instrument may (subject to restrictions of any applicable law) be held, resold or, at the option of the Issuer, cancelled. Save as is set out in the preceding provisions of this Condition 14.4, no company within the Kagiso Tiso Group may subscribe for or purchase any Instruments; provided that the Guarantor may purchase Redeemable Preference Shares strictly to the extent necessary to enable the Guarantor to fulfil its obligations under the Put Option Agreement. The Guarantor shall not have any voting rights in respect of any Redeemable Preference Shares held by it.

14.5 Cancellation

All Instruments which are redeemed will forthwith be cancelled.

14.6 Applicable Procedures

The redemption of Beneficial Interests shall take place in accordance with the Applicable Procedures and the Securities Services Act.

15 TAXATION

15.1 No Gross-Up on Notes

All payments of principal, interest and any other amounts in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any Tax imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by Applicable Law (including any applicable double taxation agreement to which South Africa is a party).

The payment of any Tax by the Issuer or the Guarantor, as the case may be, as an agent or representative taxpayer for a Noteholder shall not constitute a withholding or deduction for the purposes of this Condition 15.1.

If any such withholding or deduction is required to be made by Applicable Law in respect of Tax imposed or levied on any payments (whether in respect of principal, interest or otherwise) in respect of any Notes in a Tranche the Issuer will make such payments after such withholding or deduction has been made and will account to the relevant Taxation authorities for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional payments to any Noteholder in respect of such withholding or deduction.

15.2 Gross-Up of Tax on Dividend Amounts

15.2.1 If a Tax Event occurs, in relation to any Dividend Amount which the Issuer has already paid in respect of any Redeemable Preference Share, either

A. within 3 (three) years after the earlier of:

a) the Applicable Redemption Date of that Redeemable Preference Share; or

b) in relation to that Dividend Amount only, the "*date of assessment*" (as defined in section 1 of the Income Tax Act) of the Redeemable Preference Share Holder of that Redeemable Preference Share, in respect of the year of assessment during which the relevant Dividend Amount was paid; or

B. where the Issuer has failed to comply with the "*Use of Proceeds*" provisions set out in Section 8 of the Programme Memorandum headed "*Use of Proceeds*" in relation to such Redeemable Preference Shares, within 5 (five) years after the Applicable Redemption Date of that Redeemable Preference Share,

then, subject to the Issuer's rights to redeem the relevant Tranche of Redeemable Preference Shares pursuant to Condition 14.2(i) (provided that any such redemption shall not affect and/or prejudice the relevant Redeemable Preference Share Holders' rights (which have accrued prior to the Early Redemption Date contemplated in Condition 14.2(i)) to payment of the additional amount referred to in this Condition 15.2.1 below), the Issuer shall pay that Redeemable Preference Share Holder such additional amount (including any Tax on such additional amount) as shall be necessary to place that Redeemable Preference Share Holder in the same net after tax position as it would have been in had the Tax Event not occurred in relation to that Dividend Amount and had that Redeemable Preference Share Holder been subject to Tax at the Corporate Tax Rate and without regard to that Redeemable Preference Share Holder's own tax-paying position or taking into account any assessed loss of that Redeemable Preference Share Holder; provided that if that Redeemable Preference Share Holder actually receives the benefit, after payment of such additional amount, to any tax credit, deduction or allowance, that Redeemable Preference Share Holder shall forthwith reimburse the Issuer with the amount of such tax credit, deduction or allowance to the extent that the Issuer is entitled to recognise, and benefit from, such tax credit, deduction or allowance, in the calculation of such additional amount (*mutatis mutandis* as contemplated in Condition 15.2.2) had such Redeemable Preference Share Holder actually received the benefit of such tax credit, deduction or allowance prior to payment of such additional amount.

15.2.2 If a Tax Event occurs and, as a result of such occurrence, any Dividend Amount in respect of any Redeemable Preference Share which has not yet been paid, will become subject to Tax other than the Dividends Tax then, subject to the Issuer's rights to redeem the relevant Tranche of Redeemable Preference Shares pursuant to Condition 14.2(i) (provided that any such redemption shall not affect and/or prejudice the relevant Redeemable Preference Share Holders' rights (which have accrued prior to the Early Redemption Date contemplated in Condition 14.2(i)) to payment of the additional amount referred to in this Condition 15.2.2 below), the Issuer shall pay that Redeemable Preference Share Holder such additional amount (including any Tax on such amount) as is necessary to place that Redeemable Preference Share Holder in the same net after tax position as it would have been in had the Tax Event not occurred and had that Redeemable Preference Share Holder been subject to Tax at the Corporate Tax Rate and without regard to that Redeemable Preference Share Holder's own tax-paying position or taking into account any assessed loss of that Redeemable Preference Share Holder; provided that if that Redeemable Preference Share Holder is satisfied (acting reasonably) that it will actually receive the benefit of any tax credit, deduction or allowance, then that Redeemable Preference Share Holder shall, as soon as reasonably possible after being satisfied (acting reasonably) that it will actually receive the benefit of such tax credit, deduction or allowance, notify the Issuer thereof and the Issuer shall be entitled to recognise, and benefit from, such tax credit, deduction or allowance, in the calculation of such additional amount.

15.2.3 For the avoidance of doubt, it is recorded that if, during the period before the relevant Redeemable Preference Share has been redeemed pursuant to Condition 14, the Issuer fails to pay any additional amount referred to in this Condition 15.2 (including any Tax on such additional amounts) which is due and payable to the relevant Redeemable Preference Share Holder, such failure to pay will constitute a Potential Event of Default under Condition 17.1(a) and, subject to Condition 18.4, an Event of Default.

15.2.4 During the period after the relevant Redeemable Preference Share has been redeemed pursuant to Condition 14, the Issuer (and the Guarantor, who shall be jointly and severally liable with the Issuer) shall pay the additional amount referred to in this Condition 15.2 (including any Tax on such additional amount) to the relevant Redeemable Preference Share Holder.

- 15.2.5 Where the Guarantor has become liable to pay any additional amount referred to in this Condition 15.2 (including any Tax on such additional amount) in terms of Condition 15.2.4, the provisions of Condition 18.2 shall apply *mutatis mutandis* to the enforcement of the rights against the Guarantor conferred on the relevant Redeemable Preference Share Holder in terms of this Condition 15.2.

15.3 Definitions

For the purposes of this condition 15;

"**Corporate Tax Rate**" means the rate (currently 28% (twenty eight percent)) at which the "normal tax" (as envisaged in section 5 of the Income Tax Act) is levied on companies generally;

"**Dividends Tax**" means the withholding tax on dividends imposed under Part VIII of Chapter II of the Income Tax Act, excluding any such withholding tax levied, as a result of the occurrence of any Tax Event, on dividends that were prior to the occurrence of such Tax Event, exempt from such tax;

"**Tax Event**" means, in relation to a Tranche of Redeemable Preference Shares, an event where, as a result of (a) the coming into force, on or after the Issue Date of that Tranche of Redeemable Preference Shares, of any new Applicable Law, (b) any change in any Applicable Law or any change in the application or official interpretation (including by a court of competent jurisdiction) of any Applicable Law, which change comes into force or occurs on or after the Issue Date of that Tranche of Redeemable Preference Shares, (c) in the absence of any event contemplated in subparagraphs (a) or (b), any willful or negligent act or omission on the part of the Issuer or Guarantor in relation to that Tranche of Redeemable Preference Shares, that leads to the application of any Applicable Law that would not otherwise have been applicable, the Dividend Amounts in respect of such Redeemable Preference Shares become subject to any Tax.

16 PRESCRIPTION

16.1 Notes and the Guarantee

The Notes, and all claims by the Noteholders under the Terms and Conditions, will prescribe and become void three years after the Applicable Maturity Date; provided that if the full amount of the moneys payable under the Notes has not been received by the CSD's Nominee on or prior to the Applicable Maturity Date, the Notes, and all claims by the Noteholders under the Terms and Conditions, will become void three years after the date on which such moneys have been received by the CSD's Nominee and notice to that effect has been given by the Issuer to the Noteholders in accordance with Condition 23.1.

All claims under the Guarantee for payment in respect of the Notes will prescribe and become void three years after the Guarantee Amount Payment Date; provided that if the full amount of the moneys payable under the Guarantee in respect of the Notes has not been received by the CSD's Nominee on or prior to the Guarantee Amount Payment Date, all claims under the Guarantee for payment in respect of the Notes will become void three years after the date on which such moneys have been received by the CSD's Nominee and notice to that effect has been given by the Guarantor to the Noteholders in accordance with Condition 23.1.

16.2 Redeemable Preference Shares and the Put Option Agreement

Subject to the law applicable to redeemable preference shares, all claims by the Redeemable Preference Share Holders under the Terms and Conditions will prescribe and become void three years after the Applicable Redemption Date; provided that if the full amount of the moneys payable under the Redeemable Preference Shares has not been received by the CSD's Nominee on or prior to the Applicable Redemption Date, all claims by the Redeemable Preference Share Holders under the Terms and Conditions will prescribe and become void three years after the date on which such moneys have been received by the CSD's Nominee and notice to that effect has been given by the Issuer to the Redeemable Preference Share Holders in accordance with Condition 23.1.

All claims under the Put Option Agreement in respect of the Redeemable Preference Shares will prescribe and become void three years after the Put Option Implementation Date; provided that if the full amount of the moneys payable under the Put Option Agreement in respect of the Redeemable Preference Shares has not been received by the CSD's Nominee on or prior to the Put Option Implementation Date, all claims under the Put Option Agreement for payment in respect of the Redeemable Preference Shares will become void three years after the date on which such moneys have been received by the CSD's Nominee and notice to that effect has been given by the

Guarantor to the Redeemable Preference Share Holders in accordance with Condition 23.1.

17 EVENTS OF DEFAULT

17.1 Events of Default

An Event of Default in relation to all Tranches of Instruments shall arise if any one or more of the following events or circumstances shall have occurred and be continuing in respect of any Tranche of Instruments:

- a) the Issuer fails to pay any amount due and payable under any of the Instruments (including any amount scheduled for payment in respect of a Redeemable Preference Share) and such failure to pay continues for more than 5 (five) consecutive days after the date of the written notice sent by the Representative to the Issuer (with a copy to the Guarantor), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be, requiring that failure to be remedied; or
- b) the Issuer fails to perform any of its other obligations under any of the Instruments and such failure to perform has continued for more than 30 (thirty) consecutive days after the date of the written notice sent by the Representative to the Issuer (with a copy to the Guarantor), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be, requiring that failure to be remedied; or
- c) the Issuer fails to pay any amount due and payable under any Indebtedness (taking into account any applicable grace period for such payment) and such failure to pay continues for more than 30 (thirty) consecutive days after the date of the written notice sent by the Representative to the Issuer (with a copy to the Guarantor), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be, requiring that failure to be remedied; provided that such failure to pay shall not constitute an Event of Default if the Issuer, in good faith and on reasonable grounds, institutes proceedings to contest its liability to pay such amount within 30 (thirty) consecutive days of the day on which such amount is purportedly due and payable; provided further that if a final decision which is not subject to any appeal has been given or handed down in respect of such proceedings and such decision has been given or handed down against the Issuer, such failure to pay shall, with effect from the date on which such decision is given or handed down, constitute an Event of Default; or
- d) the Guarantor fails to pay any amount due and payable under any Indebtedness (taking into account any applicable grace period for such payment) and such failure to pay continues for more than 30 (thirty) consecutive days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be, requiring that failure to be remedied; provided that such failure to pay shall not constitute an Event of Default if the Guarantor, in good faith and on reasonable grounds, institutes proceedings to contest its liability to pay such amount within 30 (thirty) consecutive days of the day on which such amount is purportedly due and payable; provided further that if a final decision which is not subject to any appeal has been given or handed down in respect of such proceedings and such decision has been given or handed down against the Guarantor, such failure to pay shall, with effect from the date on which such decision is given or handed down, constitute an Event of Default; or
- e) the commencement of business rescue proceedings, the granting of an order by any competent court or authority for the liquidation, dissolution or winding-up of the Issuer or the Guarantor, whether provisionally (and such order is not dismissed or withdrawn within 30 (thirty) days of the grant thereof) or finally, or the placing of the Issuer or the Guarantor under voluntary liquidation; provided that no liquidation, dissolution, winding-up or business rescue proceedings shall constitute an Event of Default if (i) the liquidation, dissolution, winding-up or business rescue proceedings are for the purposes of a merger, amalgamation, de-merger, consolidation, reconstruction, re-organisation or other similar arrangement within the Kagiso Tiso Group (provided that the merged entity still has the obligations of the Issuer or the Guarantor, as the case may be, under the

- Terms and Conditions or the Put Option Agreement and the Guarantee, as applicable) or (ii) the terms of which were approved by the Representative or an Extraordinary Resolution of Instrument Holders before the date of such liquidation, dissolution, winding-up or commencement of business rescue proceedings; or
- f) proceedings are initiated against the Issuer or the Guarantor such that a person takes possession of the whole or a Material Part of the undertaking or assets of the Issuer or the Guarantor, or an execution or attachment or other process is levied, enforced upon, sued out or put in force against the whole or a Material Part of the undertaking or assets of the Issuer or the Guarantor, as the case may be, and such proceedings are not (or such execution, attachment or other process is not) withdrawn, or settled and satisfied, within 30 (thirty) days after the date of the written notice sent by the Representative to the Issuer or the Guarantor (as applicable), with a copy to the other one of them, in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be; or
 - g) the Guarantee ceases to be in full force and effect and the Representative has sent a written notice to the Guarantor (with a copy to the Issuer), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be;
 - h) the Put Option ceases to be in full force and effect and the Representative has sent a written notice to the Guarantor (with a copy to the Issuer), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be;
 - i) the Issuer breaches any undertaking given by it in terms of Condition 7.2.2 and/or Condition 10.2A(b) and the Representative has sent a written notice to the Issuer (with a copy to the Guarantor), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be, requiring that breach to be remedied;
 - j) the Guarantor breaches any undertaking given by it in terms of Condition 7.2.1 and the Representative has sent a written notice to the Guarantor (with a copy to the Issuer), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be, requiring that breach to be remedied;
 - k) Control of the Issuer changes and the Representative has sent a written notice to the Issuer (with a copy to the Guarantor), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be;
 - l) the Issuer disposes of the whole or a Material Part of its undertaking or assets and the Representative has sent a written notice to the Issuer (with a copy to the Guarantor), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be;
 - m) the Issuer or the Guarantor is "financially distressed" as contemplated in section 128(1) of the Companies Act or the Issuer is reasonably likely to become "financially distressed" within a period of 6 (six) months and the Representative has sent a written notice to the Guarantor or the Issuer (as applicable), with a copy to the other one of them, in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be;
 - n) any compromise is proposed between the Guarantor or the Issuer and its creditors in terms of section 155 of the Companies Act and the Representative has sent a written notice to the Guarantor or the Issuer (as applicable), with a copy to the other one of them, in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be; or
 - o) shareholders holding in aggregate not less than 15% (fifteen percent) of the entire issued share capital of the Guarantor exercise their appraisal rights against the Guarantor in terms of sections 164(5) to 164(8) of the Companies Act, and such shareholders fail to unconditionally waive such appraisal rights within 5 (five) Business Days of receipt by

the relevant shareholders of written notice from the Redeemable Preference Share Holders requiring such appraisal rights to be unconditionally waived and the Representative has sent a written notice to the Guarantor (with a copy to the Issuer), in terms of the first paragraph of Condition 18.3 or pursuant to the instructions given to the Representative in terms of the first paragraph of Condition 18.4, as the case may be.

For the purposes of paragraph (c) above "**Indebtedness**" means, in relation to the Issuer, (i) any moneys scheduled for payment in respect of any Redeemable Preference Share or any indebtedness (whether present or future) in respect of moneys borrowed by the Issuer (amounting in aggregate principal amount to not less than ZAR50 000 000 or the equivalent thereof in other currency/ies), and (ii) any guarantee or indemnity (whether present or in future) given by the Issuer in respect of moneys scheduled for payment in respect of any redeemable preference shares issued by an Affected Subsidiary or in respect of moneys borrowed by an Affected Subsidiary (amounting in aggregate principal amount to not less than ZAR50 000 000 or the equivalent thereof in other currency/ies);

For the purposes of paragraph (d) above "**Indebtedness**" means, in relation to the Guarantor (i) any moneys scheduled for payment in respect of any redeemable preference shares issued by the Guarantor or any indebtedness (whether present or future) in respect of moneys borrowed by the Guarantor (amounting in aggregate principal amount to not less than ZAR50 000 000 or the equivalent thereof in other currency/ies), (ii) any guarantee or indemnity (whether present or future) given by the Guarantor in respect of moneys scheduled for payment in respect of any redeemable preference shares issued by an Affected Subsidiary or in respect of moneys borrowed by an Affected Subsidiary (amounting in aggregate principal amount to not less than ZAR50 000 000 or the equivalent thereof in other currency/ies), (iii) any indebtedness of the Guarantor under the Guarantee (amounting in aggregate principal amount to not less than ZAR50 000 000 or the equivalent thereof in other currency/ies), and (iv) any indebtedness of the Guarantor under the Put Option Agreement (amounting in aggregate principal amount to not less than ZAR50 000 000 or the equivalent thereof in other currency/ies);

For the purposes of paragraphs (f) and (l) above "**Material Part**" means, in relation to each of the Issuer and the Guarantor, a part whose value is equal to or greater than 15% of the aggregate value of the investment assets and current assets of the Kagiso Tiso Group, such value and such assets being determined by reference to the then most recently published audited consolidated balance sheet of the Kagiso Tiso Group. A report by the auditors of the Issuer and the Guarantor that, in their opinion, (i) the amounts shown in a certificate provided by the Issuer and the Guarantor showing the investment assets and current assets of the relevant part and those investment assets and current assets expressed as a percentage of the investment assets and current assets of the Kagiso Tiso Group have been correctly extracted from the accounting records of the Kagiso Tiso Group, and (ii) the percentage of the investment assets and current assets of that part to the investment assets and the current assets of the Kagiso Tiso Group have been correctly calculated shall, in the absence of manifest error, be prima facie evidence of the matters to which it relates.

17.2 **Action upon Potential Event of Default and/or Event of Default**

The Issuer, upon becoming aware that any Potential Event of Default or an Event of Default, as the case may be, has occurred and is continuing, shall forthwith notify the Paying Agent, the Calculation Agent, the Representative, the Guarantor, the JSE and the CSD in writing thereof.

The Representative shall not be required to take any steps to ascertain whether any Potential Event of Default or an Event of Default contemplated in Condition 17.1(e), as the case may be, shall have occurred and, until the Representative has actual knowledge or has been served with express notice of such Potential Event of Default or such Event of Default, as the case may be, it shall be entitled to assume that no such Potential Event of Default and no such Event of Default has occurred.

Upon receipt by the Representative of notice from the Issuer of any Potential Event of Default or any Event of Default, as the case may be, or upon the Representative itself becoming aware that any Potential Event of Default or any Event of Default, as the case may be, has occurred and is continuing, the Representative shall promptly give notice of such Potential Event of Default or Event of Default, as the case may be, to the Instrument Holders in accordance with Condition 23.1 and (ii) take instructions from each Group of Instrument Holders, by way of an Extraordinary Resolution (as defined in Condition 18.1.2) of that Group of Instrument Holders in respect of the matters contemplated in the second paragraph of Condition 18.3 or the first and second paragraphs

of Condition 18.4, as the case may be.

18 ENFORCEMENT

18.1 Interpretation

18.1.1 For the purposes of this Condition 18, following the occurrence of a Potential Event of Default or an Event of Default, as the case may be, then:

- a) in relation to a Tranche of Senior Notes, (i) all references to the "**relevant Notes**" in this Condition 18 shall be construed as references to the Senior Notes in that Tranche, and (ii) all references to the "**relevant Group of Noteholders**" in this Condition 18 shall be construed as references to the Noteholders who hold the Senior Notes in that Tranche;
- b) in relation to a Tranche of Subordinated Notes, (i) all references to the "**relevant Notes**" in this Condition 18 shall be construed as references to the Subordinated Notes in that Tranche, and (ii) all references to the "**relevant Group of Noteholders**" in this Condition 18 shall be construed as references to the Noteholders who hold the Subordinated Notes in that Tranche;
- c) in relation to a Tranche of Redeemable Preference Shares, (i) all references to the "**relevant Redeemable Preference Shares**" in this Condition 18 shall be construed as references to the Redeemable Preference Shares in that Tranche, and (ii) all references to the "**relevant Group of Redeemable Preference Share Holders**" in this Condition 18 shall be construed as references to the Redeemable Preference Share Holders who hold the Redeemable Preference Shares in that Tranche;

18.1.2 For the purposes of this Condition 18, "**Extraordinary Resolution**" means, in respect of the matters contemplated in the second paragraph of Condition 18.3 or the first and second paragraphs of Condition 18.4, as the case may be:

- a) a resolution passed at a duly convened meeting of the relevant Group of Instrument Holders by a majority consisting of not less than 66.67% (sixty six point sixty seven per cent) of the persons voting thereat upon a show of hands or, if a poll be duly demanded, then by a majority consisting of not less than 66.67% (sixty six point sixty seven per cent) of the votes given on such poll; or
- b) written instructions signed by or on behalf of those Instrument Holders in the relevant Group of Instrument Holders holding not less than 66.67% of the Outstanding Principal Amount of all of the Instruments held by that Group,

provided that the required majority shall, in the case of a Potential Event of Default (or Event of Default) contemplated in each of Condition 17.1(a) and Condition 17.1(c), an Event of Default contemplated in Condition 17.1(e), and a Potential Event of Default (or Event of Default) contemplated in each of Condition 17.1(m), Condition 17.1(n) and/or Condition 17.1(o), be not less than 50% instead of 66.67%.

18.1.3 For the purposes of this Condition 18 "**Early Termination Date**" means, in relation to a Tranche of Notes, the date of the written notice (contemplated in the second paragraph of Condition 18.3) declaring the relevant Notes to be immediately repayable.

18.2 No Enforcement by Instrument Holders

Subject to the proviso to this Condition 18.2:

- a) only the Representative may enforce the Instruments, the Terms and Conditions, the Guarantee, the Put Option Agreement and the Representative Agreement;
- b) no Instrument Holder shall be entitled to enforce any of the Instruments and/or the Terms and Conditions and/or the Guarantee and/or the Put Option Agreement and/or the Representative Agreement; and
- c) no Instrument Holder shall be entitled to proceed directly against the Issuer and/or the Guarantor (and, without limiting the generality of the foregoing, no Instrument Holder shall be entitled to make any demand against the Issuer and/or the Guarantor for payment of any amount under the Instruments and/or the Terms and Conditions and/or the Guarantee and/or the Put Option Agreement, or accelerate or demand from the Issuer and/or the Guarantor early payment of principal in respect of the Instruments, or institute any legal proceedings against the Issuer and/or the Guarantor for the enforcement of the

Instruments and/or the Terms and Conditions and/or the Guarantee and/or the Put Option Agreement and/or the Representative Agreement),

unless the Representative, having become bound so to proceed in terms of the Representative Agreement, fails to do so within 10 (ten) days of the occurrence of the relevant Potential Event of Default or Event of Default, as the case may be, or fails to do so within 10 (ten) days of the Representative having become entitled or obliged to make the demand or acceleration referred to in paragraph (c) above, as the case may be; provided that, if a Demand has been given in accordance with Condition 18.3 or a Put Notice has been delivered in accordance with Condition 18.4, as the case may be, and the Guarantor has failed to pay the Guarantee Amount or the Put Option Amount, as applicable, within the relevant time period allowed for payment after the giving of such Demand or the delivery of such Put Notice, as the case may be, then, notwithstanding the foregoing provisions of this Condition 18.2, any Instrument Holder to which all or any part of such Guarantee Amount or Put Option Amount is payable shall (whether or not the Issuer or the Guarantor dispute the basis upon which that Demand was given or that Put Notice was delivered) be entitled, at its election and in its sole discretion, instead of the Representative, to institute legal proceedings (including, without limitation, the suing out of a summons or the bringing of any application in any court of competent jurisdiction) against the Issuer or the Guarantor for the recovery of any sum due by the Issuer to that Instrument Holder under the relevant Instruments or any sum due by the Guarantor to that Instrument Holder under the Guarantee or the Put Option Agreement, as the case may be, and/or the resolution of any dispute relating thereto, and to continue the prosecution and conduct of such proceedings once instituted and shall advise the Representative in writing of such election.

18.3 Enforcement of the Guarantee

Upon the occurrence of a Potential Event of Default, the Representative shall send the written notice/s to the Issuer and/or the Guarantor contemplated in that sub-paragraph of Condition 17.1 which corresponds to that Potential Event of Default (the "**relevant Sub-Paragraph of Condition 17.1**").

If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that the relevant Notes are immediately repayable on the Early Termination Date, whereupon the relevant Notes shall become immediately repayable on the Early Termination Date.

If, following the notice contemplated in the preceding paragraph of this Condition 18.3, all amounts which are due and payable under the relevant Notes are not paid in full on or before the Early Termination Date, the Representative shall, by written notice to the Guarantor (with a copy to the Issuer), demand payment from the Guarantor of the Guarantee Amount, and the Guarantee Amount shall be due and payable to the relevant Group of Noteholders on the Guarantee Amount Payment Date.

The Guarantor shall, upon receipt of the Demand from the Representative, in accordance with the Representative Agreement and the Paying Agency Agreement, procure (by no later than the Business Day preceding the Guarantee Amount Payment Date) that an amount equivalent to the Guarantee Amount is paid, in freely transferable funds, into the guarantee bank account specified for this purpose by the Paying Agent.

The Representative shall, at the same time that it sends the Demand to the Guarantor, instruct the Paying Agent, in writing, of (i) the manner in which the Guarantee Amount is to be disbursed to the relevant Group of Noteholders, (ii) the Guarantee Amount Payment Date, and (iii) whether, pursuant to Condition 13.5, the holders of Individual Certificates evidencing the relevant Notes are required to surrender such Individual Certificates to the Transfer Secretary ("**Representative Guarantee Instructions**").

The Paying Agent shall, in terms of and subject to the Paying Agency Agreement, disburse the Guarantee Amount, on behalf of the Guarantor, to the relevant Group of Noteholders, in accordance with the Representative Guarantee Instructions, by no later than 16h00 (South African time) on the Guarantee Amount Payment Date.

The Guarantor shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the relevant Group of Noteholders, and payment of the Guarantee Amount by the Guarantor to the Paying Agent (into the guarantee bank account specified for this purpose by the

Paying Agent) in accordance with the Representative Agreement and clause 7 of the Paying Agency Agreement, shall *pro tanto* cure the relevant default of the Issuer and shall be satisfaction *pro tanto*, to the extent of the Guarantee Amount, of the Guarantor's obligations to the relevant Group of Noteholders under the Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

18.4 Enforcement of the Put Option

If, following the occurrence of a Potential Event of Default, the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Redeemable Preference Share Holders, the Representative shall send the written notice/s to the Issuer and/or the Guarantor contemplated in the relevant Sub-Paragraph of Condition 17.1.

If, following the occurrence of an Event of Default, the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Redeemable Preference Share Holders, the Representative shall exercise the put option contained in the Put Option Agreement, for the benefit and on behalf of the relevant Group of Redeemable Preference Share Holders, by delivering a Put Notice to the Guarantor in accordance with the provisions of the Put Option Agreement.

Following the Enforcement of the Put Option, the relevant Group of Redeemable Preference Share Holders shall be irrefutably deemed to have sold all of the relevant Redeemable Preference Shares to the Guarantor, and the Guarantor shall be irrefutably deemed to have purchased all of the relevant Redeemable Preference Shares from the relevant Group of Redeemable Preference Share Holders, on the Put Option Exercise Date, for a consideration equal to the Put Option Amount, on the terms and conditions of the Put Option Agreement.

The Guarantor shall, upon receipt of the Put Notice, in accordance with the Representative Agreement and the Paying Agency Agreement, procure (by no later than the Business Day preceding the Put Option Implementation Date) that an amount equivalent to the Put Option Amount is paid, in freely transferable funds, into the put option bank account specified for this purpose by the Paying Agent.

The Representative shall, at the same time that it sends the Put Notice to the Guarantor, instruct the Paying Agent, in writing, of (i) the manner in which the Put Option Amount is to be disbursed to the relevant Group of Redeemable Preference Share Holders, (ii) the Put Option Implementation Date and (iii) whether, pursuant to Condition 13.5, the holders of Individual Certificates evidencing the relevant Redeemable Preference Shares are required to surrender such Individual Certificates to the Transfer Secretary ("**Representative Put Option Instructions**").

The Paying Agent shall, in terms of and subject to the Paying Agency Agreement, disburse the Put Option Amount, on behalf of the Guarantor, to the relevant Group of Redeemable Preference Share Holders, in accordance with the Representative Put Option Instructions, by no later than 16h00 (South African time) on the Put Option Implementation Date.

The Guarantor shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the relevant Group of Redeemable Preference Share Holders, and payment of the Put Option Amount by the Guarantor to the Paying Agent (into the put option bank account specified for this purpose by the Paying Agent) in accordance with the Representative Agreement and clause 8 of the Paying Agency Agreement, shall *pro tanto* cure the relevant default of the Issuer and shall be satisfaction *pro tanto*, to the extent of the Put Option Amount, of the Guarantor's obligations to the relevant Group of Redeemable Preference Share Holders under the Put Option Agreement, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

18.5 Guarantee Amount and Put Option Amount

Following an Event of Default and the Enforcement of the Guarantee or the Enforcement of the Put Option, as the case may be, the Calculation Agent will (unless otherwise specified in the Applicable Pricing Supplement) calculate the Guarantee Amount or the Put Option Amount, as the case may be, in accordance with this Condition 18.5 and, if otherwise specified in the Applicable Pricing Supplement, in accordance with the applicable provisions of the Applicable Pricing Supplement.

18.5.1 Guarantee Amount

Following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes (other than Zero Coupon Notes), as contemplated in Condition 18.3, the Guarantee Amount payable to the relevant Group of Noteholders shall be:

- a) in the case of an Event of Default contemplated in Condition 17(1)(a) comprising a failure to pay principal (or any portion thereof) due and payable in respect of such Notes, the sum of (i) the outstanding aggregate Principal Amount of such Notes and any and all other amounts payable under that Tranche of Notes as at the Applicable Maturity Date, (ii) interest accrued on such outstanding aggregate Principal Amount and other amount/s, at the Default Rate, from and including the Applicable Maturity Date to but excluding the Late Payment Date, and (iii) all other amounts (if any) payable to the relevant Group of Noteholders in terms of the Guarantee; or
- b) in the case of an Event of Default contemplated in Condition 17(1)(a) comprising a failure to pay interest (or any portion thereof) due and payable in respect of such Notes, the sum of (i) the outstanding interest due and payable in respect of such Notes and any and all other amounts payable under that Tranche of Notes as at the relevant Interest Payment Date, (ii) interest accrued on such outstanding interest and other amount/s, at the Default Rate, from and including the last Interest Payment Date to but excluding the Late Payment Date, and (iii) all other amounts (if any) payable to the relevant Group of Noteholders in terms of the Guarantee; or
- c) in the case of any Event of Default contemplated in Condition 17.1 (other than an Event of Default contemplated in Condition 17(1)(a) which is subject to the provisions of paragraph (a) and/or paragraph (b) above) following the occurrence of which Event of Default the Representative has declared that such Notes are immediately repayable (as contemplated in Condition 18.3), the sum of (i) the aggregate Principal Amount of such Notes and any and all other amounts payable under that Tranche of Notes as at the Early Termination Date, (ii) interest accrued on such aggregate Principal Amount and other amount/s, at the Default Rate, from and including the Early Termination Date to but excluding the Late Payment Date, and (iii) all other amounts (if any) payable to the relevant Group of Noteholders in terms of the Guarantee.

Following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Zero Coupon Notes, as contemplated in Condition 18.3, the Guarantee Amount payable to the relevant Group of Noteholders shall be the sum of (i) an amount calculated *mutatis mutandis* in accordance with the formula set out below plus (ii) any and all other amounts payable under that Tranche of Zero Coupon Notes as at the Early Termination Date plus (iii) all other amounts (if any) payable to the relevant Noteholders in terms of the Guarantee:

$$GA = IP + \left(\frac{IY}{M} \times IP \times D \right)$$

where:

- GA = the Guarantee Amount;
- IP = the Issue Price;
- IY = the Implied Yield;
- D = the number of days elapsing between the Issue Date and the Late Payment Date (excluding the Issue Date and the Late Payment Date);
- DM = the number of days elapsing between the Issue Date and the Applicable Maturity Date (excluding the Issue Date and, as applicable, the Applicable Maturity Date or the Early Termination Date).

18.5.2 Put Option Amount

Following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, as contemplated in Condition 18.4, the Put Option Amount payable to the relevant Group of Redeemable Preference Share Holders shall be the aggregate of the following amounts:

- a) the aggregate Principal Amount of such Redeemable Preference Shares on (and any and all other amounts payable under that Tranche of Redeemable Preference Shares as at) the first day of the Dividend Period during which the put option is exercised (the "**Relevant Dividend Period**"); plus
- b) for the period which commences on the first day of the Relevant Dividend Period and which terminates on the Late Payment Date (such period the "**Final Period**") an amount

calculated in accordance with the following formula:

$$A = B \times C \times D$$

where:

- A = the applicable amount to be calculated;
- B = the aggregate Principal Amount of that Tranche of Redeemable Preference Shares on the first day of the Relevant Dividend Period;
- C = the Dividend Yield for that Tranche of Redeemable Preference Shares for the Relevant Dividend Period;
- D = the number of days in the Final Period divided by 365 (three hundred and sixty five); plus

- c) all other amounts (if any) payable to the relevant Group of Redeemable Preference Share Holders in terms of the Put Option Agreement as at the first day of the Relevant Dividend Period, and all additional amounts referred to in Condition 15.2 (including any Tax on such additional amounts) which are due and payable to the relevant Redeemable Preference Share Holder/s in that Group as at the first day of the Relevant Dividend Period; plus
- d) an amount of the income tax that will be suffered or incurred by any Redeemable Preference Share Holder of the Redeemable Preference Shares in that Tranche in respect of the sums referred to in paragraphs (b) and (c) above which will come about as a result of the Enforcement of the Put Option (including Tax on such amount), calculated in accordance with the following formula:

$$A = [B \div (1 - T)] - B$$

where:

- A = the applicable amount to be calculated;
- B = the aggregate of the amounts payable by the Guarantor pursuant to paragraphs (b) and (c) above;
- T = the Corporate Tax Rate (as defined in Condition 15.3);

and without regard to that Redeemable Preference Share Holder's own tax-paying position or taking into account any assessed loss of that Redeemable Preference Share Holder; provided that:

- A. if that Redeemable Preference Share Holder actually receives the benefit, after payment of such additional amount, of any tax credit, deduction or allowance, that Redeemable Preference Share Holder shall forthwith reimburse the Issuer with the amount of such tax credit, deduction or allowance to the extent that the Issuer is entitled to recognise, and benefit from, such tax credit, deduction or allowance, in the calculation of such additional amount (*mutatis mutandis* as contemplated in paragraph (B) below) had such Redeemable Preference Share Holder actually received the benefit of such tax credit, deduction or allowance prior to payment of such additional amount; or
- B. if that Redeemable Preference Share Holder is satisfied (acting reasonably) that it will actually receive the benefit, prior to payment of such additional amount, of any tax credit, deduction or allowance, then that Redeemable Preference Share Holder shall, as soon as reasonably possible after being satisfied (acting reasonably) that it will actually receive the benefit of such tax credit, deduction or allowance, notify the Issuer thereof and the Issuer shall be entitled to recognise, and benefit from, such tax credit, deduction or allowance, in the calculation of such additional amount.

19 TRANSFER OF INSTRUMENTS

19.1 Transfer of Beneficial Interests

Transfers of Beneficial Interests among CSD Participants occur by electronic book entry in the

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central securities accounts maintained by the CSD for the CSD Participants, in accordance with the Applicable Procedures.

Transfers of Beneficial Interests to and from clients of CSD Participants occur by electronic book entry in the securities accounts maintained by the CSD Participants for their clients, in accordance with the Applicable Procedures.

Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD. Transfers of Beneficial Interests in Instruments will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the Instrument Holder of such Instruments notwithstanding such transfers.

19.2 **Transfer of Instruments represented by Individual Certificates**

Transfer of Instruments which are represented by an Individual Certificate will not be recorded in the Register by the Transfer Secretary unless the transferor of such Instruments procures that:

- a) the transfer of such Instruments is embodied in the Transfer Form;
- b) the Transfer Form is signed by the registered Instrument Holder and the transferee, or an authorised representative of that registered Instrument Holder and/or transferee; and
- c) the Transfer Form is delivered to the Transfer Secretary at its Specified Office together with the relevant Individual Certificate for cancellation.

Instruments represented by an Individual Certificate may only be transferred in whole or in part (in amounts of not less than ZAR1 000 000 or any multiple thereof). The transferor of any Instruments represented by a Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

Before any transfer of any Instruments represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Secretary may reasonably require as to the identity and title of the transferor and the transferee.

Subject to the provisions of this Condition 19.2, the Transfer Secretary will, within three Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Instruments represented by an Individual Certificate (or the relevant portion of such Instruments) in the Register and authenticate and deliver to the transferee at the Transfer Secretary's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Instruments transferred reflecting the Outstanding Principal Amount of the Instruments transferred.

Where an Instrument Holder has transferred part only of Instruments represented by an Individual Certificate, the Transfer Secretary will authenticate and deliver to such Instrument Holder at the Transfer Secretary's Specified Office or, at the risk of such Instrument Holder, send by mail to such address as such Instrument Holder may request, at the risk of such Instrument Holder, a new Individual Certificate representing the balance of the Instruments held by such Instrument Holder.

The transferor of any Instruments represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the Instrument Holder of such Instruments.

If a transfer of any Instruments represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Secretary.

No transfer of any Instruments represented by an Individual Certificate will be registered whilst the Register is closed.

20 **EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES**

20.1 **Exchange of Beneficial Interests**

The holder of a Beneficial Interest in Instruments may, in terms of the Applicable Procedures and subject to section 44 of the Securities Services Act, by written notice to the holder's nominated CSD Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest

be exchanged for Instruments in definitive form represented by an Individual Certificate (the "Exchange Notice"). The Exchange Notice shall specify (a) the name, address and bank account details of the holder of the Beneficial Interest and (b) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) calendar days after the day on which such Exchange Notice is given.

The holder's nominated CSD Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Secretary that it is required to exchange such Beneficial Interest for Instruments represented by an Individual Certificate. The Transfer Secretary will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the CSD Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the Specified Office of the Transfer Secretary; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

Instruments which are held in the CSD are issued in uncertificated form and, in order to effect the exchange of a Beneficial Interest in any such Instruments (a) the CSD's Nominee will, prior to the Exchange Date, surrender (through the CSD system) such Instruments to the Transfer Secretary at its Specified Office and (b) the Transfer Secretary will obtain the release of such Instruments from the CSD in accordance with the Applicable Procedures.

An Individual Certificate shall, in relation to a Beneficial Interest in any number of Instruments of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Instruments of that aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Secretary; provided that if such aggregate Principal Amount is equivalent to a fraction of ZAR1,000,000 or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

20.2 **Replacement of Individual Certificates**

If any Individual Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the Transfer Secretary, on payment by the claimant of such costs and expenses as may be incurred in connection therewith, and upon such terms as to evidence of title and the provision of such indemnity or security as the Issuer or the Transfer Secretary may require. Mutilated or defaced Individual Certificates must be surrendered at the Specified Office of the Transfer Secretary before replacements will be issued.

20.3 **Death and Sequestration or Liquidation of the Instrument Holder**

Any person becoming entitled to Instruments in consequence of the death or sequestration or liquidation of the holder of such Instruments may, upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition 20.4 or of his title as the Issuer, the Transfer Secretary and (if applicable) the CSD and the CSD Participant may require, be registered or recorded himself as the holder of such Instruments or, subject to the requirements of the Applicable Procedures, Condition 19 and this Condition 20, may transfer such Instruments. The Issuer, the Transfer Secretary and (if applicable) the CSD and the CSD Participant shall be entitled to retain any amount payable upon the Instruments to which any person is so entitled until such person shall be registered or recorded as aforesaid or shall duly transfer the Instruments.

20.4 **Costs**

Individual Certificates shall be provided (whether by issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in the Terms and Conditions. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Instruments may be levied by other persons, such as CSD Participants, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer or the Guarantor. The costs and expenses of delivery of Individual Certificates otherwise than by ordinary post (if any) and all taxes or governmental charge or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Instrument Holder.

21 REGISTER

The Register shall be kept at the Specified Office of the Transfer Secretary. The Register shall contain the name, address, and bank account details of each Instrument Holder. The Register shall set out the number of Instruments issued to such Instrument Holder and the Principal Amount thereof or the total Outstanding Principal Amount of Registered Notes transferred to an Instrument Holder, as the case may be, and shall show the Issue Date or the date of transfer, as the case may be, and the date upon which such Instrument Holder became registered as such. The Register shall record the number of Instruments issued and outstanding, the Outstanding Principal Amount, and the serial number of each Individual Certificate (if any) issued. The Register shall be open for inspection during the normal business hours of the Transfer Secretary to any Instrument Holder or any person authorised in writing by any Instrument Holder. The Transfer Secretary shall not be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (whether express, implied or constructive) to which any Instrument may be subject.

The Register shall, in respect of a Tranche of Instruments, be closed during the five days preceding each Payment Date from 17h00 (South African time) on the Last Day to Register.

The Transfer Secretary shall alter the Register in respect of any change of name, address or bank account details of each Instrument Holder of which the Transfer Secretary is notified in writing; provided that the Register will only be amended to reflect a transfer of Instruments if such transfer is carried out in accordance with Condition 14.1.

Neither the Issuer nor the Transfer Secretary shall 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 Instrument may be subject.

22 TRANSFER SECRETARY, CALCULATION AGENT, PAYING AGENT AND REPRESENTATIVE

22.1 Transfer Secretary, Calculation Agent, Paying Agent and additional agents

The Issuer (with the written consent of the Guarantor) is entitled to vary or terminate the appointment of the Transfer Secretary. The Issuer and the Guarantor are entitled to vary or terminate the appointment of the Calculation Agent (in relation to any Tranche or Series of Instruments or all of the Instruments) and/or the Paying Agent and/or to appoint additional or other agents, provided that any such successor or replacement Calculation Agent and/or Paying Agent shall be an Approved Calculation Agent and/or an Approved Paying Agent.

If the Issuer (with the written consent of the Guarantor) elects to appoint another entity as Transfer Secretary, that other entity, on execution of an agreement substantially in the form of the Transfer Secretary Agreement shall serve in that capacity.

If the Issuer and the Guarantor elect to appoint another Approved Calculation Agent as a Calculation Agent (in relation to any Tranche or Series of Instruments or all of the Instruments), that Approved Calculation Agent, on execution of an agreement substantially in the form of the Calculation Agency Agreement or an accession letter substantially in the form of annexure "B" to the Calculation Agency Agreement, as the case may be, shall serve in that capacity in respect of that Tranche or Series of Instruments or all of the Instruments, as applicable.

If the Issuer and the Guarantor elect to appoint another Approved Paying Agent as a Paying Agent, that Approved Paying Agent, on execution of an agreement substantially in the form of the Paying Agency Agreement or an accession letter substantially in the form of annexure "B" to the Paying Agency Agreement, as the case may be, shall serve in that capacity.

The Transfer Secretary, the Calculation Agent and the Paying Agent act solely in such capacities as the agent of the Issuer and, in the case of the Paying Agent (following the Enforcement of the Guarantee and/or the Enforcement of the Put Option), the Guarantor, and do not assume any obligation towards, or relationship of agency or trust for or with, any Instrument Holders.

22.2 Representative

The Issuer and the Guarantor are entitled to vary or terminate the appointment of the Representative, provided that any such successor or replacement Representative shall be an Approved Representative.

If the Issuer and the Guarantor elect to appoint another Approved Representative as a Representative that Approved Representative, on execution of an agreement substantially in the form of the Representative Agreement or an accession letter substantially in the form of annexure "B" to the Representative Agreement, as the case may be, shall serve in that capacity.

22.3 Specified Offices

There will at all times be a Representative, a Transfer Secretary, a Calculation Agent and a Paying Agent with a Specified Office in such place as may be required by the Applicable Procedures.

23 NOTICES

23.1 Notice to Instrument Holders

Notices to Instrument Holders shall be in writing and shall, subject to the 3rd paragraph below, be sent by registered mail to their registered addresses appearing in the Register.

Subject to the paragraph below, a notice given to Instrument Holders in terms of the above paragraph shall be deemed to have been received by the Instrument Holders on the tenth day after the date on which such notice is so sent by registered mail.

Notwithstanding the provisions of the first paragraph above, for so long as all of the Instruments in a Tranche of Instruments are held in their entirety in the CSD, there may be substituted for the notice contemplated in the first paragraph above the delivery by hand of the relevant notice to the JSE, and to the CSD's Nominee (as the registered Instrument Holder of such Instruments) for communication by the CSD's Nominee to the CSD Participants who will, in turn, communicate such notice to the holders of Beneficial Interests in such Instruments in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests on the day of such delivery by hand to the CSD's Nominee.

In addition to the applicable notice requirements set out in this Condition 23.1 above, (i) all notices of meetings of all of the Instrument Holders or the relevant Group (or Groups) of Instrument Holders (as applicable) and (ii) each other notice to be given under the Terms and Conditions as is determined by the Issuer, shall be published on SENS.

23.2 Notice by Instrument Holders

Notices (including all demands or requests under the Terms and Conditions) to be given to the Issuer by any Instrument Holder of Instrument/s represented by an Individual Certificate (or any other Instrument/s which is/are not held in the CSD) shall be in writing and shall be sent by registered mail or delivered by hand (together with a certified copy of the relevant Individual Certificate, where applicable) to the Issuer at its Specified Office. Such notice shall be deemed to have been received by the Issuer, if the relevant notice (together with a certified copy of the relevant Individual Certificate, where applicable) is delivered by hand, on the date of delivery or, if the relevant notice (together with a certified copy of the relevant Individual Certificate, where applicable) is sent by registered mail, on the tenth day after the date on which such notice is so sent by registered mail, as the case may be.

All notices to be given by any holder of a Beneficial Interest in Instruments to the Issuer shall be in writing and given by such holder via such holder's CSD Participant, in accordance with the Applicable Procedures, and in such manner as the Issuer and the relevant CSD Participant may approve for this purpose.

24 MEETINGS OF INSTRUMENT HOLDERS

Annexure "C" to the Representative Agreement contains provisions for convening meetings of Instrument Holders (or any Group of Instrument Holders) to consider any matter affecting their interests. Certain of these provisions are set out below.

The Issuer and/or the Guarantor and/or the Representative may at any time, by notice on SENS, convene a meeting of Instrument Holders. The Representative shall, upon a requisition in writing of any Group of Instrument Holders holding not less than the majority of the Outstanding Principal Amount of the Instruments held by that Group, convene a meeting of that Group.

The quorum at any meeting for passing an Extraordinary Resolution of Instrument Holders (or any Group of Instrument Holders) will be Instrument Holders holding or representing not less than a majority of the Outstanding Principal Amount of (i) all of the Instruments or (ii) all of the Instruments held by that Group, as the case may be, or at any adjourned meeting, Instrument Holders holding or

representing not less than one-third of the Outstanding Principal Amount of (i) all of the Instruments, or (ii) all of the Instruments held by that Group, as the case may be.

At a meeting where the business includes, among other things, the amendment of the Terms and Conditions (subject to Condition 25), the necessary quorum for passing an Extraordinary Resolution of Instrument Holders (or any Group of Instrument Holders) will be Instrument Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of (i) all of the Instruments or (ii) all of the Instruments held by that Group, as the case may be, or at any adjourned such meeting, Instrument Holders holding or representing not less than one-third of the Outstanding Principal Amount of (i) all of the Instruments or (ii) all of the Instruments held by that Group, as the case may be.

Any resolution passed at a meeting of Instrument Holders or any Group of Instrument Holders, as the case may be, duly convened and held in accordance with the applicable provisions of the Representative Agreement, shall be binding upon all the Instrument Holders or all the Instrument Holders in that Group, as the case may be, whether present or not present at such meeting and whether or not voting, and all the Instrument Holders or all the Instrument Holders in that Group, as the case may be, shall be bound to give effect thereto accordingly.

25 AMENDMENT

25.1 Amendment

Subject to Condition 25.2, the Issuer and the Guarantor may effect, without the consent of any Instrument Holder or the Representative, any amendment of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or is necessary to comply with mandatory provisions of the law of South Africa (including, without limitation, the Companies Act and the Applicable Procedures) or is otherwise provided for in the Representative Agreement. For the avoidance of doubt, the exercise by the Issuer and/or the Guarantor of their rights under Condition 22 shall not constitute an amendment of the Terms and Conditions.

Subject to the preceding paragraph of this Condition 25.1, the immediately following paragraph and Condition 25.2, no amendment of the Terms and Conditions may be effected unless such amendment is in writing and signed by or on behalf of the Issuer, the Guarantor and the Representative, and:

- a) if such amendment affects the rights, under the Terms and Conditions, of all of the Instrument Holders, (i) signed by or on behalf of the Instrument Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments, or (ii) sanctioned by an Extraordinary Resolution of all of the Instrument Holders, as the case may be; or
- b) if such amendment affects only the rights, under the Terms and Conditions, of a particular Group (or Groups) of Instrument Holders, (i) signed by or on behalf of the Instrument Holders in that Group (or those Groups) holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments held by that Group (or those Groups), or (ii) sanctioned by an Extraordinary Resolution of that Group (or those Groups), as the case may be.

Notwithstanding anything to the contrary contained in the Terms and Conditions, the required majority (including the required majority for an Extraordinary Resolution) for purposes of any amendment to or deletion of the provisions of Condition 7, Condition 8.1, Condition 8.2, Condition 15.1, Condition 15.2, Condition 15.3, Condition 17, and/or Condition 18 and/or this Condition 25.1 shall be not less than 90% instead of 66.67%.

25.2 General

Any amendment to the Terms and Conditions effected pursuant to this Condition 25 shall be made in compliance with the JSE Debt Listings Requirements (it being recorded that a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, must be approved by the JSE, as set out in Section 1 of the Programme Memorandum headed "**Documents Incorporated by Reference**") and shall be subject to the adoption of any necessary amendment to the Issuer's Memorandum of Incorporation by the board of directors of the Issuer. Any such amendment shall forthwith be binding on the Instrument Holders or the relevant Group (or Groups) of Instrument Holders, as the case may be. The Representative shall notify the JSE, and the Instrument Holders or the relevant Group (or Groups) of Instrument Holders, as the case may

be, of such amendment as soon as practicable thereafter in accordance with Condition 23.1.

26 BENEFIT OF AGREEMENTS

26.1 Representative Agreement and Paying Agency Agreement

Instrument Holders are entitled to the benefit of, and are deemed to have notice of, the provisions of the Representative Agreement and the Paying Agency Agreement, and the Instrument Holders shall be bound by all those provisions of the Representative Agreement and the Paying Agency Agreement which confer rights and/or impose obligations on the Instrument Holders.

Each Instrument Holder undertakes in favour of the Representative and the Paying Agent, respectively, that the Instrument Holder shall perform all obligations imposed on the Instrument Holder in terms of the Representative Agreement and the Paying Agency Agreement, and that it shall execute and attend to all deeds, documents and things and take all such action which the Representative and the Paying Agent, respectively, may reasonably require to enable the Representative and the Paying Agent, respectively, to carry out, exercise or discharge the powers, rights, authorities, provisions and/or obligations contained in the Representative Agreement and the Paying Agency Agreement, respectively.

One copy of the Representative Agreement shall be made available, free of charge, to each Instrument Holder, at the Specified Offices of the Issuer and the Representative. One copy of the Paying Agency Agreement shall be made available, free of charge, to each Instrument Holder, at the Specified Offices of the Issuer and the Paying Agent.

26.2 Guarantee

The Guarantee is conferred by the Guarantor as a *stipulatio alteri* for the benefit of the Noteholders. Noteholders are entitled to the benefit of, and are deemed to have notice of, the provisions of the Guarantee. Each Noteholder, by its subscription for or purchase of Notes, shall be deemed to have accepted such benefits, and shall be bound by all of those provisions of the Guarantee which confer rights and/or impose obligations on the Noteholders.

One copy of the Guarantee shall be made available, free of charge, to each Noteholder, at the Specified Offices of the Issuer and the Representative.

26.3 Put Option Agreement

The Put Option Agreement is conferred by the Guarantor as a *stipulatio alteri* for the benefit of the Redeemable Preference Share Holders. The Redeemable Preference Share Holders are entitled to the benefit of, and are deemed to have notice of, the provisions of the Put Option Agreement. Each Redeemable Preference Share Holder, by its subscription for or purchase of Redeemable Preference Shares, shall be deemed to have accepted such benefits, and shall be bound by all those provisions of the Put Option Agreement which confer rights and/or impose obligations on the Redeemable Preference Share Holders.

One copy of the Put Option Agreement shall be made available, free of charge, to each Redeemable Preference Share Holder, at the Specified Offices of the Issuer and the Representative.

27 APPROVAL AND LISTING

The Programme Memorandum was approved by the JSE on 14 August 2012. A Tranche of Instruments may be listed on the Interest Rate Market of the JSE or on such other or additional exchange(s) as may be determined by the Issuer, subject to Applicable Laws. Unlisted Instruments may also be issued under the Programme. Unlisted Instruments are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Instruments will be listed and, if so, on which exchange.

28 FURTHER ISSUES

The Issuer may, with the prior consent of the Instrument Holders of Existing Instruments (as defined below), create and issue a Tranche of Instruments (the "**Additional Instruments**") having terms and conditions which are identical to any other Tranche of Instruments already in issue under the Programme (the "**Existing Instruments**") (save for their respective Issue Prices, Issue Dates and aggregate nominal amounts), so that the Additional Notes (i) are consolidated and form a single series with the Existing Notes and (ii) rank *pari passu* in all respects with the Existing Notes.

29 **GOVERNING LAW**

The Instruments, the Terms and Conditions, the Guarantee and the Put Option Agreement are governed by, and shall be construed in accordance with, the laws of South Africa.

30 **REDEEMABLE PREFERENCE SHARES AND THE COMPANIES ACT**

Notwithstanding anything to the contrary contained in the Terms and Conditions or the Programme Memorandum, (i) the Issuer, (ii) each Tranche of Redeemable Preference Shares, and (iii) each of the Redeemable Preference Share Holders, shall be subject to all of the applicable provisions of the Companies Act including, without limiting the generality of the foregoing, sections 36, 37(5)(b), 46, 48, 77(3)(e)(vi) and 77(4)t (the "**Applicable Provisions**").

For the purpose of the Redeemable Preference Shares and in relation to (i) the Issuer, (ii) each Tranche of Redeemable Preference Shares, and (iii) each of the Redeemable Preference Share Holders:

- a) the Applicable Provisions are deemed to be incorporated by reference into the Terms and Conditions; and
- b) to the extent that there is any conflict or inconsistency between the Applicable Provisions and any of the Terms and Conditions, the Applicable Provisions shall prevail; and
- c) to the extent that, in consequence of such conflict, the Applicable Provisions replace, amend, or supplement any of the Terms and Conditions, any reference to "**Terms and Conditions**" in the Programme Memorandum and/or the Applicable Pricing Supplement shall be deemed to include the Terms and Conditions as so replaced, amended or supplemented.



Annexure "A" to Section 7 of the Programme Memorandum

SALIENT TERMS AND CONDITIONS OF THE GUARANTEE

Capitalised terms in this annexure "A" to Section 7 of the Programme Memorandum are defined in the Terms and Conditions unless separately defined herein. References to any Condition are to that Condition of the Terms and Conditions.

The Amended and Restated Guarantee ("**Guarantee**") will, from the Programme Date, be held by the Representative for the benefit and on behalf of the Noteholders.

This annexure "A" sets out the salient clauses of the Guarantee. To the extent that there is any conflict between the provisions of this annexure "A" and the Guarantee, the Guarantee shall prevail.

The following clauses are extracts from the Guarantee:

"1 PARTIES

*The parties to this Guarantee ("**Guarantee**") are:*

- 1.1 *Kagiso Tiso Holdings Proprietary Limited (RF) (Registration Number 2011/000848/07) ("**Guarantor**");* and
- 1.2 *GMG Trust Company (SA) Proprietary Limited (Registration Number 2006/013631/07) ("**GMG Trust**") and, where applicable, the "**Representative**", acting in its capacity as the Representative on behalf of the Noteholders pursuant to the Representative Agreement as defined in paragraph G below).*

2 INTERPRETATION

- 2.1 *Capitalised terms used in this Guarantee are defined in the Terms and Conditions, unless separately defined in this Guarantee and/or the Applicable Pricing Supplement.*
- 2.2 *The Terms and Conditions are attached to this Guarantee as Annexure "A". In the event of any inconsistency between the provisions of this Guarantee and the Terms and Conditions, the Terms and Conditions shall prevail. References in this Guarantee to any Condition are to that Condition of the Terms and Conditions.*
- 2.3 *For purposes of this Guarantee:*
 - 2.3.1 *the Representative will, in respect of the Notes and this Guarantee, act as the Representative of the Noteholders, for the benefit and on behalf of the Noteholders, in accordance with the Terms and Conditions, the Representative Agreement and this Guarantee;*
 - 2.3.2 *subject to clause 6, the Guarantor will act on the instructions of the Representative in making payments under the Guarantee, and the Paying Agent will act on the instructions of the Representative in disbursing such payments to the relevant Noteholders, in accordance with the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement; and*
 - 2.3.3 *the Representative will not hold or own or administer any property for the benefit of Noteholders.*

3 PREVIOUS GUARANTEE

This Guarantee supersedes the Previous Guarantee on and with effect from the Programme Date.

4 THE REPRESENTATIVE

The Representative acts as the representative of the Noteholders for purposes of, among other things, making demands under this Guarantee for the benefit and on behalf of the relevant Noteholders, in accordance with the Representative Agreement and the Terms and Conditions. Subject to Condition 18.2, only the Representative may enforce the Terms and Conditions, this Guarantee and the Representative Agreement, and no Noteholder shall be entitled to proceed directly against the Issuer and/or the Guarantor.

5 THE GUARANTEE

- 5.1 *The Guarantor hereby irrevocably and unconditionally agrees (as primary obligor and not merely as surety), following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, to pay the Guarantee Amount to the relevant Noteholders on the Guarantee Payment Date, on the terms and conditions of this Guarantee, the Terms and Conditions, the Representative Agreement, and the Paying Agency Agreement.*
- 5.2 *This Guarantee is in addition to and not in substitution for any other rights which the Representative or the Noteholders or any of them may have under or by virtue of the Terms and Conditions and the Notes, and may be enforced without first having recourse to any such rights and without taking any steps, actions or proceedings against the Issuer. In particular, this Guarantee may be enforced on each and every occasion on which an Event of Default occurs and is continuing in relation to any Tranche of Instruments, notwithstanding that any call under this Guarantee may have been made previously by the Representative or that any proceedings may have been commenced against the Guarantor in respect of sums already due under this Guarantee.*
- 5.3 *This Guarantee shall be binding on the Guarantor with respect to the Notes even though payment under the Notes is held to be void or unenforceable for any reason and this Guarantee shall continue to be binding on the Guarantor with respect to any payment, or any part thereof, of the Guarantee Amount that is rescinded or must otherwise be returned by the Paying Agent or any Noteholder, if such rescission or return of payment has been compelled by law as the result of the insolvency of the Issuer or any other person or if such rescission or return of payment is a result of any law, regulation or decree applicable to the Issuer or such person.*
- 5.4 *The Guarantor hereby renounces all benefits arising from the legal exceptions "non causa debiti" and "beneficia excussionis et divisionis", with the force and effect of which the Guarantor hereby declares itself to be fully acquainted, it being agreed that the Representative shall not be required to make demand for payment from the Issuer prior to making demand for payment from the Guarantor under this Guarantee and the Representative Agreement.*
- 5.5 *No action in respect of collateral or security (if any) given by the Issuer, or any other person, in respect of the Notes is required to be taken before action is taken by the Representative, against the Guarantor under this Guarantee and the Representative Agreement, and the existence or enforceability of this Guarantee shall not affect or be affected by any other security held in respect of the Issuer's obligations under the Notes.*
- 5.6 *Any admission made by the Issuer in respect of the Notes shall be binding on the Guarantor.*
- 5.7 *The Representative may from time to time make any arrangement or compromise with the Guarantor in relation to this Guarantee which the Representative may think fit; provided that the Representative shall have obtained the prior (a) written consent of the Noteholders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Notes, or (b) the sanction by an Extraordinary Resolution of all of the Noteholders, as the case may be, to the terms of such arrangement or compromise.*
- 5.8 *The Guarantor shall not, without the prior (a) written consent of the Noteholders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Notes, or (b) the sanction by an Extraordinary Resolution of all of the Noteholders, as the case may be, at any time after an Event of Default has occurred and is continuing in relation to a Tranche of Notes or default has been made by the Guarantor in the payment of the Guarantee Amount (or any portion thereof) under or pursuant to this Guarantee, and so long as any moneys payable by the Guarantor in terms of this Guarantee remain unpaid, exercise in respect of the Guarantee Amount (or any portion thereof) paid under this Guarantee any right of subrogation or any other right or remedy which may accrue to the Guarantor in respect of or as a result of such payment.*

6 ENFORCEMENT OF THE GUARANTEE

- 6.1 *Upon the occurrence of a Potential Event of Default, the Representative shall send the written notice/s to the Issuer and/or the Guarantor contemplated in the relevant Sub-Paragraph of Condition 17.1.*
- 6.2 *If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that the*

relevant Notes are immediately repayable on the Early Termination Date, whereupon the relevant Notes shall become immediately repayable on the Early Termination Date.

- 6.3 *If, following the relevant notice contemplated in clause 6.2, all amounts which are due and payable under the relevant Notes are not paid in full on or before the Early Termination Date, the Representative shall demand payment of the Guarantee Amount from the Guarantor by delivering a Demand to the Issuer and the Guarantor, subject to and in accordance with Condition 18.3 and the Representative Agreement, and the Guarantee Amount shall be due and payable to the relevant Group of Noteholders on the Guarantee Amount Payment Date.*
- 6.4 *Forthwith upon receipt of notice from the Issuer that any Potential Event of Default or Event of Default, as the case may be, has occurred and is continuing, the Calculation Agent is required, in terms of the Calculation Agency Agreement, among other things, (i) to liaise with the Representative for purposes of ascertaining whether there is to be an Enforcement of the Guarantee and, if so, the Guarantee Amount Payment Date, (ii) to calculate the Guarantee Amount payable to the relevant Group of Noteholders, unless otherwise specified in the Applicable Pricing Supplement, in accordance with Condition 18.5.1 and, if otherwise specified in the Applicable Pricing Supplement, in accordance with the applicable provisions of the Applicable Pricing Supplement and (iii) to notify, among other persons, the Issuer, the Guarantor, the Representative and the Paying Agent of the Guarantee Amount.*
- 6.5 *The provisions of Condition 12.3 shall apply mutatis mutandis to all determinations of the Guarantee Amount made by the Calculation Agent in terms of the Calculation Agency Agreement, the Terms and Conditions and this Guarantee and (ii) to any dispute of such determination by any Noteholder.*
- 6.6 *The Guarantor shall, upon receipt of the Demand from the Representative, in accordance with the Representative Agreement and the Paying Agency Agreement, procure (by no later than the Business Day preceding the Guarantee Amount Payment Date) that an amount equivalent to the Guarantee Amount is paid, in freely transferable funds, into the guarantee bank account specified for this purpose by the Paying Agent.*
- 6.7 *In terms of the Representative Agreement, the Representative is required, at the same time that it sends the Demand to the Guarantor, to instruct the Paying Agent, in writing, of (i) the manner in which the Guarantee Amount is to be disbursed to the relevant Group of Noteholders, (ii) the Guarantee Amount Payment Date, and (iii) whether, pursuant to Condition 13.5, the holders of Individual Certificates evidencing the relevant Notes are required to surrender such Individual Certificates to the Transfer Secretary ("**Representative Guarantee Instructions**").*
- 6.8 *The Paying Agent is required, in terms of and subject to the Paying Agency Agreement, to disburse the Guarantee Amount, on behalf of the Guarantor, to the relevant Group of Noteholders, in accordance with the Representative Guarantee Instructions, by no later than 16h00 (South African time) on the Guarantee Amount Payment Date.*
- 6.9 *The Guarantor shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the relevant Group of Noteholders, and payment of the Guarantee Amount by the Guarantor to the Paying Agent (into the guarantee bank account specified for this purpose by the Paying Agent) in accordance with the Representative Agreement and the Paying Agency Agreement, shall pro tanto cure the relevant default of the Issuer and shall be satisfaction pro tanto, to the extent of the Guarantee Amount, of the Guarantor's obligations to the relevant Group of Noteholders under this Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.*
- 6.10 *All payments of the Guarantee Amount made by (or on behalf of) the Guarantor to the relevant Group of Noteholders will be made without withholding or deduction for, or on account of, any Tax imposed or levied by, or on behalf of, South Africa, or any political sub-division or any authority in South Africa having power to tax, unless such withholding or deduction is required by Applicable Law. If any such withholding or deduction is required to be made by Applicable Law in respect of Tax imposed or levied on any payments of the Guarantee Amount made by (or on behalf of) the Guarantor to the relevant Group of Noteholders, the Guarantor will make such payments after such withholding or deduction has been made and will account to the relevant Taxation authorities for the amount so required to be withheld or deducted.*

7 COMPANIES ACT

- 7.1 *The Guarantor undertakes to the Noteholders that for as long as this Guarantee remains in effect,*

the Guarantor shall, to the extent that it is within the control of the Guarantor –

- 7.1.1 *in the event that business rescue proceedings have commenced in relation to the Guarantor or the Issuer in accordance with the provisions of Chapter 6 of the Companies Act, not –*
- 7.1.2.1 *vote in favour of amending, approving or rejecting a proposed business rescue plan in relation to such business rescue proceedings in the manner contemplated in section 152 of the Companies Act;*
- 7.1.2.2 *propose the development of an alternative business rescue plan in the manner contemplated in section 152 of the Companies Act; and/or*
- 7.1.2.3 *present an offer to acquire the interest of any or all of the other creditors of the Guarantor or the Issuer in a manner contemplated in section 153 of the Companies Act,*
- if such vote, proposal or offer would reduce or delay payment of the amounts payable to the Noteholders under this Guarantee;*
- 7.1.2 *pass all resolutions (if any) as may be necessary to ensure that the provisions of the Companies Act are complied with to the extent necessary for the purposes of this Guarantee; and*
- 7.1.3 *provide the Noteholders with all information regarding any shareholders or directors resolutions relating to the entry into of business rescue proceedings by the Guarantor or the Issuer and consult with the Noteholders regarding the appointment of any business rescue practitioner. 7.3 All costs and expenses incurred in connection with the implementation by the Guarantor of any of the provisions of the Companies Act shall be borne and paid by the Guarantor.*

8 **WARRANTIES**

The Guarantor represents and warrants in favour of the Noteholders on a continuing basis for as long as this Guarantee remains in effect that:

- 8.1 *it is a limited liability company duly incorporated and validly existing under the laws of South Africa with full power and authority to conduct its business as described in the Programme Memorandum, and is lawfully qualified to carry out its business in those jurisdictions in which such business is conducted by it;*
- 8.2 *it has full power and capacity to enter into this Guarantee, and to undertake and to perform the obligations expressed to be assumed by it in respect of the Terms and Conditions and this Guarantee;*
- 8.3 *neither the execution of this Guarantee, nor the performance of the obligations expressed to be assumed by it in respect of the Terms and Conditions and this Guarantee will:*
- 8.3.1 *conflict with, or result in a breach of or default under, any of the terms or provisions of the Memorandum of Incorporation of the Guarantor and/or the laws of South Africa;*
- 8.3.2 *conflict with, or result in a breach of or default under any undertaking or other agreement or instrument to which the Guarantor is a party or by which the Guarantor is bound, which breach or default has or is likely to have a material adverse effect on the Guarantor's ability to perform any of its obligations under this Guarantee;*
- 8.3.3 *infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Guarantor and/or any of its assets, which infringement has or is likely to have a material adverse effect on the Guarantor's ability to perform any of its obligations under this Guarantee;*
- 8.4 *save as disclosed in the Programme Memorandum, the Guarantor is not involved in any litigation or arbitration proceedings or administrative proceedings instituted by a governmental authority or regulatory body relating to claims or amounts which are likely to have a material adverse effect on the ability of the Guarantor to perform any of its obligations under the Terms and Conditions or this Guarantee nor, so far as the Guarantor is aware, are any such litigation or arbitration proceedings or administrative proceedings pending or threatened;*

- 8.5 *it is not in breach of or in default under any agreement to which it is a party or which is binding on any of its assets or revenues, which breach or default has or is likely to have a material adverse effect on the ability of the Guarantor to perform any of its obligations under the Terms and Conditions or this Guarantee;*
- 8.6 *the obligations of the Guarantor under this Guarantee are unconditional and unsecured obligations of the Guarantor and rank (subject to any obligations preferred by law) pari passu with all other present and future unsecured and unsubordinated obligations of the Guarantor;*
- 8.7 *the interim financial statements of the Guarantor for the period ended 31 December 2011 were prepared in accordance with accounting principles generally accepted in South Africa consistently applied except as disclosed therein, and present fairly the financial position of the Guarantor for the periods in respect of which they have been prepared, and present fairly the results of operations and changes in the financial position of the Guarantor for the periods in respect of which they have been prepared;*
- 8.8 *save as otherwise disclosed in the Programme Memorandum, since 31 December 2011 there has been no material adverse change in the financial condition or general affairs of the Guarantor, which change has or is likely to have a material adverse effect on the ability of the Guarantor to perform any of its obligations under the Terms and Conditions or this Guarantee;*
- 8.9 *no meeting has been convened for the Guarantor's winding-up and no such step is intended by itself, and as far as it is aware, no petition, application or the like is outstanding or pending for its winding-up.*

9 **AMENDMENT**

- 9.1 *The Guarantor may effect, without the consent of the Noteholders or the Representative, any amendment of this Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or is necessary to comply with mandatory provisions of the law of South Africa (including, without limitation, the Applicable Procedures) or is otherwise provided for in the Representative Agreement.*
- 9.2 *Save as provided in clause 9.1, no amendment of this Guarantee may be effected unless in writing and signed by or on behalf of the Guarantor, and (a) signed by or on behalf of the Noteholders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Notes, or (b) sanctioned by an Extraordinary Resolution of all of the Noteholders, as the case may be.*

10 **TERMINATION**

This Guarantee is a continuing guarantee and accordingly shall remain in operation until the earlier of the happening of any of the following events:

- 10.1 *once all amounts due and payable to the Noteholders under the Terms and Conditions have been paid in full; or*
- 10.2 *following the Enforcement of the Guarantee, once all amounts due and payable to the relevant Noteholders under this Guarantee have been paid in full; or*
- 10.3 *if, following the Enforcement of the Guarantee, the relevant Noteholders have requested the Representative to make any demands or institute any legal proceedings against the Issuer and/or the Guarantor in terms of the Representative Agreement, once:*
- 10.3.1 *such demands have been satisfied in full; or*
- 10.3.2 *a final judgment has been granted in respect of such legal proceedings; or*
- 10.3.3 *the Representative has been directed by an Ordinary Resolution (as defined in paragraph D1 of Annexure "C" to the Representative Agreement) of the relevant Noteholders to cease the pursuit of such demands or to cease such legal proceedings.*

11 **PRESCRIPTION**

All claims under this Guarantee for payment in respect of the Notes will prescribe and become void three years after the Guarantee Amount Payment Date; provided that if the full amount of the moneys payable under this Guarantee in respect of the Notes has not been received by the CSD's Nominee on or prior to the Guarantee Amount Payment Date, all claims under this Guarantee for payment in respect of the Notes will become void three years after the date on which such moneys have been

received by the CSD's Nominee and notice to that effect has been given by the Guarantor to the Noteholders in accordance with Condition 23.1.

12 MERGER AND CONSOLIDATION

- 12.1 *Any corporation into which the Guarantor may be merged or converted, or any corporation with which the Guarantor may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Guarantor shall be a party, or any corporation to which the Guarantor shall sell or otherwise transfer all or substantially all the assets and/or business of the Guarantor shall, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Guarantor under this Guarantee without the execution of any written agreement or any further act on the part of the parties hereto, and after the said effective date all references in this Guarantee to the Guarantor shall be deemed to be references to such corporation.*
- 12.2 *Written notice of any such merger, conversion, consolidation or transfer shall forthwith be given by the Guarantor to the Representative as soon as the Guarantor is reasonably able to do so. Upon such merger, conversion, consolidation or transfer, the Guarantor shall give notice thereof to the Noteholders in accordance with Condition 23.1.*

15 BENEFIT OF THIS GUARANTEE

- 15.1 *This Guarantee is conferred by the Guarantor as a stipulatio alteri for the benefit of the Noteholders. Noteholders are entitled to the benefit of, and are deemed to have notice of, the provisions of this Guarantee. Each Noteholder, by its subscription for or purchase of Notes, shall be deemed to have accepted such benefits, and shall be bound by all of those the provisions of this Guarantee which confer rights and/or impose obligations on the Noteholders.*
- 15.2 *One copy of this Guarantee shall be made available, free of charge, to each Noteholder, at the Specified Offices of the Issuer and the Representative."*



Annexure "B" to Section 7 of the Programme Memorandum

SALIENT TERMS AND CONDITIONS OF THE PUT OPTION AGREEMENT

Capitalised terms in this annexure "B" to Section 7 of the Programme Memorandum are defined in the Terms and Conditions unless separately defined herein. References to any Condition are to that Condition of the Terms and Conditions.

The Second Amended and Restated Put Option Agreement ("**Put Option Agreement**") will, from the Programme Date, be held by the Representative for the benefit and on behalf of the Redeemable Preference Share Holders.

This annexure "B" sets out the salient clauses of the Put Option Agreement. To the extent that there is any conflict between the provisions of this annexure "B" and the Put Option Agreement, the Put Option Agreement shall prevail.

The following clauses are extracts from the Put Option Agreement:

"1 PARTIES

*The parties to this Put Option Agreement ("**Agreement**") are:*

- 1.1 *Kagiso Tiso Holdings Proprietary Limited (RF) (Registration Number 2011/000848/07) ("**Guarantor**");* and
- 1.2 *GMG Trust Company (SA) Proprietary Limited (Registration Number 2006/013631/07) ("**GMG Trust**" and, where applicable, the "**Representative**"), acting in its capacity as the Representative on behalf of the Redeemable Preference Share Holders pursuant to the Representative Agreement (as defined in paragraph G below).*

2 INTERPRETATION

- 2.1 *Capitalised terms used in this Agreement are defined in the Terms and Conditions, unless separately defined in this Agreement and/or the Applicable Pricing Supplement.*
- 2.2 *The Terms and Conditions are attached to this Agreement as Annexure "A". In the event of any inconsistency between the provisions of this Agreement and the Terms and Conditions, the Terms and Conditions shall prevail. References in this Agreement to any Condition are to that Condition of the Terms and Conditions.*
- 2.3 *For purposes of this Agreement:*
 - 2.3.1 *the Representative will, in respect of the Redeemable Preference Shares and this Agreement, act as the Representative of the Redeemable Preference Share Holders, for the benefit and on behalf of the Redeemable Preference Share Holders, in accordance with the Terms and Conditions, the Representative Agreement and this Agreement;*
 - 2.3.2 *subject to clause 6, the Guarantor will act on the instructions of the Representative in making payments under this Agreement, and the Paying Agent will act on the instructions of the Representative in disbursing such payments to the relevant Redeemable Preference Share Holders, in accordance with the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement; and*
 - 2.3.3 *the Representative will not hold or own or administer any property for the benefit of Redeemable Preference Share Holders.*

3 PREVIOUS PUT OPTION AGREEMENT AND THE FIRST AMENDED AND RESTATED PUT OPTION AGREEMENT

This Agreement supersedes each of the Previous Put Option Agreement and the First Amended and Restated Put Option Agreement on and with effect from the Programme Date.

4 THE REPRESENTATIVE

The Representative acts as the representative of the Redeemable Preference Share Holders for purposes of, among other things, exercising the put option contemplated in this Agreement for the

benefit and on behalf of the relevant Redeemable Preference Share Holders, in accordance with the Representative Agreement and the Terms and Conditions. Subject to Condition 18.2, only the Representative may enforce the Terms and Conditions, this Agreement and the Representative Agreement, and no Redeemable Preference Share Holder shall be entitled to proceed directly against the Issuer and/or the Guarantor.

5 PUT OPTION

5.1 The Guarantor hereby irrevocably and unconditionally grants to the Redeemable Preference Share Holders, following an Event of Default, an irrevocable put option to sell the Redeemable Preference Shares to the Guarantor for a consideration equal to the Put Option Amount, on the terms and conditions of this Agreement, the Terms and Conditions and the Representative Agreement.

5.2 This Agreement is in addition to and not in substitution for any other rights which the Representative or the Redeemable Preference Share Holders or any of them may have under or by virtue of the Terms and Conditions and the Redeemable Preference Shares, and may be enforced without first having recourse to any such rights and without taking any steps, actions or proceedings against the Issuer. In particular, this Agreement may be enforced on each and every occasion on which an Event of Default occurs and is continuing in relation to any Tranche of Instruments, notwithstanding that any call under this Agreement may have been made previously by the Representative or that any proceedings may have been commenced against the Guarantor in respect of sums already due under this Agreement.

5.3 The Guarantor hereby acknowledges and agrees that:

5.3.1 the Issuer has full power to allot and issue the Redeemable Preference Shares and has taken all necessary steps and other actions to authorise the allotment and issue thereof to the Redeemable Preference Share Holders;

5.3.2 this Agreement shall be fully enforceable notwithstanding :

5.3.2.1 any irregularity in the issue or allotment of the Redeemable Preference Shares to the Redeemable Preference Share Holders;

5.3.2.2 any defect or irregularity in the certificate, title or rights in terms of the Redeemable Preference Shares;

5.3.2.3 any defect or irregularity in the rights acquired by the Redeemable Preference Share Holders under the Terms and Conditions;

5.3.2.4 that it might not be competent or proper for the Issuer to issue or allot the Redeemable Preference Shares to the Redeemable Preference Share Holders;

5.3.2.5 that the issue and/or allotment of the Redeemable Preference Shares to the Redeemable Preference Share Holders may be held to be invalid or a nullity;

5.3.2.6 that the Redeemable Preference Shares might not be transferable to the Guarantor;

5.3.2.7 that the Issuer might not be liable or able to fulfil in full or in part its obligations in terms of the Redeemable Preference Shares;

5.3.2.8 that it might not be competent, possible or legally permissible for the Issuer to fulfil in full or in part its obligations in terms of the Redeemable Preference Shares;

5.3.2.9 whether or not the Issuer is then in liquidation, or placed under business rescue proceedings (whether provisional or final); and

5.3.2.10 the then status or value of the rights attaching to the Redeemable Preference Shares.

5.4 It is specifically agreed that it shall not be a defence in favour of the Guarantor that the Issuer has been liquidated (whether provisionally or finally) or is insolvent or has no value or that the relevant Redeemable Preference Shares have no value, and the Guarantor's obligations in terms of this Agreement shall arise, following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, in accordance with Condition 18.4 and clause 6.

6 **ENFORCEMENT OF THE PUT OPTION**

- 6.1 *If, following the occurrence of a Potential Event of Default, the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Redeemable Preference Share Holders, the Representative shall send the written notice/s to the Issuer and/or the Guarantor contemplated in the relevant Sub-Paragraph of Condition 17.1.*
- 6.2 *If, following the occurrence of an Event of Default, the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Redeemable Preference Share Holders, the Representative shall exercise the put option contained in this Agreement, for the benefit and on behalf of the relevant Group of Redeemable Preference Share Holders, by delivering a Put Notice to the Guarantor.*
- 6.3 *Following the Enforcement of the Put Option in terms of the preceding provisions of this clause 6, the relevant Group of Redeemable Preference Share Holders shall be irrefutably deemed to have sold all of the relevant Redeemable Preference Shares to the Guarantor, and the Guarantor shall be irrefutably deemed to have purchased all of the relevant Redeemable Preference Shares from the relevant Group of Redeemable Preference Share Holders, on the Put Option Exercise Date, for a consideration equal to the Put Option Amount and, without limiting the generality of the foregoing, the following terms and conditions:*
- 6.3.1 *the effective date of the sale of the relevant Redeemable Preference Shares shall be the Put Option Exercise Date;*
- 6.3.2 *no warranties or representations of any nature in respect of the relevant Redeemable Preference Shares express or implied or tacit, whether by law, contract or otherwise, shall be binding on the relevant Group of Redeemable Preference Share Holders and the relevant Redeemable Preference Shares shall be purchased by the Guarantor on a non-recourse basis;*
- 6.3.3 *the purchase consideration payable by the Guarantor to the relevant Group of Redeemable Preference Share Holders for the relevant Redeemable Preference Shares shall be an amount equal to the Put Option Amount;*
- 6.3.4 *the Calculation Agent shall calculate the Put Option Amount, unless otherwise specified in the Applicable Pricing Supplement, in accordance with Condition 18.5.2 and, if otherwise specified in the Applicable Pricing Supplement, in accordance with the applicable provisions of the Applicable Pricing Supplement.*
- 6.4 *Forthwith upon receipt of notice from the Issuer that any Potential Event of Default or Event of Default, as the case may be, has occurred and is continuing, the Calculation Agent is required, in terms of the Calculation Agency Agreement, among other things, (i) to liaise with the Representative for purposes of ascertaining whether there is to be an Enforcement of the Put Option and, if so, the Put Option Exercise Date and the Put Option Implementation Date, (ii) to determine the Put Option Amount, and (iii) to notify, among other persons, the Issuer, the Guarantor, the Representative and the Paying Agent of the Put Option Amount.*
- 6.5 *The provisions of Condition 12.3 shall apply mutatis mutandis to all determinations of the Put Option Amount made by the Calculation Agent in terms of the Calculation Agency Agreement, the Terms and Conditions and this Agreement and (ii) to any dispute of such determination by any Redeemable Preference Share Holder.*
- 6.6 *The Guarantor shall, upon receipt of the Put Notice, in accordance with the Representative Agreement and the Paying Agency Agreement, procure (by no later than the Business Day preceding the Put Option Implementation Date) that an amount equivalent to the Put Option Amount is paid, in freely transferable funds, into the put option bank account specified for this purpose by the Paying Agent.*
- 6.7 *In terms of the Representative Agreement, the Representative is required, at the same time that it sends the Put Notice to the Guarantor, to instruct the Paying Agent, in writing, of (i) the manner in which the Put Option Amount is to be disbursed to the relevant Group of Redeemable Preference Share Holders, (ii) the Put Option Implementation Date and (iii) whether, pursuant to Condition 13.5.2, the holders of Individual Certificates evidencing the relevant Redeemable Preference Shares are required to surrender such Individual Certificates to the Transfer Secretary ("**Representative Put Option Instructions**").*
- 6.8 *The Paying Agent is required, in terms of and subject to the Paying Agency Agreement, to disburse*

the Put Option Amount, on behalf of the Guarantor, to the relevant Group of Redeemable Preference Share Holders, in accordance with the Representative Put Option Instructions, by no later than 16h00 (South African time) on the Put Option Implementation Date.

- 6.9 *The Guarantor shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the relevant Group of Redeemable Preference Share Holders, and payment of the Put Option Amount by the Guarantor to the Paying Agent (into the put option bank account specified for this purpose by the Paying Agent) in accordance with the Representative Agreement and the Paying Agency Agreement, shall pro tanto cure the relevant default of the Issuer and shall be satisfaction pro tanto, to the extent of the Put Option Amount, of the Guarantor's obligations to the relevant Group of Redeemable Preference Share Holders under this Agreement, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.*
- 6.10 *Forthwith after receipt of the Put Notice, the Guarantor shall pay all the securities transfer tax payable in terms of the Securities Transfer Tax Act, 2007 in respect of the transfer of the relevant Redeemable Preference Shares, and any other costs of such transfer.*
- 6.11 *The Guarantor and the Representative record and agree that the Put Option Amount, calculated (subject to clause 6.3.4) in accordance with Condition 18.5.2, includes (among other things) (i) the amounts (including certain gross-up amounts) referred to in Condition 18.5.2(c) and (ii) the amount of income tax referred to, and calculated in accordance with, Condition 18.5.2(d).*
- 6.12 *Subject to clause 6.11 and Condition 18.5.2, all payments of the Put Option Amount made by (or on behalf of) the Guarantor to the relevant Group of Redeemable Preference Share Holders will be made without withholding or deduction for, or on account of, any Tax imposed or levied by, or on behalf of, South Africa, or any political sub-division or any authority in South Africa having power to tax, unless such withholding or deduction is required by Applicable Law. If any such withholding or deduction is required to be made by Applicable Law in respect of Tax imposed or levied on any payments of the Put Option Amount made by (or on behalf of) the Guarantor to the relevant Group of Redeemable Preference Share Holders, the Guarantor will make such payments after such withholding or deduction has been made and will account to the relevant Taxation authorities for the amount so required to be withheld or deducted.*

7 GROSS-UP OF TAX ON DIVIDEND AMOUNTS

- 7.1 *The Guarantor and the Representative record and agree that, as set out in Condition 15.2.3, if, during the period before the relevant Redeemable Preference Share has been redeemed pursuant to Condition 14, the Issuer fails to pay any additional amount referred to in Condition 15.2 (including any Tax on such additional amounts) which is due and payable to the relevant Redeemable Preference Share Holder, such failure to pay will constitute a Potential Event of Default under Condition 17.1(a) and, subject to Condition 18.4, an Event of Default.*
- 7.2 *The Guarantor and the Representative record and agree that, as set out in Condition 15.2.4, during the period after the relevant Redeemable Preference Share has been redeemed pursuant to Condition 14, the Issuer (and the Guarantor, who shall be jointly and severally liable with the Issuer) shall pay the additional amount referred to in Condition 15.2 (including any Tax on such additional amount) to the relevant Redeemable Preference Share Holder.*
- 7.3 *The Guarantor and the Representative record and agree that, as set out in Condition 15.2.5, where the Guarantor has become liable to pay any additional amount referred to in Condition 15.2 (including any Tax on such additional amount) in terms of Condition 15.2.4, the provisions of Condition 18.2 shall apply mutatis mutandis to the enforcement of the rights against the Guarantor conferred on the relevant Redeemable Preference Share Holder in terms of Condition 15.2.*

8 COMPANIES ACT

- 8.1 *The Guarantor undertakes to the Redeemable Preference Share Holders that for as long as this Agreement remains in effect, the Guarantor shall, to the extent that it is within the control of the Guarantor –*
- 8.1.1 *not amend its Memorandum of Incorporation and/or bring its Memorandum of Incorporation into harmony with the Companies Act or adopt a new Memorandum of Incorporation where such amendment and/or harmonisation and/or adoption would amend the rights of the Redeemable Preference Share Holders under the Terms and Conditions and/or this Agreement, without the prior (a) written consent of Redeemable*

Preference Share Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Redeemable Preference Shares, or (b) sanction by an Extraordinary Resolution of the Redeemable Preference Share Holders, as the case may be, and shall procure the same in respect of the Issuer;

8.1.2 *in the event that business rescue proceedings have commenced in relation to the Guarantor or the Issuer in accordance with the provisions of Chapter 6 of the Companies Act, not –*

8.1.2.1 *vote in favour of amending, approving or rejecting a proposed business rescue plan in relation to such business rescue proceedings in the manner contemplated in section 152 of the Companies Act;*

8.1.2.2 *propose the development of an alternative business rescue plan in the manner contemplated in section 152 of the Companies Act; and/or*

8.1.2.3 *present an offer to acquire the interest of any or all of the other creditors of the Guarantor or the Issuer in a manner contemplated in section 153 of the Companies Act,*

if such vote, proposal or offer would reduce or delay payment of the amounts payable to the Redeemable Preference Share Holders under this Agreement;

8.1.3 *pass all resolutions as may be necessary to ensure that the provisions of the Companies Act are complied with to the extent necessary for the purposes of this Agreement; and*

8.1.4 *provide the Redeemable Preference Share Holders with all information regarding any shareholders or directors resolutions relating to the entry into of business rescue proceedings by the Guarantor or the Issuer and shall consult with the Redeemable Preference Share Holders regarding the appointment of any business rescue practitioner.*

8.2 *If Redeemable Preference Share Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Redeemable Preference Shares are of the view that any provisions of this Agreement require amendment so as to ensure that such provisions are aligned with the requirements of the Companies Act, such Redeemable Preference Share Holders may by written notice require the Guarantor to engage with such Redeemable Preference Share Holders with a view to agreeing the required amendments.*

8.3 *If the Redeemable Preference Share Holders and the Guarantor fail, whether as a result of them not engaging or not being able to reach agreement on the required amendments, within 30 (thirty) days of the notice referred to in clause 8.2, the Redeemable Preference Share Holders shall be entitled to refer the matter for determination to a practising commercial attorney of at least 15 (fifteen) years' experience as such, acting as an expert and not as an arbitrator, agreed to in writing between the Redeemable Preference Share Holders in question and the Guarantor or, failing such agreement within 7 (seven) days of the Redeemable Preference Share Holders in writing calling for such agreement, a practising commercial attorney of at least 15 (fifteen) years' experience as such appointed, at the request of the Redeemable Preference Share Holders, by the President for the time being of the Law Society of the Northern Provinces or its successor in Gauteng.*

8.4 *The Guarantor and the Redeemable Preference Share Holders undertake to sign all such documents, including any document prepared pursuant to the agreement reached in terms of clause 8.2 or any agreement drafted by the commercial attorney contemplated in clause 8.3, and to pass all such resolutions and to do all such things as are necessary for the purpose of effecting the amendments which are the subject matter of such agreement/s.*

8.5 *All costs and expenses incurred in connection with the implementation by the Guarantor of any of the provisions of the Companies Act shall be borne and paid by the Guarantor.*

9 **WARRANTIES**

The Guarantor represents and warrants in favour of the Redeemable Preference Share Holders on a continuing basis for as long as this Agreement remains in effect that:

9.1 *the ordinary shares in the Issuer are not subject to any encumbrance and are held 100% (one hundred percent) by the Guarantor;*

- 9.2 *it shall not, without the prior (a) written consent of the Redeemable Preference Share Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Redeemable Preference Shares, or (b) the sanction by an Extraordinary Resolution of all of the Redeemable Preference Share Holders, as the case may be, sell, cede or otherwise dispose of the ordinary shares in the Issuer during the period of this Agreement;*
- 9.3 *it shall procure that the Issuer shall neither increase its share capital nor issue any options in respect of its share capital without the prior (a) written consent of the Redeemable Preference Share Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Redeemable Preference Shares, or (b) the sanction by an Extraordinary Resolution of all of the Redeemable Preference Share Holders, as the case may be;*
- 9.4 *it shall procure that all dividends received by the Issuer shall be utilised:*
- 9.4.1 *firstly, to declare and pay a Preference Dividend on the Redeemable Preference Shares;*
- 9.4.2 *secondly, to pay any arrear and/or accrued dividends on the Redeemable Preference Shares;*
- 9.4.3 *thirdly, to pay any other amounts due and payable in respect of the Redeemable Preference Shares under the Terms and Conditions; and*
- 9.4.4 *lastly, to declare and pay as an ordinary dividend to the holders of the ordinary shares in the Issuer;*
- 9.5 *it is a limited liability company duly incorporated and validly existing under the laws of South Africa with full power and authority to conduct its business as described in the Programme Memorandum, and is lawfully qualified to carry out its business in those jurisdictions in which such business is conducted by it;*
- 9.6 *it has full power and capacity to enter into this Agreement, and to undertake and to perform the obligations expressed to be assumed by it in respect of the Terms and Conditions and this Agreement;*
- 9.7 *neither the execution of this Agreement, nor the performance of the obligations expressed to be assumed by it in respect of the Terms and Conditions and this Agreement will:*
- 9.7.1 *conflict with, or result in a breach of or default under, any of the terms or provisions of the Memorandum of Incorporation of the Guarantor and/or the laws of South Africa;*
- 9.7.2 *conflict with, or result in a breach of or default under any undertaking or other agreement or instrument to which the Guarantor is a party or by which the Guarantor is bound, which breach or default has or is likely to have a material adverse effect on the Guarantor's ability to perform any of its obligations under this Agreement;*
- 9.7.3 *infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Guarantor and/or any of its assets, which infringement has or is likely to have a material adverse effect on the Guarantor's ability to perform any of its obligations under this Agreement;*
- 9.8 *save as disclosed in the Programme Memorandum, the Guarantor is not involved in any litigation or arbitration proceedings or administrative proceedings instituted by a governmental authority or regulatory body relating to claims or amounts which are likely to have a material adverse effect on the ability of the Guarantor to perform any of its obligations under the Terms and Conditions or this Agreement nor, so far as the Guarantor is aware, are any such litigation or arbitration proceedings or administrative proceedings pending or threatened;*
- 9.9 *it is not in breach of or in default under any agreement to which it is a party or which is binding on any of its assets or revenues, which breach or default has or is likely to have a material adverse effect on the ability of the Guarantor to perform any of its obligations under the Terms and Conditions or this Agreement;*
- 9.10 *the obligations of the Guarantor under this Agreement are unconditional and unsecured obligations of the Guarantor and rank (subject to any obligations preferred by law) pari passu with all other present and future unsecured and unsubordinated obligations of the Guarantor;*
- 9.11 *the interim financial statements of the Guarantor for the period ended 31 December 2011 were prepared in accordance with accounting principles generally accepted in South Africa consistently*

applied except as disclosed therein, and present fairly the financial position of the Guarantor for the periods in respect of which they have been prepared, and present fairly the results of operations and changes in the financial position of the Guarantor for the periods in respect of which they have been prepared;

9.12 *save as otherwise disclosed in the Programme Memorandum, since 31 December 2011 there has been no material adverse change in the financial condition or general affairs of the Guarantor, which change has or is likely to have a material adverse effect on the ability of the Guarantor to perform any of its obligations under the Terms and Conditions or this Agreement;*

9.13 *no meeting has been convened for the Guarantor's winding-up and no such step is intended by itself, and as far as it is aware, no petition, application or the like is outstanding or pending for its winding-up.*

10 **INDEMNITY**

10.1 *In terms of Condition 10.2.1(c), the Issuer has undertaken that it shall procure that all resolutions in terms of which any dividends are declared in respect of Redeemable Preference Shares are adopted in accordance with the applicable provisions of the Companies Act.*

10.2 *The Guarantor indemnifies each Redeemable Preference Share Holder against any loss or damage of any nature which that Redeemable Preference Share Holder may incur or suffer as a result of the breach, by the Issuer, of the Issuer undertaking contained in Condition 10.2.1(c).*

11 **AMENDMENT**

No amendment of this Agreement may be effected unless in writing and signed by or on behalf of the guarantor and (a) signed by or on behalf of the redeemable preference shareholders holding or representing not less than two-thirds of the outstanding principal amount of all of the redeemable preference shares, or (b) sanctioned by an Extraordinary Resolution of all of the Redeemable Preference Shareholders, as the case may be.

12 **TERMINATION**

This Agreement shall terminate on the earlier of the happening of any of the following events:

12.1 *once all amounts due and payable to the Redeemable Preference Share Holders under the Terms and Conditions have been paid in full; or*

12.2 *following the Enforcement of the Put Option, once all amounts due and payable to the relevant Redeemable Preference Share Holders under this Agreement have been paid in full; or*

12.3 *if, following the Enforcement of the Put Option, the relevant Redeemable Preference Share Holders have requested the Representative to make any demands or institute any legal proceedings against the Issuer and/or the Guarantor in terms of the Representative Agreement, once:*

12.3.1 *such demands have been satisfied in full; or*

12.3.2 *a final judgment has been granted in respect of such legal proceedings; or*

12.3.3 *the Representative has been directed by an Ordinary Resolution (as defined in paragraph D1 of Annexure "C" to the Representative Agreement) of the relevant Redeemable Preference Share Holders to cease the pursuit of such demands or to cease such legal proceedings.*

13 **PRESCRIPTION**

All claims under this Agreement in respect of the Redeemable Preference Shares will prescribe and become void three years after the Put Option Implementation Date; provided that if the full amount of the moneys payable under this Agreement in respect of the Redeemable Preference Shares has not been received by the CSD's Nominee on or prior to the Put Option Implementation Date, all claims under this Agreement for payment in respect of the Redeemable Preference Shares will become void three years after the date on which such moneys have been received by the CSD's Nominee and notice to that effect has been given by the Guarantor to the Redeemable Preference Share Holders in accordance with Condition 23.1.

14 **MERGER AND CONSOLIDATION**

14.1 *Any corporation into which the Guarantor may be merged or converted, or any corporation with*



which the Guarantor may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Guarantor shall be a party, or any corporation to which the Guarantor shall sell or otherwise transfer all or substantially all the assets and/or business of the Guarantor shall, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Guarantor under this Agreement without the execution of any written agreement or any further act on the part of the parties hereto, and after the said effective date all references in this Agreement to the Guarantor shall be deemed to be references to such corporation.

- 14.2 *Written notice of any such merger, conversion, consolidation or transfer shall forthwith be given by the Guarantor to the Representative as soon as the Guarantor is reasonably able to do so. Upon such merger, conversion, consolidation or transfer, the Guarantor shall give notice thereof to the Redeemable Preference Share Holders in accordance with Condition 23.1.*

17 BENEFIT OF THIS AGREEMENT

- 17.1 *This Agreement is conferred by the Guarantor as a stipulatio alteri for the benefit of the Redeemable Preference Share Holders. Redeemable Preference Share Holders are entitled to the benefit of, and are deemed to have notice of, the provisions of this Agreement. Each Redeemable Preference Share Holder, by its subscription for or purchase of Redeemable Preference Shares, shall be deemed to have accepted such benefits, and shall be bound by all of those provisions of this Agreement which confer rights and/or impose obligations on the Redeemable Preference Share Holders.*

- 17.2 *One copy of this Agreement shall be made available, free of charge, to each Redeemable Preference Share Holder, at the Specified Offices of the Issuer and the Representative."*

Section 8**USE OF PROCEEDS**

Words used in this section headed "Use of Proceeds" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

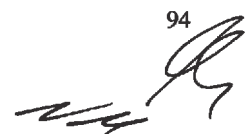
For purposes of this section and as it applies to Instruments "Ultimate Borrower" means "ultimate borrower" as defined in the Commercial Paper Regulations.

The Ultimate Borrower of the net proceeds from the issue of a Tranche of Instruments will be the Guarantor.

The net proceeds from the issue of the Notes will be lent by the Issuer to the Guarantor, and will be applied by the Guarantor for the funding of the business operations of the Kagiso Tiso Group.

The consideration received by the Issuer in respect of the issue of the Redeemable Preference Shares ("**Consideration**") shall be applied only in such a manner as not to render the Redeemable Preference Share Holders liable for tax, as contemplated in section 8E or section 8EA of the Income Tax Act, or any amendment or substitution thereof subsequent to the Programme Date, on the basis that such Consideration shall be distributed to the Guarantor for the purpose of:

- a) applying such Consideration received by the Guarantor directly or indirectly, solely for the purpose of acquiring equity shares in operating companies as contemplated in section 8E or section 8EA of the Income Tax Act;
- b) partially or fully settling debt, or interest accrued thereon, incurred for the purpose of acquiring equity shares referred to in sub-paragraph a) above;
- c) acquiring or redeeming any Redeemable Preference Share issued for any purpose contemplated in sub-paragraphs a) and b) above, provided that the Consideration shall not exceed the Issue Price of such Redeemable Preference Share and the amount, if any, of dividends or interest accrued in respect thereof.



Section 9

DEALER AND PLACING ARRANGEMENTS

Capitalised terms in this section headed "Dealer and Placing Arrangements" are defined in the Terms and Conditions unless separately defined herein.

A Tranche of Instruments may be offered by way of public auction or private placement or any other means permitted by Applicable Law, as determined by the Issuer and the relevant Dealer/s.

In terms of (and subject to) the Relevant Dealer Agreement, the Issuer has appointed Kagiso Tiso Holdings Proprietary Limited (RF) (Registration Number 2011/000848/07) as Arranger of the Programme and as a Dealer for the duration of the Programme (subject to the Issuer's right to terminate the appointment of any Arranger and/or any Dealer). The Issuer may, in terms of (and subject to) the Relevant Dealer Agreement, appoint one or more other Dealers to place one or more Tranches of Instruments or on an on-going basis for the duration of the Programme (subject to the Issuer's right to terminate the appointment of any Dealer).

Subject to the Relevant Dealer Agreement, the Issuer may from time to time agree with the relevant Dealer/s to issue, and the relevant Dealer/s may agree to place, the relevant Tranche/s of Instruments by entering into the relevant Placing Agreement. A Placing Agreement may also provide for the relevant Dealer/s, subject to the fulfilment of certain conditions precedent set out in the Placing Agreement, to underwrite the subscription for the relevant Tranche/s of Instruments.

On the Issue date, delivery of the Instruments in the relevant Tranche/s of Instruments which is/are held in the CSD to the subscribers for such Instruments will be effected by the Issuer's CSD Participant, against payment of the Issue Price, in accordance with the Applicable Procedures. The relevant Dealer/s may, however, procure sale and purchase transactions in respect of the relevant Tranche/s of Instruments before the Issue Date. Such transactions will be for settlement on the Issue Date and will be subject to the condition that the relevant Placing Agreement is not terminated before the time on which such transactions are to be settled on the Issue Date. The relevant Dealer/s may, under certain circumstances (before the issue of or payment for the relevant Tranche/s of Instruments) terminate their obligations to place the relevant Tranche/s of Instruments under the relevant Placing Agreement. The relevant Placing Agreement may, under certain circumstances (before the issue of or payment for the relevant Tranche/s of Instruments), automatically terminate. If the relevant Placing Agreement is terminated before the Issue Date, the transactions in the relevant Tranche/s of Instruments will also terminate and no party thereto shall have any claim against any other party as a result of such termination. The Issuer has no right to cancel the relevant Placing Agreement before the issue of or payment for the relevant Tranche/s of Instruments.

For the purposes of these paragraphs:

"**place**" means, in relation to a Placing Agreement, to subscribe and pay for the Instruments in one or more Tranches of Instruments and/or to use reasonable commercial endeavours to procure the subscription and payment for the Instruments in one or more Tranches of Instruments, and "**placing**" will be construed accordingly;

"**Placing Agreement**" means an agreement in terms of which the Issuer agrees to issue, and one or more Dealers agree to place, one or more Tranches of Instruments in accordance with such agreement.

Republic of South Africa

Each relevant Dealer will represent, warrant and agree that, in relation to the relevant Tranche/s of Instruments, it will not offer or solicit any offers for subscription for or sale of such Instruments, and will not itself sell any such Instruments, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

In particular, this Programme Memorandum does not, nor is it intended to, constitute a "*prospectus*" (as contemplated in the Companies Act) and each relevant Dealer will represent and agree that, in relation to the relevant Tranche/s of Instruments, it will not make an "*offer to the public*" (as such expression is defined in the Companies Act) of any of such Instruments (whether for subscription, purchase or sale). Instruments will not be offered for subscription or sale to any single addressee for an amount of less than ZAR1 000 000.

The issue of a particular Tranche of Instruments may, depending on the type of Instruments in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control

Regulations (see Annexure "A" to this Programme Memorandum headed "General Information" – "Exchange control").

United States of America

Regulation S Category 2

The Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Instruments may not be offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act.

Each relevant Dealer will represent, warrant and agree that, in relation to the relevant Tranche/s of Instruments, it has not offered, sold, resold or delivered any Instruments in such Tranche/s and will not offer, sell, resell or any deliver any such Instruments:

- a) as part of their distribution at any time; and
- b) otherwise until 40 (forty) days after the later of (i) the closing date of the relevant Tranche/s of Instruments and (ii) the completion of the distribution of all of the Instruments in the relevant Tranche/s of Instruments, as determined and certified by all of the relevant Dealer/s or, in the case of an issue of the relevant Tranche/s of Instruments on a syndicated basis, the relevant lead manager/s, of all Instruments of the Series of which the relevant Tranche/s of Instruments is a part,

within the United States of America or to, or for the account or benefit of, U.S. persons only in accordance with Regulation S and it will send to each dealer or distributor to which it sells any Instruments in the relevant Tranche/s of Instruments during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Instruments within the United States of America or to, or for the account or benefit of, U.S. persons to substantially the following effect:

"The Instruments covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time and (b) otherwise until 40 days after the later of (i) the commencement of their offering and (ii) completion of the distribution of such Instruments, as determined and certified by the relevant Dealer or, in the case of an issue of Instruments on a syndicated basis, the relevant lead manager, except in either case (a) or (b), in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, an offer or sale of the Instruments within the United States of America by any Dealer or other distributor (whether or not participating in the offering of such Instruments) during the distribution compliance period described in the preceding paragraph may violate the registration requirements of the Securities Act.

Each relevant Dealer (and in the case of the issue of the relevant Tranche/s of Instruments on a syndicated basis, the relevant lead manager/s) will determine and certify to the Issuer when it has completed the distribution of the Instruments in the relevant Tranche/s of Instruments.

Each relevant Dealer will further represent, warrant and agree that, in relation to the relevant Tranche/s of Instruments, neither it nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any "directed selling efforts" (as that term is defined in Regulation S under the Securities Act) with respect to the relevant Tranche/s of Instruments, and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

United Kingdom

Each relevant Dealer will represent, warrant and agree that, in relation to the relevant Tranche/s of Instruments:

- a) in relation to any of such Instruments which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any of such Notes other than 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Notes would otherwise constitute a contravention of Section 19 of the United Kingdom Financial Services and Markets Act, 2000 ("FMSA") by the Issuer;

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- b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FMSA) received by it in connection with the issue or sale of any such Instruments in circumstances in which section 21(1) of the FMSA does not apply to the Issuer;
- c) it has complied and will comply with all applicable provisions of the FMSA with respect to anything done by it in relation to any such Instruments in, from or otherwise involving the United Kingdom.

Changes to the above selling restrictions

The selling restrictions set out above may in relation to the relevant Tranche/s of Instruments, be changed by the Issuer and the relevant Dealer/s, including following a change in, or clarification of, a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country or jurisdiction concerned or any change in or introduction of any of them or in their interpretation or administration. Any such change will be set out in the Applicable Pricing Supplement/s relating to the relevant Tranche/s of Instruments.

General

Each relevant Dealer will represent, warrant and agree that in relation to the relevant Tranche/s of Instruments:

- a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, subscribes or procures the subscription for, offers, sells or resells any of such Instruments or has in its possession or distributes this Programme Memorandum, and will obtain any consent, approval or permission required by it for the purchase, subscription, offer, sale or resale by it of any of such Instruments under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers, sales of re-sales;
- b) it will comply with such other or additional restrictions as the Issuer and the relevant Dealer/s agree and as are set out in the Applicable Pricing Supplement/s relating to the relevant Tranche/s of Instruments.

Neither the Issuer nor the Guarantor nor any Dealer represent that Instruments may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assume any responsibility for facilitating such subscription or sale.



Annexure "A"**GENERAL INFORMATION**

Capitalised terms in this annexure "A" to the Programme Memorandum are defined in the Terms and Conditions unless separately defined herein.

Authorisations

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the establishment of the Programme and the issue of the Instruments under the Programme and for the Issuer to undertake and perform its obligations under the Terms and Conditions.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given (or, in the case of the Relevant Dealer Agreement, will have been given) for the Issuer to undertake and perform its obligations under the Relevant Dealer Agreement, the Representative Agreement, the Paying Agency Agreement, the Calculation Agent Agreement and the Transfer Secretary Agreement.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Guarantor under the laws of South Africa have been given for the Guarantor to undertake and perform its obligations under the Terms and Conditions, the Guarantee and the Put Option Agreement.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Guarantor under the laws of South Africa have been given (or, in the case of the Relevant Dealer Agreement, will have been given) for the Guarantor to undertake and perform its obligations under the Relevant Dealer Agreement, the Representative Agreement, the Paying Agency Agreement and the Calculation Agent Agreement.

Approval and listing

This Programme Memorandum was approved by the JSE on 14 August 2012. A Tranche of Instruments may be listed on the Interest Rate Market of the JSE or on such other or additional exchange(s) as may be determined by the Issuer, subject to Applicable Laws. Unlisted Instruments may also be issued under the Programme. Unlisted Instruments are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Instruments will be listed and, if so, on which exchange.

Settlement, clearing and transfers of Instruments held in the CSD*Instruments listed on the Interest Rate Market of the JSE and unlisted Instruments*

Each Tranche of Instruments which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Instruments will be issued in registered uncertificated form, in terms of section 37 of the Securities Services Act, and will be held in the CSD.

Clearing systems

The CSD has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the Interest Rate Market of the JSE. Each Tranche of Instruments which is held in the CSD will be issued, cleared and transferred in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Such Instruments will be settled through CSD Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD.

The Instruments may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the relevant Dealer/s.

CSD Participants

The CSD maintains central securities accounts only for CSD Participants. The CSD Participants will be responsible for the settlement of scrip and payment transfers through CSD and the South African Reserve Bank. As at the Programme Date, the CSD Participants are ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear and Clearstream, Luxembourg will settle offshore transfers in the Instruments through their South African CSD Participants.

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Settlement, transfer and clearing

CSD Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the Interest Rate Market of the JSE and the South African Reserve Bank.

While a Tranche of Instruments is held in its entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Instrument Holder of the Instruments in that Tranche. All amounts to be paid and all rights to be exercised in respect of Instruments held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Instruments.

In relation to each person shown in the records of the CSD or the relevant CSD Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Instruments, a certificate or other document issued by the CSD or the relevant CSD Participant, as the case may be, as to the Principal Amount of such Instruments standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Instrument Holder of such Instruments and named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Secretary and the relevant CSD Participant as the holder of that aggregate Principal Amount of such Instruments for all purposes.

Payments of all amounts in respect of a Tranche of Instruments which is held in the CSD will be made to the CSD's Nominee, as the registered Instrument Holder of such Instruments, which in turn will transfer such funds, via the CSD Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the CSD or the relevant CSD Participant, as the case may be, as the holders of Beneficial Interests in Instruments shall look solely to the CSD or the relevant CSD Participant, as the case may be, for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the CSD's Nominee, as the registered Instrument Holder of such Instruments.

Payments of all amounts due and payable in respect of Beneficial Interests in Instruments will be recorded by the CSD's Nominee, as the registered Instrument Holder of such Instruments, distinguishing between interest or dividend, as the case may be, and principal, and such record of payments by the CSD's Nominee, as the registered Instrument Holder of such Instruments, shall be *prima facie* proof of such payments.

Transfers and exchanges

Title to Beneficial Interest held by clients of CSD Participants indirectly through such CSD Participants will pass on transfer thereof by electronic book entry in the securities accounts maintained by such CSD Participants for such clients. Title to Beneficial Interests held by CSD Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such CSD Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Instruments represented by Individual Certificates in accordance with Condition 20.1.

Records of payments and voting

Neither the Issuer, the Guarantor, the Paying Agent, the Representative nor the Transfer Secretary will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests.

Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

Instruments listed on other exchange/s

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

BESA Guarantee Fund Trust

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

Auditors

PricewaterhouseCoopers Inc. has acted as auditors of (i) the annual financial statements of the Issuer for the

financial years ended 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012 and (ii) the interim financial statements of the Guarantor for the period ending 31 December 2011 and, in respect of the annual financial statements of the Issuer for the financial years ended 30 June 2009, 30 June 2010 and 30 June 2011, issued unqualified audit reports.

Exchange control

The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of, or subscriber for, Instruments. Prospective subscribers for or purchasers of Instruments that are non-South African residents or emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the purchaser of, or subscription for, such Instruments.

Exchange control approval

This Programme Memorandum does not require the prior approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

However, the issue of a particular Tranche of Instruments may, depending on the type of Instruments in that Tranche, require the prior approval of the Exchange Control Authorities in terms of the Exchange Control Regulations, as indicated in the Applicable Pricing Supplement. Dealings in such Instruments and the performance by the Issuer of its obligations under such Instruments and the Terms and Conditions may be subject to the Exchange Control Regulations.

Emigrant Blocked Rand

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

Emigrants from the Common Monetary Area

In the event that a Beneficial Interest in Instruments is held by an Emigrant from the Common Monetary Area through the CSD, the securities account maintained for such Emigrant by the relevant CSD Participant will be designated as an "*emigrant*" account.

Any Individual Certificates issued to Instrument Holders who are Emigrants from the Common Monetary Area will be endorsed "*emigrant*". Such restrictively endorsed Individual Certificates shall be deposited with the Authorised Dealer controlling such Emigrant's blocked assets.

Any payments of interest and/or dividend and/or principal due to an Emigrant Instrument Holder in respect of Instruments will be deposited into such Emigrant's Emigrant Blocked Rand account maintained by the Authorised Dealer controlling such Emigrant blocked assets. These amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-Residents of the Common Monetary Area

Any Individual Certificates issued to Instrument Holders who are not resident in the Common Monetary Area will be endorsed "*non-resident*".

In the event that a Beneficial Interest in Instruments is held by a Non-Resident of the Common Monetary Area through the CSD, the securities account maintained for such Instrument Holder by the relevant CSD Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such Non-Resident Instrument Holder to instruct its nominated Authorised Dealer as to how any funds due to such Non-Resident in respect of Instruments are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Instruments are acquired with foreign currency introduced into South Africa [or with Rand from a non-resident account] and provided that the relevant Individual Certificate has been endorsed "*non-resident*" or the relevant securities account has been designated as a "*non-resident*" account.

For the purposes of these paragraphs:

"Authorised Dealer" means a person authorised by the Exchange Control Authorities, in terms of the Exchange Control Regulations, to deal in foreign exchange;

"Common Monetary Area" means the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland;

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"Emigrant" means a South African resident who is leaving or has left South Africa to take up permanent residence in any country outside the Common Monetary Area;

"Emigrant Blocked Account" means the account of an emigrant from the Common Monetary Area to which exchange control restrictions under the Exchange Control Regulations have been applied;

"Emigrant Blocked Rand" means funds which may not be remitted out of South Africa and which funds are held in an Emigrant Blocked Account controlled by an Authorised Dealer in terms of the Exchange Control Regulations;

"Non-Resident" means a person (i.e. a natural person or legal entity) whose normal place of residence, domicile or registration is outside the Common Monetary Area in terms of the Exchange Control Regulations.

Commercial Paper Regulations

See Annexure "A" to the *pro forma* Applicable Pricing Supplement set out in the Section 6 of this Programme Memorandum headed **"Pro Forma Applicable Pricing Supplement"**.

Material Change

After due and careful enquiry, the Issuer hereby confirms that as at the Programme Date, save as disclosed in Part One (*Summary of the Kagiso Tiso Group*) and Part Two (*Description of the Issuer and the Guarantor*) of Annexure "D" to this Programme Memorandum headed **"Issuer Disclosure Supplement"**, there has been no material change in the Issuer's financial or trading position since 30 June 2011 (being the date of the Issuer's last published audited annual financial statements). This statement has not been confirmed nor verified by the auditors of the Issuer.

Annexure "B"

SOUTH AFRICAN TAXATION

Words defined in the Terms and Conditions have the same meanings in this annexure "B".

The information contained in this annexure "B" is intended to be a general guide to the relevant tax laws of South Africa as at the Programme Date and is not intended as comprehensive advice nor does it purport to describe all of the considerations that may be relevant to the prospective subscriber or purchaser of any Instruments. Prospective subscribers or purchasers of the Instruments should contact their own professional advisors in regard to the subscription or purchase of the Instruments and the tax implications thereof. The Issuer makes no representation and gives no warranty or undertaking, express or implied and accepts no responsibility for the accuracy or completeness of the information contained in this annexure "B".

All the taxes discussed in this annexure "B", other than the indirect taxes discussed under "**Indirect taxes**" below, are levied under the Income Tax Act.

For purposes of this annexure "B":

"**Resident**" means a "*resident*" as defined in section 1 of the Income Tax Act;

"**non-Resident**" means a person who or which is not a Resident.

Residents and non-residents

A natural person is a Resident for South African tax purposes (i) if he is ordinarily resident in South Africa, or (ii) if he is not ordinarily resident in the Republic, and if he complies with the so-called "physical presence test". The physical presence test is that the person in question must have been present, in South Africa (i) during the tax year in question (the "subject year") for a period or periods exceeding ninety one days, and (ii) during each of the five tax years immediately preceding the subject year for a period or periods in excess of ninety one days, and (iii) in the aggregate during the five tax years immediately preceding the subject year, for a period or periods in excess of nine hundred and fifteen days.

A person who is not a natural person is a Resident if it has been incorporated, established or formed in South Africa or if it has its place of its effective management in South Africa.

The Income Tax Act imposes (i) income tax, and (ii) capital gains tax (levied under the Eighth Schedule to the Income Tax Act), and (iii) the withholding tax on dividends (levied under Part VIII of Chapter II of the Income Tax Act). With effect from 1 January 2013 Part IA of Chapter II of the Income Tax Act, subject to certain exemptions, will impose a withholding tax on interest which accrues to non-Residents.

Residents are subject to income tax on their worldwide income. Non-Residents are subject to income tax only to the extent to which any particular income is derived from a source which is located in South Africa. However, as regards the proposed new withholding tax on "*interest*" paid to non-Residents, see "**Withholding tax on interest**" below

Interest

The taxation of interest is regulated by section 24J of the Income Tax Act. For tax purposes the expression "*interest*" has a wide meaning and includes, *inter alia*, not just interest and related finance charges, but also any discount or premium payable or receivable in terms of or in respect of a financial arrangement.

Section 24J provides that, for tax purposes, interest is deemed to accrue (and to be incurred) on the basis of a yield to maturity formula contained in that section. If debt instruments are issued at a discount (i) the discount is regarded as interest for tax purposes, and (ii) the discount is taxable (even if the holder of the debt instrument holds it on capital account) and is deemed to have accrued on a yield to maturity basis.

Interest (as defined in section 24J) is taxable in the hands of Residents as and when it accrues. Interest which accrues to a non-Resident is not taxable except if (i) the taxpayer is a natural person and is physically present in South Africa for a period of more than 183 days during the tax year in which that interest accrues, or (ii) carried on business through a permanent establishment in South Africa during the tax year in which that interest accrues (section 10(1)(h) of the Income Tax Act).

If (i) a non-Resident carries on business through a permanent establishment in South Africa, and (ii) interest which accrues to that non-Resident is accordingly not exempt from South African tax, that non-Resident may

nevertheless qualify for relief in terms of a double tax agreement concluded between South Africa and the country of its tax jurisdiction.

Withholding tax on interest

As at the Programme Date, all payments of interest, principal and other amounts under the Notes to Noteholders will, in terms of the Income Tax Act as at the Programme Date, be made free of withholding or deduction for or on account of any Taxes.

However, with effect from 1 January 2013, Part IA of Chapter II of the Income Tax Act will, subject to certain exemptions, impose a withholding tax on interest which accrues in favour of non-Residents. The withholding tax will be levied at a rate of 10% of the amount of the applicable interest.

Accordingly, in terms of the wording of Part IA as at the Programme Date, subject to any withholding tax relief provided for (or to be provided for) in the case of any applicable double tax treaty and subject to certain exemptions (see below), the withholding tax will be applicable to, and imposed in respect of, all payments of interest under the Notes to non-Resident Noteholders.

In terms of the wording of Part IA as at the Programme Date, payments of interest under debt instruments will be exempt from the withholding tax if such debt instruments are listed on a "*recognised exchange*". The JSE is a "*recognised exchange*".

Accordingly, payments of interest under the Notes to non-Resident Noteholders will be exempt from the withholding tax on interest if such Notes are listed on the Interest Rate Market of the JSE.

The wording of Part IA may be amended prior to the implementation of Part IA.

Dividends

Subject to the provisions of sections 8E and 8EA of the Income Tax Act, dividends which are declared by South African resident companies are not subject to income tax (by virtue of an exemption contained in section 10(1)(k) of the Income Tax Act).

Section 8E defines a "*hybrid equity instrument*" to include any redeemable preference share if (i) the issuer of that share is obliged to redeem it within three years of its date of issue, or (ii) its holder has the right to put that share to a third person within three years of the date of issue thereof. If a preference share is a "*hybrid equity instrument*" dividends which accrue in respect of that share are regarded as interest and is taxable. The interest exemption for non-residents, contained in section 10(1)(h) of the Income Tax Act, applies to dividends which are deemed to be interest by virtue of section 8E.

The South African Revenue Services has published draft legislation which will broaden section 8E with effect from 1 October 2012. In particular, a preference share will, for the purposes of section 8E, constitute a hybrid equity instrument if it is secured by a financial instrument. The draft legislation also envisages that a preference share secured by a financial instrument will not be regarded as a hybrid equity instrument *inter alia* if the proceeds of the issue of the preference share are used for the purposes described more fully below in the description of section 8EA.

Section 8EA will come into force on 1 October 2012 and will apply, *inter alia*, to shares which are "*secured*" by means of a put option. If the section applies, dividends paid in respect of the applicable share will be taxable and the non-Resident's interest exemption contained in section 10(1)(h) of the Income Tax Act will not apply to those dividends.

Section 8EA will not apply to a secured preference share if (i) the issuer of that preference share uses its proceeds to purchase equity shares in an operating company or to refinance loans previously incurred or preference shares previously issued to acquire equity shares in an operating company, and (ii) the security (for example the put option) is provided by a company which holds at least 20% of the issued equity shares in the issuer of the preference share. An "*operating company*" is a company which undertakes a business other than the holding of investments, or a company which holds 70% of a company which operates a business, or a listed company.

The wording of section 8EA may change prior to 1 October 2012.

Withholding tax on dividends

Part VIII of Chapter III imposes a withholding tax on dividends declared by (i) a company which is a resident, and (ii) a company which is not a Resident if the share in respect of which that dividend is paid is listed on the JSE.

Section 64F of the Income Tax Act exempts various different types of entity from the withholding tax on dividends. Amongst others, Resident companies and pension funds are exempt from the dividends tax. Non-Residents are, however, subject to the dividends tax although it is possible that in specific instances a non-Resident could obtain limited relief from the dividends tax in terms of a double tax agreement.

The dividends tax must be deducted by the company declaring the dividend. However, if the instrument in respect of which the dividend is declared is listed on, among others, the JSE then (i) the company in question will pay the dividends, without deducting withholding tax, to the participant (being a "*regulated intermediary*") and (ii) the participant will deduct the withholding tax prior to making payment of the applicable dividends to the holders of beneficial interests in the relevant shares.

Accordingly, a CSD Participant is obliged to deduct the dividends tax from any dividends which it pays over to a holder of Redeemable Preference Shares, except if that holder (i) is exempt from the dividends tax, and (ii) has delivered a declaration (in the prescribed form) to such effect to the CSD Participant.

Capital gains tax

Residents are subject to capital gains tax on their worldwide capital gains. A non-Resident is subject to capital gains tax only in respect of capital gains which he realises out of the disposal of (i) immovable property situated in South Africa and certain shares in certain companies the principal assets of which are immovable property located in South Africa, and (ii) assets attributable to a permanent establishment of that non-Resident in South Africa. A "*permanent establishment*" is defined (in section 1 of the Income Tax Act) as a permanent establishment as from time to time defined in article 5 of the Model Tax Convention on Income and Capital of the Organisation for Economic Co-operation and Development.

Capital gains tax becomes payable if a taxpayer disposes of an asset which it holds on capital account. The word "*dispose*" is defined to include any action by virtue of which an asset is created, transferred, varied or extinguished.

The Redeemable Preference Shares

The capital gains tax consequences of the redemption of preference shares is typically that (i) a distribution which a company makes is not a dividend if the amount thereof is debited to the company's contributed tax capital (and such a distribution is, instead and for tax purposes, a return of capital), and (ii) the company typically debits rolled up dividends on redemption to its retained earnings and an amount equal to the original subscription price of the preference shares to its contributed tax capital, and (iii) the proceeds which the shareholder receives as a result of the disposal of its preference share, is equal to the subscription price paid for that preference share, and (iv) if the shareholder was the original subscriber for the preference share, the proceeds of the disposal of its share will be equal to its base cost and the shareholder will not realise a capital gain.

If any holder of a Redeemable Preference Share sells that Redeemable Preference Share, such holder will (i) realise a capital gain if the proceeds obtained by it on disposal exceed the base cost of the Redeemable Preference Share, or (ii) incur a capital loss if the base cost of the Redeemable Preference Share exceeds its proceeds. Resident holders of Redeemable Preference Shares will be subject to capital gains tax on their capital gains, but non-Resident holders of Redeemable Preference Shares will be subject to capital gains tax only if the applicable Redeemable Preference Share is attributable to a permanent establishment of that non-Resident in South Africa.

The Notes

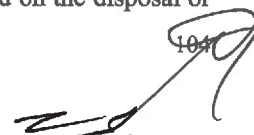
Section 24J of the Income Tax Act contains definitions of an "*adjusted gain*" and an "*adjusted loss*" on the transfer or redemption of an instrument. An (i) "*adjusted gain*" is the amount by which the transfer or redemption price obtained by the holder exceeds the price originally paid by him plus all interest which has accrued in respect of the instrument under section 24J, and (ii) "*adjusted loss*" is the amount by which the price originally paid by the holder, together with all interest accruals on the instrument calculated in terms of section 24J, exceeds the transfer or redemption price obtained by the holder.

If (i) any person holds a debt instrument on income account, and (ii) realises an adjusted gain on the transfer or redemption of that instrument, the gain is subject to income tax in the tax year in which it is realised.

If the holder of a debt instrument incurs an adjusted loss on the transfer or disposal of that instrument he is entitled to a tax deduction (against income tax) in the tax year in which he incurs that loss, whether he holds the instrument on income account or on capital account.

Accordingly, capital gains tax is levied on any capital gain earned on the disposal or deemed disposal of any Notes by a Resident trader. Capital gains tax will not be levied on any capital gain earned on the disposal or

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deemed disposal of any Notes by a non-Resident unless such Notes comprise assets which are attributable to a permanent establishment of that non-Resident in South Africa during the relevant year of assessment.

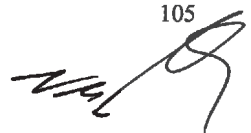
Indirect taxes

Neither interest nor dividends is subject to value added tax under the Value-Added Tax Act, 1991.

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 ("**Securities Transfer Tax Act**"). Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer and/or redemption of the of Notes will be for the account of Noteholders.

The Securities Transfer Tax Act imposes securities transfer tax on the transfer and on the redemption of the Redeemable Preference Shares at a rate equal to 0.25% of the higher of the Issue Price of the Redeemable Preference Shares and their market value. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the Redeemable Preference Shares (prior to the Enforcement of the Put Option) will be for the account of the Redeemable Preference Share Holders. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the redemption of the Redeemable Preference Shares (prior to the Enforcement of the Put Option) will be for the account of the Issuer. Following the Enforcement of the Put Option, the Guarantor shall pay the securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the relevant Redeemable Preference Shares.

Save as set out above, no indirect taxes on the issue, transfer or redemption of the Instruments are payable in respect of the Instruments as at the Programme Date.

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Annexure "C"**DESCRIPTION OF THE REPRESENTATIVE**

Capitalised terms in this annexure "C" to the Programme Memorandum are defined in the Terms and Conditions unless separately defined herein. References to any Condition are to that Condition of the Terms and Conditions. References to any clause are to that clause of the Representative Agreement.

This annexure "C" sets out, as at the Programme Date, a general description of the Representative, and extracts of certain of the salient clauses of the Representative Agreement. To the extent that there is any conflict between the provisions of this annexure "C" and the Representative Agreement, the Representative Agreement shall prevail.

The name of the Representative is GMG Trust Company (SA) Proprietary Limited (Registration Number 2006/013631/07), previously known as Sentinel International Trust Company (Proprietary) Limited.

The Specified Office of the Representative is 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708.

SALIENT TERMS AND CONDITIONS OF THE REPRESENTATIVE AGREEMENT

The following clauses are extracts from the Representative Agreement:

"2 INTERPRETATION

2.1 Capitalised terms used in this Agreement are defined in the Terms and Conditions unless separately defined in this Agreement and/or the Applicable Pricing Supplement; provided that, for purposes of this Agreement, all references to "Instruments" shall be construed as references to the Instruments in a Tranche of Instruments.

2.3 It is expressly recorded that, for purposes of this Agreement:

2.3.1 the Representative will act as the representative of the Instrument Holders in respect of the Instruments and this Agreement, the Guarantee, in accordance with the Terms and Conditions, the Guarantee, the Put Option Agreement and this Agreement;

2.3.2 subject to Condition 18.3 and clauses 6 and 7, the Representative (for the benefit and on behalf of the relevant Group of Noteholders) will, following an Event of Default, demand payment of the Guarantee Amount from the Guarantor by delivering a Demand to the Issuer and the Guarantor, in accordance with the Terms and Conditions, this Agreement and the Guarantee;

2.3.3 subject to Condition 18.4 and clauses 6 and 8, the Representative (for the benefit and on behalf of the relevant Group of Redeemable Preference Share Holders) will, following an Event of Default, exercise the put option contemplated in the Put Option Agreement by delivering a Put Notice to the Guarantor, in accordance with the Terms and Conditions, this Agreement and the Put Option Agreement;

2.3.4 subject to clauses 6, 7 and 8, the Guarantor will act on the instructions of the Representative in making payments under the Guarantee and/or the Put Option Agreement, and the Paying Agent will act on the instructions of the Representative in disbursing such payments to the relevant Instrument Holders;

2.3.5 the Representative will not hold or own or administer any property for the benefit of Instrument Holders.

6 ACTION UPON POTENTIAL EVENT OF DEFAULT AND/OR EVENT OF DEFAULT

6.1 The Issuer, upon becoming aware that any Potential Event of Default or Event of Default, as the case may be, has occurred and is continuing, shall forthwith notify, the Paying Agent, the Calculation Agent, the Representative, the Guarantor, the JSE and the CSD in writing thereof.

6.2 The Representative shall not be required to take any steps to ascertain whether any Potential Event of Default or an Event of Default contemplated in Condition 17.1(e), as the case may be, shall have occurred and, until the Representative has actual knowledge or has been served with

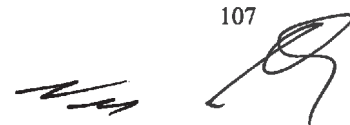
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express notice of such Potential Event of Default or such Event of Default, as the case may be, it shall be entitled to assume that no such Potential Event of Default and no such Event of Default has occurred.

- 6.3 *Upon receipt by the Representative of notice from the Issuer of any Potential Event of Default or any Event of Default, as the case may be, or upon the Representative itself becoming aware that any Potential Event of Default or any Event of Default, as the case may be, has occurred and is continuing, the Representative shall promptly (i) give notice of such Potential Event of Default or Event of Default, as the case may be, to the Instrument Holders in accordance with Condition 23.1 and (ii) take instructions from each Group of Instrument Holders, by way of an Extraordinary Resolution (as defined in Condition 18.1.2) of that Group of Instrument Holders, in respect of the matters contemplated in the second paragraph of Condition 18.3 or the first and second paragraphs of Condition 18.4, as the case may be.*

7 **ENFORCEMENT OF THE GUARANTEE**

- 7.1 *Upon the occurrence of a Potential Event of Default, the Representative shall send the written notice/s to the Issuer and/or the Guarantor contemplated in the relevant Sub-Paragraph of Condition 17.1.*
- 7.2 *If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that the relevant Notes are immediately repayable on the Early Termination Date, whereupon the relevant Notes shall become immediately repayable on the Early Termination Date.*
- 7.3 *If, following the relevant notice contemplated in clause 7.1, all amounts which are due and payable under the relevant Notes are not paid in full on or before the Early Termination Date, the Representative shall, demand payment of the Guarantee Amount from the Guarantor by delivering a Demand to the Issuer and the Guarantor, subject to and in accordance with Condition 18.3 and this Agreement, and the Guarantee Amount shall be due and payable to the relevant Group of Noteholders on the Guarantee Amount Payment Date. Forthwith upon receipt of notice from the Issuer that any Potential Event of Default or Event of Default, as the case may be, has occurred and is continuing, the Calculation Agent is required, in terms of the Calculation Agency Agreement, among other things, (i) to liaise with the Representative for purposes of ascertaining whether there is to be an Enforcement of the Guarantee and, if so, the Guarantee Amount Payment Date, (ii) to calculate the Guarantee Amount payable to the relevant Group of Noteholders, unless otherwise specified in the Applicable Pricing Supplement, in accordance with Condition 18.5.1 and, if otherwise specified in the Applicable Pricing Supplement, in accordance with the applicable provisions of the Applicable Pricing Supplement and (iii) to notify, among other persons, the Issuer, the Guarantor, the Representative and the Paying Agent of the Guarantee Amount.*
- 7.4 *The Guarantor shall, upon receipt of the Demand from the Representative, in accordance with this Agreement and the Paying Agency Agreement, procure (by no later than the Business Day preceding the Guarantee Amount Payment Date) that an amount equivalent to the Guarantee Amount is paid, in freely transferable funds, into the guarantee bank account specified for this purpose by the Paying Agent.*
- 7.5 *The Representative shall, at the same time that it sends the Demand to the Guarantor, instruct the Paying Agent, in writing, of (i) the manner in which the Guarantee Amount is to be disbursed to the relevant Group of Noteholders, (ii) the Guarantee Amount Payment Date, and (iii) whether, pursuant to Condition 13.5, the holders of Individual Certificates evidencing the relevant Notes are required to surrender such Individual Certificates to the Transfer Secretary ("**Representative Guarantee Instructions**").*
- 7.6 *The Paying Agent is required, in terms of and subject to the Paying Agency Agreement, to disburse the Guarantee Amount, on behalf of the Guarantor, to the relevant Group of Noteholders, in accordance with the Representative Guarantee Instructions, by no later than 16h00 (South African time) on the Guarantee Amount Payment Date.*
- 7.7 *The Guarantor shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the relevant Group of Noteholders, and payment of the Guarantee Amount by the Guarantor to the Paying Agent (into the guarantee bank account specified for this purpose by the Paying Agent) in accordance with this Agreement and the Paying Agency Agreement, shall pro*



tanto cure the relevant default of the Issuer and shall be satisfaction pro tanto, to the extent of the Guarantee Amount, of the Guarantor's obligations to the relevant Group of Noteholders under the Guarantee, the Terms and Conditions, this Agreement and the Paying Agency Agreement.

8 ENFORCEMENT OF THE PUT OPTION

- 8.1 *If, following the occurrence of a Potential Event of Default, the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Redeemable Preference Share Holders, the Representative shall send the written notice/s to the Issuer and/or the Guarantor contemplated in the relevant Sub-Paragraph of Condition 17.1.*
- 8.2 *If, following the occurrence of an Event of Default, the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Redeemable Preference Share Holders, the Representative shall exercise the put option contained in the Put Option Agreement, for the benefit and on behalf of the relevant Group of Redeemable Preference Share Holders, by delivering a Put Notice to the Guarantor in accordance with the provisions of the Put Option Agreement.*
- 8.3 *Forthwith upon receipt of notice from the Issuer that any Potential Event of Default or Event of Default, as the case may be, has occurred and is continuing, the Calculation Agent is required, in terms of the Calculation Agency Agreement, among other things, (i) to liaise with the Representative for purposes of ascertaining whether there is to be an Enforcement of the Put Option and, if so, the Put Option Exercise Date and the Put Option Implementation Date, (ii) to determine the Put Option Amount, and (iii) to notify, among other persons, the Issuer, the Guarantor, the Representative and the Paying Agent of the Put Option Amount.*
- 8.4 *Following the Enforcement of the Put Option, the relevant Group of Redeemable Preference Share Holders shall be irrebutably deemed to have sold all of the relevant Redeemable Preference Shares to the Guarantor, and the Guarantor shall be irrebutably deemed to have purchased all of the relevant Redeemable Preference Shares from the relevant Group of Redeemable Preference Share Holders, on the Put Option Exercise Date, for a consideration equal to the Put Option Amount, on the terms and conditions of the Put Option Agreement.*
- 8.5 *The Guarantor shall, upon receipt of the Put Notice, in accordance with this Agreement and the Paying Agency Agreement, procure (by no later than the Business Day preceding the Put Option Implementation Date) that an amount equivalent to the Put Option Amount is paid, in freely transferable funds, into the put option bank account specified for this purpose by the Paying Agent.*
- 8.6 *The Representative shall, at the same time that it sends the Put Notice to the Guarantor, instruct the Paying Agent, in writing, of (i) the manner in which the Put Option Amount is to be disbursed to the relevant Group of Redeemable Preference Share Holders, (ii) the Put Option Implementation Date and (iii) whether, pursuant to Condition 13.5, the holders of Individual Certificates evidencing the relevant Redeemable Preference Shares are required to surrender such Individual Certificates to the Transfer Secretary ("**Representative Put Option Instructions**").*
- 8.7 *The Paying Agent is required, in terms of and subject to the Paying Agency Agreement, to disburse the Put Option Amount, on behalf of the Guarantor, to the relevant Group of Redeemable Preference Share Holders, in accordance with the Representative Put Option Instructions, by no later than 16h00 (South African time) on the Put Option implementation Date.*
- 8.8 *The Guarantor shall not be responsible for the loss in transmission of any funds paid by the Paying Agent to the relevant Group of Redeemable Preference Share Holders, and payment of the Put Option Amount by the Guarantor to the Paying Agent (into the put option bank account specified for this purpose by the Paying Agent) in accordance with this Agreement and the Paying Agency Agreement, shall pro tanto cure the relevant default of the Issuer and shall be satisfaction pro tanto, to the extent of the Put Option Amount, of the Guarantor's obligations to the relevant Group of Redeemable Preference Share Holders under the Put Option Agreement, the Terms and Conditions, this Agreement and the Paying Agency Agreement.*

9 NO ENFORCEMENT BY INSTRUMENT HOLDERS

Subject to the proviso to this clause 9:

- 9.1 *only the Representative may enforce the Instruments, the Terms and Conditions, the Guarantee, the Put Option Agreement and this Agreement;*
- 9.2 *no Instrument Holder shall be entitled to enforce any of the Instruments and/or the Terms and*

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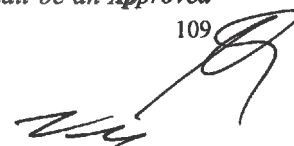

Conditions and/or the Guarantee and/or the Put Option Agreement and/or this Agreement; and

- 9.3 *no Instrument Holder shall be entitled to proceed directly against the Issuer and/or the Guarantor (and, without limiting the generality of the foregoing, no Instrument Holder shall be entitled to make any demand against the Issuer and/or the Guarantor for payment of any amount under the Instruments and/or the Terms and Conditions and/or the Guarantee and/or the Put Option Agreement, or accelerate or demand from the Issuer and/or the Guarantor early payment of principal in respect of the Instruments, or institute any legal proceedings against the Issuer and/or the Guarantor for the enforcement of the Instruments and/or the Terms and Conditions and/or the Guarantee and/or the Put Option Agreement and/or this Agreement),*

unless the Representative, having become bound so to proceed in terms of this Agreement, fails to do so within 10 (ten) days of the occurrence of the relevant Potential Event of Default or Event of Default, as the case may be, or fails to do so within 10 (ten) days of the Representative having become entitled or obliged to make the demand or acceleration referred to in clause 9.3, as the case may be; provided that, if a Demand has been given in accordance with clause 7 or a Put Notice has been delivered in accordance with clause 8, as the case may be, and the Guarantor has failed to pay the Guarantee Amount or the Put Option Amount, as applicable, within the relevant time period allowed for payment after the giving of such Demand or the delivery of such Put Notice, as the case may be, then, notwithstanding the foregoing provisions of this clause 9, any Instrument Holder to which all or any part of such Guarantee Amount or Put Option Amount is payable shall (whether or not the Issuer or the Guarantor dispute the basis upon which that Demand was given or that Put Notice was delivered) be entitled, at its election and in its sole discretion, instead of the Representative, to institute legal proceedings (including, without limitation, the suing out of a summons or the bringing of any application in any court of competent jurisdiction) against the Issuer or the Guarantor for the recovery of any sum due by the Issuer to that Instrument Holder under the relevant Instruments or any sum due by the Guarantor to that Instrument Holder under the Guarantee or the Put Option Agreement, as the case may be, and/or the resolution of any dispute relating thereto, and to continue the prosecution and conduct of such proceedings once instituted and shall advise the Representative in writing of such election.

18 **CHANGES IN REPRESENTATIVE**

- 18.1 *The Issuer and the Guarantor agree that, until all moneys for the payment of all amounts due and payable in respect of all Instruments that are outstanding have been made available to the Paying Agent and for so long as any Instruments are listed on the Interest Rate Market of the JSE, there will at all times be appointed a Representative with a Specified Office in such place as may be required by the Applicable Procedures. The Issuer shall give notice to the Instrument Holders, in accordance with Condition 23.1, of any termination, appointment or change of Representative, not more than 45 (forty five) days but not less than 30 (thirty) days prior to such termination, appointment or change; provided that such limit of 30 (thirty) days may be reduced to zero (i) in the case of insolvency as provided in clause 18.6 or (ii) in the case of breach as provided in clause 18.7, as the case may be.*
- 18.2 *The Representative may, subject to clause 18.4, at any time resign as representative by giving at least 90 (ninety) days' written notice to the Issuer of such intention on its part (with a copy of such notice to the Paying Agent and the Guarantor), specifying the date on which such resignation shall become effective.*
- 18.3 *The Representative may, subject to clause 18.4, be removed at any time by the Issuer and/or the Guarantor on at least 45 (forty five) days' notice in writing by the Issuer (with a copy of such notice to the Paying Agent and the Guarantor), specifying such removal and the date when it shall become effective.*
- 18.4 *Any resignation under clause 18.2 or removal under clauses 18.3, 18.6 or 18.7 shall only take effect upon the appointment by the Issuer and the Guarantor as hereinafter provided, of a successor or replacement Representative and (other than as provided in clause 18.2 when it shall take effect upon expiry of the notice period referred to in clause 18.2), on the expiry of the notice to be given under clause 18.1. The Issuer and the Guarantor agree with the Representative that if, by the day falling 10 (ten) days before the expiry of any notice required under clauses 18.1 or 18.2, a successor or replacement Representative has not been appointed, the Representative shall be entitled, on behalf of the Issuer and the Guarantor, to appoint as a successor or replacement Representative in its place, a reputable financial institution or trust company of good standing.*
- 18.5 *Any successor or replacement Representative referred to in this clause 18 shall be an **Approved***



Representative (as contemplated in Condition 22.2) and shall, subject to clause 18.6, be appointed by way of the execution of an accession letter substantially in the form set out in Annexure "B" to this Agreement and the execution of a Representative Fee Side Letter.

- 18.6 *If at any time the Representative becomes incapable of acting or is placed into liquidation, curatorship or under business rescue proceedings, whether provisionally or finally, or is voluntarily wound up by either the members or creditors of the Representative, whether provisionally or finally, or makes an assignment for the benefit of its creditors or consents to the appointment of a liquidator, curator or business rescue practitioner of all or a substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or if any order of any court is made confirming any application made by or against it under the provisions of any insolvency law or if a business rescue practitioner, curator or liquidator takes charge or control of it or of its property or affairs for the purpose of business rescue proceedings, liquidation or curatorship, a successor or replacement Representative, which shall be a reputable financial institution or trust company of good standing shall be appointed by the Issuer on written notice to the successor or replacement Representative. Upon the appointment as aforesaid of a successor or replacement Representative and acceptance by the successor or replacement Representative of such appointment, the Representative so superseded shall cease to be the Representative under this Agreement with immediate effect.*
- 18.7 *Should the Representative commit any breach of any term of this Agreement, and fail to remedy that breach within a period of 5 (five) Business Days after the receipt of a written notice to that effect by the Issuer or the Guarantor, then either the Issuer or the Guarantor shall, without prejudice to their rights, be entitled to terminate the Representative's appointment under this Agreement and to remove such Representative. A successor or replacement Representative, which shall be a reputable financial institution or trust company of good standing, may be appointed by the Issuer and the Guarantor on written notice by the Issuer to the successor or replacement Representative. Upon the appointment as aforesaid of a successor or replacement Representative and acceptance by the successor or replacement Representative of such appointment, the Representative so superseded shall cease to be the Representative under this Agreement.*
- 18.8 *Upon its resignation or removal becoming effective, the Representative shall forthwith transfer all records kept in terms of this Agreement to the successor or replacement Representative.*
- 18.9 *Upon its appointment becoming effective, a successor or replacement Representative shall, without further act or formality, become vested with all the authority, rights, powers, immunities, duties and obligations of its predecessor with like effect as if originally named as Representative.*

19 MERGER AND CONSOLIDATION

- 19.1 *Any corporation into which the Representative may be merged or converted, or any corporation with which the Representative may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Representative shall be a party, or any corporation to which the Representative shall sell or otherwise transfer all or substantially all the assets and/or business of the Representative shall, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Representative under this Agreement without the execution of any written agreement or any further act on the part of the parties hereto, unless otherwise required by the issuer and the Guarantor, and after the said effective date all references in this Agreement to the Representative shall be deemed to be references to such corporation.*
- 19.2 *Written notice of any such merger, conversion, consolidation or transfer shall forthwith be given by the Representative to the Issuer, the Guarantor and the Paying Agent as soon as the Representative is reasonably able to do so. Upon such merger, conversion, consolidation or transfer, the Representative shall give notice thereof to the Instrument Holders in accordance with Condition 23.1.*

28 BENEFIT OF THIS AGREEMENT

- 28.1 *Instrument Holders are entitled to the benefit of, and are deemed to have notice of, the provisions of this Agreement, and the Instrument Holders shall be bound by all those provisions of this Agreement which confer rights and/or impose obligations on the Instrument Holders.*
- 28.2 *In terms of Condition 26.1, each Instrument Holder has undertaken in favour of the Representative that it shall perform all obligations imposed on the Instrument Holder in terms of this Agreement, and that it shall execute and attend to all deeds, documents and things and take all such action*

which the Representative may reasonably require to enable the Representative to carry out, exercise or discharge the powers, rights, authorities, provisions and/or obligations contained in this Agreement.

28.3 *One copy of this Agreement shall be made available to each Instrument Holder, free of charge, at the Specified Offices of the Issuer and the Representative.*

30 AMENDMENT TO THIS AGREEMENT

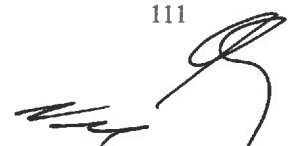
30.1 *This Agreement may be amended in writing by agreement between the Issuer, the Guarantor and the Representative, without the consent of any Instrument Holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in any manner which the parties may mutually deem necessary or desirable and which shall not be prejudicial to the rights, under this Agreement, of the Instrument Holders or any Group of Instrument Holders, as the case may be.*

30.2 *Subject to clause 30.3, if, in the reasonable opinion of the Representative, any proposed amendment to this Agreement may prejudice the rights, under this Agreement, of the Instrument Holders or any Group of Instrument Holders, as the case may be, no such proposed amendment shall be made to this Agreement unless signed by or on behalf of the Issuer, the Guarantor and the Representative and:*

30.2.1 *if such amendment may prejudice the rights, under this Agreement, of all of the Instrument Holders, (i) signed by or on behalf of the Instrument Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments, or (ii) sanctioned by an Extraordinary Resolution of all of the Instrument Holders, as the case may be; or*

30.2.2 *if such amendment may prejudice only the rights, under this Agreement, of a particular Group (or Groups) of Instrument Holders, (i) signed by or on behalf of the Instrument Holders in that Group (or those Groups) holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments held by that Group (or those Groups), or (ii) sanctioned by an Extraordinary Resolution of that Group (or those Groups), as the case may be.*

30.3 *Notwithstanding anything to the contrary contained in this Agreement, the required majority (including the required majority for an Extraordinary Resolution) for purposes of any amendment to or deletion of the provisions of clauses 6, 7, 8, 9 and/or this clause 30 shall be not less than 90% instead of 66.67%".*

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Annexure "D"

ISSUER DISCLOSURE SUPPLEMENT



Sizanani Capital

KAGISO SIZANANI CAPITAL LIMITED (RF)

(Incorporated with limited liability under Registration Number 2003/028948/07 in the Republic of South Africa)

ZAR 2 000 000 000

Domestic Note and Redeemable Preference Share Programme

**Unconditionally and irrevocably guaranteed or in respect of which
a put option has been conferred by**



KAGISO TISO HOLDINGS PROPRIETARY LIMITED (RF)

(Incorporated with limited liability under Registration Number 2011/000848/07 in the Republic of South Africa)

This annexure "D" to the Programme Memorandum constitutes the Issuer Disclosure Supplement relating to the Programme Memorandum (the "Issuer Disclosure Supplement"). Capitalised terms used in this Issuer Disclosure Supplement are defined in the Terms and Conditions unless separately defined in this Issuer Disclosure Supplement.

The information set out in this Issuer Disclosure Supplement forms part of the Programme Memorandum and, together with the balance of the Programme Memorandum (as read with all documents which are deemed to be incorporated herein by reference in terms of Section 1 of the Programme Memorandum headed "Documents Incorporated by Reference"), contains or incorporates all information which is material in the context of the issue of the Instruments.

The Issuer will, for so long as any Instrument remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a further supplement to the Programme Memorandum, as the case may be, within six months of the financial year end of the Issuer, if any of the information contained in the Programme Memorandum becomes outdated in a material respect. A new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, must be approved by the JSE.

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

To the extent that there is any conflict or inconsistency between the contents of this Issuer Disclosure Supplement and the balance of the Programme Memorandum, the provisions of this Issuer Disclosure Supplement shall prevail.

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Part One: Summary of the Kagiso Tiso Group

INTRODUCTION

The Kagiso Tiso Group was created subsequent to the merger between Tiso Group (Proprietary) Limited and Kagiso Trust Investments (Proprietary) Limited, two of the most respected Black Economic Empowerment investment companies in South Africa. The Kagiso Tiso Group is a black owned, controlled and managed investment holding company with a diverse shareholder base, the main shareholders of which are Kagiso Charitable Trust, Tiso Foundation Charitable Trust, Tiso Investment Holdings (Proprietary) Limited and Industrial Partnership Investments Limited (a wholly owned subsidiary of Remgro Limited). Both the Kagiso Charitable Trust and the Tiso Foundation Charitable Trust are public benefit organisations and broad-based black economic empowerment trusts. Through this avenue, the Kagiso Tiso Group is able to benefit the community at large.

The Kagiso Tiso Group aims to attract and retain highly qualified and competent staff that will work together in achieving the objectives and vision of the Kagiso Tiso Group. This has been achieved by the creation of the KTH Staff Participation Trust which enables all staff members to participate in the equity of the Kagiso Tiso Group. The Kagiso Tiso Group is managed by a strong, experienced, professional and predominantly black management team with a proven track record and the capacity to manage a diverse portfolio.

The merger has provided the Kagiso Tiso Group with a rich history of entrepreneurship culture and relationships with stakeholders. In addition, the merger has enabled the Kagiso Tiso Group to have a strong balance sheet with which to engage in transactions with thus allowing it to invest in assets with greater net asset values.

The vision of the Kagiso Tiso Group embodies 7 principles that will enable it to become a leading investment holding company in Africa. These principles are relationships with its stakeholders, integrity and professionalism, value and reward of employees, collective leadership and teamwork, respect and trust, transformation and creating a legacy. This vision will enable KTH to achieve its objectives and goals of holding investments not only in South Africa but in the rest of Africa. The portfolio of assets will be a balanced portfolio with listed and unlisted assets in different sectors. This will enable the Kagiso Tiso Group to have a diversified portfolio with strong platform assets that will assist the Kagiso Tiso Group to achieve its growth objectives. The Kagiso Tiso Group focus is to invest in large market capitalisation businesses that have proven management, produce robust cashflows and deliver attractive capital growth and meaningful dividend income generation to its shareholders on a sustainable basis.

STRUCTURE OF THE KAGISO TISO GROUP

The sectors in which the Kagiso Tiso Group is invested and the assets in each sector in excess of R75 million is attached as Appendix A to this Part One of the Issuer Disclosure Supplement.

BUSINESS ACTIVITIES OF THE KAGISO TISO GROUP

The Kagiso Tiso Group is an investment holding company which holds assets in a number of sectors in the South African economy, being media, resources, infrastructure, power, financial services, investment, health, information technology and food. A summary of the operations and business activities of the Issuer and the Guarantor are described in Part Two of the Issuer Disclosure Supplement.

Appendix A to Part One

KAGISO TISO GROUP SECTOR AND ASSET STRUCTURE



As at 30 December 2011

Assets in excess of R75 million

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Part Two: Description of the Issuer and the Guarantor

THE ISSUER

General

The Issuer is a wholly owned subsidiary of the Guarantor. The name of the Issuer "Kagiso Sizanani Capital" is intended to compliment the word "Kagiso" ("peace"). The word "Sizanani" means "help each other" and, accordingly, the name can loosely be interpreted as "...help each other through peace...". The word "Capital" is intended to reflect the empowerment funding arrangements under the Programme through "help, assistance and peace".

The Issuer is in the process of replacing its memorandum of incorporation ("**Old Memorandum of Incorporation**") with a memorandum of incorporation appropriate for a public company ("**New Memorandum of Incorporation**"). References in this section to the provisions of the memorandum of incorporation of the Issuer are to the provisions in the New Memorandum of Incorporation. The equivalent provisions of the Old Memorandum of Incorporation were set out in the Programme Memorandum dated 16 September 2004, as amended by the Supplement to the Programme Memorandum dated 28 March 2007.

Main Object and Business

The main object and business of the Issuer is "to operate as a designated funding entity, for the Kagiso Tiso Group, which will raise funds in the capital markets through a debt issuing programme, to be on-lent to various entities within the Kagiso Tiso Group".

Special Conditions

The special conditions which apply to the Issuer are set out in clause 6 (read together with Schedule 1) of the Memorandum of Incorporation of the Issuer. The provisions of Schedule 1 are reproduced below:

"Capitalised terms used in this schedule 1 shall, unless separately defined in this schedule 1, bear the meanings ascribed to those terms in the Terms and Conditions (as defined in the Memorandum of Incorporation). The special conditions which apply to the Company are as follows –

- 1 *to maintain books and records separate from any entity within the Kagiso Group;*
- 2 *to maintain its accounts separate from those of any entity within the Kagiso Group;*
- 3 *to conduct its own business in its own name;*
- 4 *to maintain separate financial statements;*
- 5 *to pay its own liabilities out of its own funds;*
- 6 *to observe all corporate formalities required by the Memorandum of Incorporation, including corporate governance;*
- 7 *to maintain an arms-length relationship with its affiliates, associates and parent company;*
- 8 *to use separate stationery, invoices and cheques;*
- 9 *to hold itself out as a separate entity;*
- 10 *to correct any known misunderstanding regarding its separate identity;*
- 11 *to maintain adequate capital in light of its contemplated business operations in line with the scope and requirements of its business and purpose;*
- 12 *to distribute any surplus funds and/or dividends payable to holders of ordinary Shares only after obligations to Shareholders and/or Redeemable Preference Share Holders have been discharged;*
- 13 *neither to employ natural persons nor pay salaries and wages, including retirement benefits of whatever nature normally associated with employment;*
- 14 *not to intermingle assets with those of any other Group Company;*
- 15 *not to be entitled to guarantee or become liable for the debts of any other Group Company or hold out its credit as being available to satisfy the obligations of any other Group Company;*

- 16 *not to acquire obligations or securities of its shareholders or any other Group Company, save to the extent expressly provided for in the Programme Memorandum and/or the Terms and Conditions;*
- 17 *not to pledge its assets or grant any other real rights of security for the benefit or in favour of any person, and not to provide suretyships, guarantees or any other personal rights of security for the benefit or in favour of any person, save to the extent expressly provided for in the Programme Memorandum and/or the Terms and Conditions, and not to make loans or advances to any person outside of the Kagiso Group;*
- 18 *not to file for voluntary liquidation until such time as all debts due and payable by the Company have been settled and/or all Redeemable Preference Shares have been redeemed in full;*
- 19 *may not have borrowings from any person outside of the Kagiso Group, save to the extent expressly provided for in the Programme Memorandum and/or the Terms and Conditions, and/or specific liquidity facilities which may be required from time to time in respect of the Instruments issued under the Programme;*
- 20 *may not convert any class of ordinary Shares into any other class of Shares;*
- 21 *may not offer any Instruments for subscription or sale to its holding company or any Director of its holding company or any other Group Company or any Director of any other Group Company or any Director of the Company;*
- 22 *may not subscribe to any class of ordinary shares of its holding company or any class of ordinary shares of any other Group Company or any ordinary shares of any person outside of the Kagiso Group;*
- 23 *may not advance money raised from the proceeds of the Instruments to the general public;*
- 24 *all documents or instruments dealing with the exchange of money must be signed jointly by at least 2 (two) Directors;*
- 25 *payment of preference dividends in respect of Redeemable Preference Shares will rank senior to the declaration and payment of dividends in respect of ordinary Shares;*
- 26 *payment of amounts payable in respect of Redeemable Preference Shares will rank after payment of amounts payable to Noteholders, in accordance with the Terms and Conditions;*
- 27 *as long as there is any Outstanding Principal Amount in respect of the Instruments, the majority shares in the Company held by its holding company, may not be disposed of in whole or in part or in separate transactions which, if consolidated, would have the same effect as the disposal of the whole or part of such shares.*

In addition to the above limitations the following special conditions are also applicable -

1. *the Company may not conclude any transaction which has or may have the effect of alienating or encumbering any of its assets or incurring any liabilities (actual or contingent), other than the transactions or actions set out below -*
 - 1.1 *the conclusion of any transaction or action which is strictly necessary to enable the Company to comply with its statutory obligations; and*
 - 1.2 *the creation and issue of the Notes pursuant to the Programme Memorandum; and*
 - 1.3 *the creation and issue of the Redeemable Preference Shares pursuant to the Programme Memorandum; and*
 - 1.4 *action required in connection with the establishment, maintenance and operation of bank accounts; and*
 - 1.5 *any action required in connection with any of the transactions contemplated above and/or with any disputes arising out of any of the matters contemplated in these special conditions, including the institution or defense of any legal and/or arbitration proceedings.*
2. *until the repayment of all dividends on Redeemable Preference Shares and the Outstanding Principal Amount of the Instruments issued pursuant to the Terms and Conditions of the Programme Memorandum, the Company will not repurchase any of its ordinary Shares and Redeemable Preference Shares.*

Definitions

Certain of the definitions and provisions contained in clause 1 of the Memorandum of Incorporation of the Issuer are reproduced below:

- "1.1.12 **"Programme"** means the Kagiso Sizanani Capital (Proprietary) Limited ZAR1,000,000,000 Domestic Note and Redeemable Preference Share Programme pursuant to which the Issuer may issue Instruments from time to time, as such programme may be amended, varied, novated or supplemented from time to time;
- 1.1.13 **"Programme Memorandum"** means the Programme Memorandum, dated on or about 16 September 2004, issued by the Company in respect of the Programme and approved by the Interest Rate Market of the JSE Limited (previously The Bond Exchange of South Africa) on 1 September 2004; provided that if the Company publishes a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, references to **"Programme Memorandum"** in this Memorandum of Incorporation shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be;
- 1.1.26 **"Terms and Conditions"** means, subject to clause 2 of Schedule 2, the terms and conditions of the Instruments set out in Section 6 of the Programme Memorandum;
- 1.2 In this Memorandum of Incorporation, unless the context indicates otherwise -
- 1.2.1 capitalised terms used in this Memorandum of Incorporation shall, unless separately defined in the Memorandum of Incorporation, bear the meaning ascribed to those terms in the Terms and Conditions;
- 1.2.2 words and expressions defined in the Act which are not defined herein shall have the meanings given to them in the Act;

Preliminary

Certain of the provisions of clause 2 of the Memorandum of Incorporation of the Issuer are reproduced below:

- "2.1 The Terms and Conditions, the Guarantee and the Put Option Agreement are incorporated by reference into this Memorandum of Incorporation. This Memorandum of Incorporation shall be subject in all respects, in the case of the Instruments, to the Terms and Conditions. Following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, this Memorandum of Incorporation shall be subject in all respects, in the case of that Tranche of Redeemable Preference Shares, to the Terms and Conditions, and the Put Option Agreement. Following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, this Memorandum of Incorporation shall be subject in all respects, in the case of that Tranche of Notes, to the Terms and Conditions and the Guarantee. Subject to clause 2.2, if any of the provisions of this Memorandum of Incorporation conflict with or are in any way inconsistent with any of the Terms and Conditions, the Terms and Conditions shall, in the case of the Instruments, prevail."

Distributions

Clause 30 of the Memorandum of Incorporation of the Issuer, which sets out the provisions relating to dividends, is reproduced below:

- "30.1 This clause 30 shall be subject in all respects to the special conditions set out in clause 6 (read together with schedule 1) of the Memorandum of Incorporation and, in the case of the Redeemable Preference Shares, to the Terms and Conditions. To the extent that any of the provisions of this clause 30 conflict with any of the Terms and Conditions, the Terms and Conditions shall, in the case of the Redeemable Preference Shares, prevail.
- 30.2 Subject to the provisions of the Act, and particularly section 46 of the Act, the Company may make a proposed distribution if such distribution -
- 30.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or
- 30.2.2 is authorised by resolution of the Board.
- 30.3 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.

- 30.4 *Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.*
- 30.5 *The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.*
- 30.6 *All unclaimed distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that distributions unclaimed for a period of 3 (three) years from the date on which they were declared may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.*
- 30.7 *Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to -*
- 30.7.1 *the holder at his registered address; or*
- 30.7.2 *in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or*
- 30.7.3 *such person and at such address as the holder or joint holders may in writing direct.*
- 30.8 *Every such cheque or warrant shall -*
- 30.8.1 *be made payable to the order of the person to whom it is addressed; and*
- 30.8.2 *be sent at the risk of the holder or joint holders.*
- 30.9 *The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.*
- 30.10 *A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.*
- 30.11 *When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.*
- 30.12 *A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.*
- 30.13 *Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part -*
- 30.13.1 *by the distribution of specific assets; or*
- 30.13.2 *by the issue of Shares, debentures or securities of the Company or of any other company; or*
- 30.13.3 *in cash; or*
- 30.13.4 *in any other way which the Directors may at the time of declaring the distribution determine.*
- 30.14 *Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.*
- 30.15 *The Directors may -*
- 30.15.1 *determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and*
- 30.15.2 *vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.*

Alteration of Memorandum of Incorporation

Clause 33 of the Memorandum of Incorporation of the Issuer, which sets out the procedure for the amendment of the memorandum of incorporation, is reproduced below:

"33.1 No amendment to the Memorandum of Incorporation (including any of its schedules) shall be

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effected which affects the rights, under the Terms and Conditions, of any Instrument Holders, unless-

- 33.1.1 *if such amendment affects the rights, under the Terms and Conditions, of all of the Instrument Holders, such amendment has been -*
 - 33.1.1.1 *signed by or on behalf of the Instrument Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments; or*
 - 33.1.1.2 *sanctioned by an Extraordinary Resolution of all of the Instrument Holders, as the case may be; or*
- 33.1.2 *if such amendment affects only the rights, under the Terms and Conditions, of a particular Group (or Groups) of Instrument Holders, such amendment has been -*
 - 33.1.2.1 *signed by or on behalf of the Instrument Holders in that Group (or those Groups) holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Instruments held by that Group (or those Groups); or*
 - 33.1.2.2 *sanctioned by an Extraordinary Resolution of that Group (or those Groups), as the case may be.*
- 33.2 *Subject to the provisions of the Statutes, the special conditions set out in clause 6 (read together with schedule 1) of the Memorandum of Incorporation and clause 33.1, the Company may amend this Memorandum of Incorporation in accordance with the remaining provisions of this clause 33.*
- 33.3 *This Memorandum of Incorporation may only be altered or amended in the manner set out in sections 16 (other than 16(1)(b)), 17 or 152(6)(b) of the Act.*
- 33.4 *An amendment of this Memorandum of Incorporation will take effect from the later of -*
 - 33.4.1 *the date on, and time at, which the Commission accepts the filing of the notice of amendment contemplated in section 16(7) of the Act; and*
 - 33.4.2 *the date, if any, set out in the said notice of amendment,*

save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the Commission.

Rights, Privileges and Conditions attaching to the Redeemable Preference Shares

Schedule 2 of the Memorandum of Incorporation of the Issuer, which sets out the rights, privileges and conditions attaching to the Redeemable Preference Shares, is reproduced below:

- "1 *This schedule 2 shall be subject in all respects to the Terms and Conditions. Following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, this schedule shall be subject in all respects, in the case of that Tranche of Redeemable Preference Shares, to the Terms and Conditions and the Put Option Agreement. If any of the provisions of this schedule conflict with any of the Terms and Conditions, the Terms and Conditions shall, prevail.*
- 2 *Each Tranche of Redeemable Preference Shares shall be subject to the Terms and Conditions; provided that the Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify, or supplement the Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with the Terms and Conditions, replace, modify or supplement the Terms and Conditions for the purpose of that Tranche of Redeemable Preference Shares, and all references to "Terms and Conditions" in this Memorandum of Incorporation shall, for the purpose of that Tranche of Redeemable Preference Shares, be deemed to include the Terms and Conditions as so replaced, modified or supplemented.*
- 3 *Each Tranche of Redeemable Preference Shares shall, subject to clause 2 of this schedule and Condition 30 of Programme Memorandum -*
 - 3.1 *be issued with a Redemption Date which falls more than 3 (three) years plus 1 day after the Issue Date; and*
 - 3.2 *be issued in accordance with the Companies Act and the Memorandum of Incorporation; and*

- 3.3 bear the status and characteristics set out in the Terms and Conditions and this schedule.
- 4 Subject to clause 2 and 3 of this schedule, each Redeemable Preference Share may be a Fixed Yield Preference Share or a Floating Yield Preference Share, or such combination of any of the foregoing, or such other type of Redeemable Preference Share, as may be determined by the Directors and specified in the Applicable Pricing Supplement.
- 5 Each Tranche of Redeemable Preference Shares shall, subject to clauses 2 to 4 (inclusive) of this schedule confer on the Redeemable Preference Share Holder, the right to receive, in priority to the holders of ordinary Shares and the holders of any other class of Shares in the share capital of the Company not ranking prior to or *pari passu* with the Redeemable Preference Shares, a preferential cash dividend ("the preference dividend"). Each Tranche of Redeemable Preference Shares shall bear preference dividends at a rate per annum equal to the Dividend Yield specified in the Applicable Pricing Supplement. Preference dividends on each Tranche of Redeemable Preference Shares will be payable, in respect of the Dividend Period(s) specified in the Applicable Pricing Supplement, on the Dividend Payment Date(s) specified in the Applicable Pricing Supplement.
- 6 The Preference Dividend shall be in priority to any payment of dividends to the holders of ordinary shares and the holders of other shares in the capital of the Company not ranking *pari passu* with the Redeemable Preference Shares.
- 7 Redeemable Preference Shares rank *pari passu* among themselves. Each Tranche of Redeemable Preference Shares shall confer the right on the Redeemable Preference Share Holders, on winding-up of the Company or on any return of capital, to receive in full out of the assets of the Company, the Aggregate Principal Amount of the Redeemable Preference Shares and any Preference Dividend (whether declared or not) calculated to the date of repayment. Such repayment shall be in priority to any payment to the holders of ordinary shares and the holders of other shares in the capital of the Company not ranking prior to or *pari passu* with the Redeemable Preference Shares.
- 8 Subject to applicable law, in the event of the dissolution, winding-up, liquidation or the commencement of business rescue proceedings in respect of the Company, the claims of the Redeemable Preference Share Holders shall be subordinated to, and rank in priority of payment below all claims in respect of any indebtedness of the Company (including Subordinated Indebtedness). In any such event, and provided as aforesaid, no amount shall be payable to any Redeemable Preference Share Holders entitled to be paid amounts due in respect of the Redeemable Preference Shares until all indebtedness of the Company which is admissible in any such dissolution, liquidation, winding-up or business rescue proceedings (including Subordinated Indebtedness) has been paid or discharged in full.
- 9 Save as set out in this schedule, Redeemable Preference Share Holders shall not be entitled to any participation in the profits or assets of the Company, or upon a winding-up, in any of the surplus assets of the Company.
- 10 The Redeemable Preference Share Holders shall not be entitled to be present or to vote, either in person or by proxy, at any meeting of the Company, by virtue or in respect of the Redeemable Preference Shares, unless any one or more of the following circumstances prevail at the date of the meeting –
- 10.1 the preference dividend or any part thereof remains, whether declared or not, in arrears and unpaid after 6 (six) months from the due date thereof;
- 10.2 any redemption payment remains in arrears and unpaid after six months from the due date thereof;
- 10.3 a resolution of the Company is proposed which directly affects the rights attached to the Redeemable Preference Shares or the interests of the Redeemable Preference Share Holders, including a resolution for the winding-up of the Company or for the reduction of its capital;
- 10.4 a resolution of the Company is proposed for the disposal of the whole or substantially the whole of the undertaking of the Company or the whole or the greater part of the assets of the Company,

provided that the Redeemable Preference Share Holders shall be entitled to be present and to vote, either in person or by proxy, at any meeting of Redeemable Preference Share Holders convened, pursuant to Condition 24, to consider any matter affecting the interests, under the Terms and

Conditions, of Redeemable Preference Share Holders, and the proceedings at such meetings shall be governed in all respects by the Terms and Conditions.

- 11 *Subject to the provisions of this schedule and the Statutes, the share capital, share premium and non-distributable reserves or stated capital of the Company may not be repaid or distributed but may be used for such other purposes as are permitted by the Statutes, provided that such use does not have the effect of reducing the share premium account to below the amount of any share premium paid in respect of the Redeemable Preference Shares plus any amount required to be retained in the share premium account in respect of any other shares, and no shares in the capital of the Company ranking, as regards rights to dividend (or, upon a winding-up, return of capital), in priority to or pari passu with the Redeemable Preference Shares shall be created or issued, without*
- 11.1 *the prior written consent of the Redeemable Preference Share Holders holding or representing not less than two-thirds of the Outstanding Principal Amount of all of the Redeemable Preference Shares; or*
- 11.2 *the prior sanction of an Extraordinary Resolution of all of the Redeemable Preference Share Holders.*
- 12 *Subject to the provisions of the Statutes, each Tranche of Redeemable Preference Shares shall be redeemed in accordance with the Terms and Conditions.*
- 13 *Subject to the Terms and Conditions and, following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the Put Option Agreement, the amount payable upon the redemption of each Tranche of Redeemable Preference Shares shall be the Aggregate Principal Amount together with the amount referred to in clause 14 of this schedule;*
- 14 *Subject to the Terms and Conditions and, following an Event of Default and the Enforcement of the Put Option in respect of a Tranche of Redeemable Preference Shares, the Put Option Agreement, upon the redemption of each Tranche of Redeemable Preference Shares, there shall be paid all preference dividends (including any which are in arrears) accrued in respect of that Tranche of Redeemable Preference Shares, to the date fixed for the redemption thereof.*
- 15 *The Company shall not be liable to the Redeemable Preference Share Holders for interest on any unclaimed redemption monies."*

Copies of Memorandum of Incorporation

One copy of the Memorandum of Incorporation of the Issuer is available, free of charge, to each person to whom a copy of the Programme Memorandum has been delivered, at the Specified Offices of the Issuer and the Representative.

Board of Directors

The full names, ages, nationalities (if not South African), addresses and profiles of the directors of the Issuer are set out below.

Mr Frenel Frankton Gillion ("Frenel") (42) (appointed 24/01/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Frenel is the Group Financial Director of the Issuer, Guarantor and the Kagiso Tiso Group. He has more than 15 years of experience in investment management. A chartered accountant by training, he headed the corporate finance department at the Development Bank of South Africa from May 2003 to November 2005. He has worked for African Merchant Bank Ltd and the Industrial Development Corporation and was then appointed as Investment Principal at Actis Africa Empowerment Fund. He joined the National Empowerment Fund (NEF) in January 2007 as the Chief Investment Officer, growing the NEF investment portfolio in excess of R1 billion. He was appointed as Group Financial Director of Kagiso Trust Investments in January 2011.

Mr Vuyisa Nkonyeni ("Vuyisa") (43) (appointed 04/01/2012)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Vuyisa is the Managing Director the Issuer and the Chief Executive Officer of the Guarantor. He has more than 15 years' experience in investment banking and private equity. He is a chartered accountant by training having served his training contract with PricewaterhouseCoopers. Subsequent to his training which he completed in 1996, he joined Deutsche Bank in 1997 where he gained investment banking experience

primarily in corporate and project finance advisory work over a four year period. He has in the past also served as the Financial Director of Worldwide African Investment Holdings (Pty) Ltd and Director at Actis LLP, where he was part of a team of three investment professionals responsible for Actis Black Economic Empowerment funding unit, the Actis Africa Indigenous Fund.

Mr Jacob Bruce Hinson ("Jacob") (39) (appointed 07/09/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Jacob is the chief investment officer of the Guarantor. He was a senior director at Actis LLP based in Johannesburg where he spent the last seven years. In addition to have concluded several transactions in South Africa, Jacob has been involved in transactions across emerging markets, most notably in West Africa where he led one of the first LBO's in that market, East Africa, Brazil and China. While at Actis LLP he was also responsible for managing and co-ordinating the industrial sector focus across the various offices in Africa. Jacob started his career in Corporate Finance initially within PwC's corporate finance team and subsequently as a senior associate at Deutsche Bank's corporate finance division in Johannesburg. Jacob currently serves as a non-executive director of Actom South Africa (Pty) Limited. Jacob obtained his BCom degree from the University of Cape Town and completed his training as a chartered accountant with PwC. Jacob is a CFA charter holder and is registered with the CFA institute in the USA.

THE GUARANTOR

General

Kagiso Trust Investments (Proprietary) Limited ("KTI")

KTI was formed in December 1993 by the Kagiso Trust as a vehicle to generate sustainable, long-term financial support to the Kagiso Trust for the purpose of community development and to achieve true economic empowerment through active, operational involvement in underlying strategic investments, good financial management and corporate governance. KTI's controlling shareholder was the Kagiso Trust which is a broad-based charitable organisation set up by the SA Council of Churches in the mid-1980s. The Kagiso Trust was established to provide assistance to underprivileged communities, with a focus on education, healthcare and general poverty alleviation. The ultimate beneficiaries of the Kagiso Trust are the communities that it supports through various projects.

During its existence, KTI concentrated on four distinct investment sectors, namely financial services (investment banking, life insurance and asset management), resources (power and infrastructure sectors), industrials and ICT (industrial and information communication technology and media).

KTI investment decisions reflected its objective of being a relevant and dynamic contributor to driving socio-economic transformation. Forging strong partnerships with subsidiary and investee companies were crucial in building long-term relationships that were based on the core values and ethos that were an integral part its history.

Tiso Group (Proprietary) Limited ("Tiso")

Tiso was established in 2001 and was one of South Africa's leading black-controlled and managed investment companies. Founded by leading African entrepreneurs, it was a business largely owned and controlled by its management and staff.

Tiso also had successful shareholder relationships with the above-mentioned financial institutions, namely Standard Bank Limited, Investec Bank Limited, RMB and the Liberty Group.

Over time, Tiso built a strong and defensive investment portfolio with stakes in blue chip companies in the infrastructure and natural resources sectors, and with strategic holdings in construction, steel merchanting, coal, industrial minerals, mining services, power and property development companies. With its strong emphasis on relationships, Tiso built a solid platform which positioned the group for continued growth both in South Africa and the African continent as a whole.

The Guarantor

The Guarantor was created with effect from 1 July 2011 as a result of the merger of two leading, black-owned and managed companies, namely KTI and Tiso. The merger has created a sizable investment company of critical mass with access to larger transactions and increased investment portfolio diversification. The Guarantor is an investment holding company which holds investments through the Kagiso Tiso Group. As an investment holding company the Guarantor acquires assets and disposes of assets on an ongoing basis to ensure that it is able to achieve its long term objectives as well as ensuring that the Kagiso Tiso Group continues to grow its net asset value.

The investment sectors in which Guarantor currently has a significant exposure in terms of net asset value contribution include, media, property, resources, infrastructure, power, financial services, investments, health, information technology and food.

A summary of the investments in excess of R75 million is set out below:

Media

Kagiso Media Limited ("KML")

The Guarantor is the controlling shareholder of KML with a 51.1% interest in KML. KML has interests in substantial media assets in the following five segments:

Broadcasting: KML is a successful operator of highly productive radio assets such as wholly owned East Coast Radio which is based in KwaZulu-Natal and Jacaranda FM (80% holding), which broadcasts into Gauteng, Limpopo, North West and Mpumalanga. KML has also maintained strategic investment stakes in OFM (Free State) (24,9%), Heart 104.9 (Western Cape) (20,0%) and Gagasi 99.5 (KwaZulu-Natal) (20,0%) and an economic interest in Kaya FM (Gauteng) (47,4%). These radio assets are complemented by the group's national radio sales house MediaMark (50,0%), which is jointly controlled in partnership with Lagardère Radio International (LARI). The purpose of Kagiso Media Convergence is to create online audiences for the radio stations.

Information and Other: Knowledge Factory (65%), a property and geospatial data company, provides clients with information about their target markets through a number of data sources. Kagiso Exhibitions and Events retains a low-key operation to honour several outstanding contractual obligations. These include, inter alia, a 50% joint venture in Mobil Alliance, a company specialising in digital technology screens and sponsorship operating primarily in the sports environment.

New Media: The segment is spearheading KML's presence beyond its traditional radio base. New Media was conceptualised as a strategic intervention to develop KML's capabilities to operate in the "new media" and internet space, and its success has so far been marked by the acquisition of Gloop Digital Designs (50,1%). Gloop Digital Designs (50,1%) is an award-winning digital design agency specialising in the creation of digital campaign solutions for all sectors and across the digital media space. Kagiso MSN division (100%) was established in a partnership with Microsoft (MSN) in 2010 to manage and localise the www.howzit.msn.com portal in South Africa. Under the terms of the agreement, Kagiso Media also became the sole sales partner for all Microsoft's Windows Live properties - including Hotmail and Windows Live Messenger in South Africa and sub-Saharan Africa, thus increasing Kagiso Media's market share of the region's online market.

Content: A controlling stake (50,1%) in Urban Brew Studios, whose main activities include creating and distributing audio-visual content on any platform as well as trading and distributing television content. It also has strategic partnerships with community television players, contributing to their developmental needs and sustainability. Urban Brew Studios has television content production capabilities and significant audio production expertise which underpins its capability to trade in music content. Its well-known productions include commercial television productions such as YO-TV (children and youth), 3 Talk and the Lotto Draw. It owns One Gospel, a channel on DSTV bouquet, has a long-term management contract with Soweto Community Television, produces environmental productions and has nascent opportunities in Africa.

Property

Eris Property Group (Proprietary) Limited ("Eris")

Eris is a property development and services group which provides a range of commercial property skills in the South African and sub-Saharan African markets. Eris was formed in 2008 following the restructure of RMB Properties (Pty) Ltd (RMBP) which had been in existence since 1987, and which was a prominent property development and property services company in the South African property industry. The restructuring and purchase of RMBP by Eris allowed for the introduction of Black Economic Empowerment whilst maintaining RMB as a significant shareholder.

Eris' range of products is managed in a matrix structure that gives the client the full benefit of Eris' experience. Eris is a property services company. Its comprehensive range of services includes property advisory services, leasing and investment broking, property development, property valuations, trading, asset management, property management, facilities management and retail services.

Emira Property Fund ("Emira")

Emira is a portfolio created under the Emira Property Scheme in terms of the Collective Investment Schemes Control Act, Act. 45 of 2002. It has been listed in the Real Estate Investment Trusts sector on the JSE

Limited since 28 November 2003. The Fund is managed by Strategic Real Estate Managers (Pty) Limited ("STREM"), which is approved by the Registrar of Collective Investment Schemes, to manage the Fund. Emira's investments in its property portfolio are in the retail, office and industrial sectors, in line with Emira's strategic objectives.

Resources

Exxaro Resources Limited ("Exxaro")

The Guarantor holds a 9.5% interest in BEE Holdco which in turn holds a 52.1% interest in Exxaro. Exxaro is a South African-based mining group, listed on the JSE Limited. Exxaro has a diverse and world-class commodity portfolio in coal, mineral sands, base metals and industrial minerals, with exposure to iron ore through a 20% interest in Sishen Iron Ore Company (SIOC). As the second-largest South African coal producer with capacity of 45 million tonnes per annum and the third-largest global producer of mineral sands, Exxaro is a significant participant in the coal and mineral sands markets and provides a unique listed investment opportunity into these commodities. As one of South Africa's largest, diversified mining companies, Exxaro is well positioned to grow domestically, and its existing operational interests in Namibia, Australia and China and strong project pipeline provide a base for growth in international markets. Exxaro operates in 4 areas, coal, sands, base metals and industrial minerals and iron ore.

Idwala Industrial Holdings (Proprietary) Limited ("Idwala")

Idwala is a company focused on mining, processing, distribution and sales of lime and industrial minerals, having been established in 1998 as a result of a management buy-out of the lime and industrial minerals assets held by Alpha (currently, Holcim (South Africa)). Idwala consists of a corporate Head Office in Bryanston and two divisions comprising Lime and Industrial Minerals. Idwala exploits a scarce and unique white calcitic and dolomitic limestone deposit in the Port Shepstone area of KwaZulu-Natal (adjacent to the Umzimkulu River). This operation entails the quarrying, crushing, further milling, screening and upgrading of the limestone through flotation and fine milling/micronising. Idwala process silica and pyrophyllite mainly for the paper, paint, plastics, ceramics, glass and adhesive markets. A new specialty product recently introduced to this operation is Silkidwala, which is a calcined pyrophyllite. It is used in the paper and paint industries as a local replacement for imported calcined clay. Idwala processes a stockpile of Magnetite on the Foskor property. The Magnetite is upgraded through a process of magnetic separation, drying, milling and classification into different grades of fineness. It is sold mainly as heavy separation media to the coal industry.

Mototolo

Mototolo is a joint venture which was formed in 2005 by Anglo Platinum Limited and Xstrata Alloys to develop Platinum Group Metals mine and concentrator in Mpumalanga. In 2006, Xstrata and the Guarantor then formed a black economic partnership to participate in the Mototolo joint venture. The major products mines are platinum, palladium and rhodium.

Infrastructure

AECI Limited ("AECI")

AECI is a specialty product and services group of companies which provides value-adding solutions to customers through science, technology and industry knowledge. The focus is on serving the mining and manufacturing sectors. AECI's core businesses serve global and regional markets. AECI's businesses include AEL Mining Services (AEL), a cluster of specialty chemicals business units, Heartland and SANS Technical Fibers.

AEL is a developer, producer and supplier of commercial explosives, initiating systems and blasting services for the mining, quarrying and construction sectors in Africa and further afield, particularly Indonesia. The business has a presence in 23 countries. AEL's largest site is at Modderfontein, Johannesburg, Gauteng.

In the specialty chemicals cluster, 18 business units supply specialty chemical raw materials and related services for industrial use across a broad spectrum of customers in the manufacturing and mining sectors in South Africa and Southern Africa. The cluster has major sites in Johannesburg and Durban, with a number of smaller operations country-wide. The Group's mining chemicals thrust is anchored in Senmin, part of the specialty chemicals cluster. Senmin operates at Sasolburg in the Free State.

In addition to its core businesses, AECI has valuable land assets. The property activities are managed by Heartland and this company seeks to optimise the value of the property holdings surplus to AECI's operational requirements by selling land and by selectively investing in revenue-producing buildings in order to grow an existing portfolio of rental properties. The land holdings are significant and are located in prime

locations near Johannesburg and Cape Town. More than 3 000 hectares of excess land are available for redevelopment over the next 25 years for residential, commercial and industrial end uses and for leasing purposes.

SANS Technical Fibers, in the USA, is AECI's fourth business. It manufactures and markets a range of high performance, specialty nylon industrial fibres for niche market applications in the USA, Asia and Europe.

AECI is domiciled in South Africa and is listed on the JSE Limited. At 31 December 2010, its market capitalisation was R9,8 billion.

Aveng Limited

Aveng is a multi-disciplinary construction and engineering group. The Aveng group's capabilities are underpinned by its broad footprint and diverse group of construction, infrastructure and engineering entities:

Aveng Grinaker-LTA: Aveng Grinaker-LTA is a multi-disciplinary construction and engineering group, anchored in South Africa, with expertise in a number of market sectors: power, mining, infrastructure, commercial and industrial, oil and gas

McConnell Dowell: Australian based, McConnell Dowell Corporation Limited operates predominantly in the Eastern Time Zone, and is a major engineering, construction, building and maintenance contractor servicing the building, infrastructure and resources markets with expertise in building, rail, civil, electrical, marine, mechanical pipelines, fabrication, tunnelling and underground services.

Aveng E+PC: Aveng E+PC Engineering & Projects Company offers engineering, design and project delivery services as well as the operation and maintenance of metallurgical processing plants.

Aveng Water: Aveng Water is positioned to play a key role in the delivery of advanced water solutions in southern Africa and Australia. It is driven by a highly qualified team experienced in implementing custom designed, innovative water treatment solutions.

Aveng Manufacturing: Aveng Manufacturing manufactures and supplies a diverse range of steel and concrete products, services and engineered solutions in mining, construction and building sectors and also undertakes rail construction and maintenance projects in the rail sector.

Aveng Trident Steel: Aveng Trident Steel supplies a wide product range to the steel industry in South Africa as well as internationally from its extensive steel yards, modern and comprehensive steel processing service centres, speciality steel division and tube manufacturing plant.

Aveng Moolmans: Aveng Moolmans owns and operates heavy mining equipment and is a major surface mining contractor in Africa, which offers contract mining services that include short- and medium-term planning, drilling and blasting, selective mining and general waste removal for selected clients.

Multotec (Proprietary) Limited ("Multotec")

Multotec was established more than thirty years ago, is a South African organisation with German shareholding. Its core business is the supply of products and services to the mining, mineral beneficiation and power generation industries. The group comprises four main operating entities, each with its own product range and associated services, namely Multotec Manufacturing, Multotec Process Equipment, Multotec Wear Linings, and Multotec Rubber.

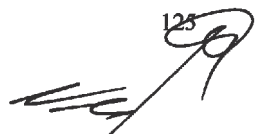
Macsteel Services Centre SA (Proprietary) Limited ("Macsteel")

Macsteel Service Centres SA forms the integral and significant African component of the global Macsteel Holdings Group, which operates in 31 countries worldwide. The Macsteel Service Centres SA Group is Africa's leading merchandiser and distributor of steel and value added steel products, with sales well in excess of a million tons per annum. Macsteel Service Centres SA consists of 10 dynamic business units operating a strategic network of 68 service centres and branches serving the entire Sub-Saharan African region. We employ in excess of 5 500 people.

Power

Actom (Proprietary) Limited ("Actom")

Actom is the largest manufacturer, repairer and distributor of electro-mechanical equipment and turnkey solutions in Southern Africa, employing about 7 500 people with an annual order intake in excess of R7.5bn. It is a black empowered company with 42 operating units, 43 production, service and repair facilities, and 36 distribution outlets throughout Southern Africa. Actom holds numerous technology, distribution and value added reseller agreements with various partners, both locally and internationally.

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Financial Services

FirstRand Bank Limited ("FirstRand")

The Guarantor holds an indirect shareholding in the First Rand group through its participation in the First Rand Empowerment Trust ("FRET")

FirstRand provides banking and insurance products and services to retail, commercial, corporate and public sector customers in South Africa and several African countries. The Group is differentiated by its owner-manager culture and executes its strategy through a portfolio of leading franchises; Rand Merchant Bank (RMB), First National Bank (FNB), and WesBank.

RMB: RMB is the investment banking arm of FirstRand and benefits from a strong regional positioning combined with increasing global reach. Its ability to access the balance sheet and relationships of the FirstRand Group greatly enhances the scope of RMB's work.

FNB: FNB offers a diverse set of financial products and services to the retail and corporate market segments ranging from the consumer, small business and rural corporate markets to large and medium-sized corporates, financial institutions, parastatals and government entities. FNB's products include mortgage loans, credit and debit cards, personal loans and investment products. FNB's services include transactional and deposit taking, card acquiring, credit facilities and FNB distribution channels (namely the branch network, ATMs, call centres, cell phone and internet channels). This full range of products and services is also provided by FNB Africa in Namibia, Botswana, Swaziland, Lesotho, Mozambique, Zambia and Tanzania.

Wesbank: WesBank has become the leader in asset-based finance solutions in South Africa. The company is focused on providing quality asset finance and fleet management solutions for a number of market sectors. WesBank's asset finance portfolio includes aviation, agriculture, commercial and company vehicles, plant and office equipment, public sector and franchise finance solutions. Wesbank has operations in the UK and neighbouring African countries.

Investec Bank Limited ("Investec")

Investec (comprising Investec plc and Investec Limited) is an international, specialist banking group that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974, it acquired a banking licence in 1980 and was listed on the JSE Limited South Africa in 1986. In July 2002, a Dual Listed Companies (DLC) structure was introduced which linked companies listed in London and Johannesburg.

Investec has an international business platform, offering all our core activities in the UK and South Africa and select activities in Australia. Investec is organised as a network comprising five business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities.

MMI Holdings Limited ("MMI")

MMI is a South African based financial services group listed on the JSE Limited. MMI was formed from the merger of Metropolitan and Momentum. With market capitalisation of R26.7 bn and an embedded value of some R31.1 billion, MMI was already the third largest life insurer in South Africa when it listed on the JSE Limited on 1 December 2010.

The core businesses of MMI are long and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits. Product solutions are provided to all market segments. MMI operates in 12 countries outside of South Africa, providing employee benefits, healthcare funding and administration, as well as long-term insurance solutions.

Metropolitan Health

A subsidiary of MMI, Metropolitan Health is the largest administrator of medical schemes in South Africa. Metropolitan Health incorporates Momentum Medical Scheme Administrators, which looks after the administration of a number of open schemes, including Momentum Health. Collectively they provide medical scheme administration and managed healthcare solutions for 1,2 million principal members, covering almost 3 million lives across 25 medical schemes.

Its administration services include membership management; claims processing; comprehensive premium management services; client services; scheme marketing and communications; governance, secretarial, financial and actuarial services; access to managed healthcare programmes and customized e-tools utilising mobile phone and internet technology.

Its managed healthcare subsidiary, Metropolitan Health Risk Management, which is the former Qualsa Healthcare and the health risk management unit of Momentum Medical Scheme Administrators (MMSA), provides integrated health risk management solutions in areas such as HIV and AIDS, disease, medicine, hospital and clinical risk management services, as well as corporate wellness under the established employee wellness division, Qualsa@Work.

Metropolitan Health's clients comprise employer groups and medical schemes in the public enterprise, government and private sectors. These include the four largest restricted medical schemes in South Africa - GEMS, POLMED, Bankmed and Transmed. Its blue-chip corporate clients include BP Southern Africa, British American Tobacco, the Foschini Group, Pick n Pay, Engen, Woolworths and Sappi, amongst others.

Infrastructure Finance Corporation Limited ("INCA")

Infrastructure Finance Corporation Limited, trading as INCA, was established in 1996 as a response to the South African government's call for increased private sector involvement in infrastructure funding. Since its establishment INCA has built itself as a brand that is synonymous with municipal finance. INCA is today the primary private sector investor in socio economic infrastructure in South Africa. As a result of its unique position INCA has become a primary mobiliser of funds for lending to infrastructure providers. The main funding sources it draws on are local and international market funds, raised through a series of INCA bond issues and long-term loans extended to the corporation by international financial institutions. Another source of funding available to INCA is shareholders' capital.

The infrastructure providers to which INCA has already lent funds include municipalities, water boards and other statutory institutions in South Africa whose main business is the establishment of social and economic infrastructure.

In 2007 the board extended INCA's mandate, resulting in the company now also being active in rental and lease discounting, funding of PPP's and project finance transactions and asset backed finance transactions. Within its extended mandate, special focus is placed on partnering key players in the education and health sectors to play a constructive role in these strategically important sectors.

Investments

Nozala Investments (Proprietary) Limited ("Nozala")

Nozala is a leading broad based women's empowerment group focused on the acquisition of significant equity interests in listed and unlisted companies operating mainly in the resources, industrial and consumer services sectors. Nozala was formed in 1996 and to-date remains controlled by black women in terms of voting rights and underlying economic interest. Since incorporation, Nozala has established an impressive track record of investing in high growth investment opportunities and for actively adding value to its investments. Some of the company's key investments include, Afripack (Pty) Ltd, Sasol Oil (Pty) Ltd -Pty) Ltd, Eqstra Holdings Ltd; Exxaro Ltd and Neotel.

Health

Adcock Ingram Limited ("Adcock")

Adcock Ingram began as the EJ Adcock Pharmacy in Krugersdorp 120 years ago. Adcock Ingram was listed on the main trading board of the JSE Limited in 1950 before it became a wholly-owned subsidiary of Tiger Brands and was subsequently delisted from the JSE in 2000. After the unbundling from Tiger Brands, Adcock Ingram re-listed on the JSE in August 2008. Adcock Company has a market capitalisation of about R9 billion and occupies a 10% share of the private pharmaceutical industry in South Africa. Adcock has two main divisions:

Pharmaceutical: Adcock provides an extensive range of branded and generic prescription and OTC products in a broad range of therapeutic classes such as: analgesics, allergy, cardiovascular, central nervous system, dermatology, ear/nose/eye preparations, feminine health, gastrointestinal, vitamin, mineral and energy supplements as well as a selective range of personal care products. In generics, Adcock markets a broad range of affordable products under the corporate brand. In branded products, Adcock markets many well-recognised leading brands such as Adco Dol, Allergex®, Bioplus®, Citro-Soda®, Corenza® C, Myprodol®, Panado®, Synap Forte®, Syndol, vita-thion® and Unique Formulations, as well as a diverse range of brands on behalf of our international partners.

Hospital: Adcock Ingram Critical Care is South Africa's largest supplier of hospital and critical-care products, blood systems and accessories as well as products used for renal dialysis and transplant medication. This business unit has a 60 year relationship with US-based Baxter International.

Information Technology

Bytes Technology Group ("Bytes")

Bytes is a leading group of ICT companies. It is a subsidiary of the JSE-listed Altron Group and it predominantly operates in South Africa, although it has operations in several African countries and in the United Kingdom.

The companies within Bytes Technology Group are all leaders in their field and they offer a multitude of products, technical skills, specialised services, support and ultimately solutions to a broad spectrum of clients across a multitude of business sectors.

Food

Sea Harvest Corporation (Proprietary) Limited ("Sea Harvest")

Sea Harvest is a South African deep sea trawling company established in 1964 on the Atlantic West Coast of South Africa. As a vertically integrated company, Sea Harvest owns all its fishing vessels and processing facilities. From its head office in Cape Town, Sea Harvest markets and distributes its wide range of products to diverse markets around the world.

Sea Harvest's key species are *Merluccius Capensis* and *Merluccius Paradoxus*, commonly known as Cape Capensis or Cape Hake, the firm white-fleshed fish that has become sought after in local and international markets. Cape Capensis is caught off the west and south coasts of Southern Africa.

Sea Harvest's advanced fleet includes single and twin fresh fish trawlers as well as a factory freezer trawler. Sea Harvest's factory freezer trawler, the "Harvest Lindiwe", is unique in South African and international hake fisheries.

Sea Harvest also produces a wide range of coated, grilled and other value added products for the local and international markets. All Sea Harvest processing facilities are fully EU, United States F.D.A and H.A.C.C.P. accredited.

Sea Harvest is one of the largest hake producers in South Africa and markets a variety of products under its own brand. These products include natural cuts such as skinless and skin-on fillets, moulded portions and a range of value-added products.

Sea Harvest is one of South Africa's leading importers and distributors of frozen seafood to the catering and hospitality industry. Sea Harvest's global footprint includes Australia, the USA, the United Kingdom, France, Spain, Sweden, Switzerland, Italy, Germany and Holland.

Board of Directors

The full names, ages, nationalities (if not South African), addresses and profiles of the directors of the Guarantor are set out below.

Mr David Kwame Tandoh Adomakoh ("David") (47) (appointed 09/06/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

David is a Non-Executive Director of the Guarantor. He was the Group Managing Director and co-founder of Tiso Group. He is a former Director, Chase Manhattan Limited, London; Head of the Chase Manhattan Bank, Southern Africa; Executive Director of Robert Fleming South Africa; and Head of Africa Corporate Finance at JP Morgan. He is currently Managing Director and a co-founder of Tiso Group. He also serves as a Non-Executive Director of Idwala Industrial Holdings, African Explosives Limited, Aveng (Africa) Limited and Trident Steel. Outside South Africa, he is a Non-Executive Director of Travant Capital Partners, a Nigerian-based private equity fund. He holds a BSc(Econs) Honours degree from the London School of Economics, University of London, and a Diplome de Langue et de Civilisation from the Sorbonne, Universite de Paris.

Ms Nthobokae Lifeline Angel ("Nthobi") (58) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Nthobi is the Non-Executive Co-Chair of the Guarantor. She chairs a women's investment Group, TsaRona Investments, she is a director of Batho Bonke Capital, a trustee of ABSA Foundation and Kagiso Trust, a board member of Deloitte Chartered Accountants (SA). She has extensive knowledge of the African continent and is a director of the Southern African Research and Documentation Centre (SARDC). She is active in nature conservation and is a director of the Open Africa Initiative and the Peace Parks Foundation. From 1994 to 1995, Ms Angel was the public affairs manager at Rhone-Poulenc Rorer SA (Proprietary) Limited. Thereafter she was appointed as general manager: Corporate Affairs at Engen Petroleum Limited, a

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position she held until early 2000, when she was appointed as executive director: Strategic Affairs at Engen. From 2001 to 2003 Ms Angel was seconded to the Presidency by Engen, as Chief Operations Officer: Strategic Planning and Communications. She is one of the founding directors of Batho Bonke Capital, which holds 10% equity in ABSA bank. From 2004 to 2005 she was appointed as CEO of Mvelaphanda Resources. Her last full time employment was with Eskom, as Managing Director External Relations, she resigned June 2006 to focus on her role as Chair of TsaRona Investments. Ms Angel is fluent in seven languages including Kiswahili.

Mr Jan Willem Dreyer ("Jan") (62) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Jan is a Non-Executive Director of the Guarantor. He has completed articles at Edward Nathan Friedland Mansell & Lewis where he was admitted as an attorney in 1975. He then joined Hofmeyr van der Merwe & Botha as a corporate lawyer, became a partner in 1978 and the chairman of the firm in 1993. He retired at the end of 1999 by which time the firm had grown to the largest practice in South Africa at that time. It was also the first Black Empowered large firm in South Africa. In 2000 he joined Rembrandt Group Ltd as an executive director. Upon the split of that company into Remgro Ltd and Venfin Ltd, became a non-executive director of each of those companies. On 25 November 2008 he again became an executive director of Remgro. Jan was a non-executive director of Rand Merchant Bank Ltd and RMB Holdings Ltd, of that company. He was a non-executive director of Avis Southern Africa Ltd in 1997 and held that position until it was delisted pursuant to the Barlowrand takeover in May 2004. He assisted in privatising the air traffic and navigation services of the Department of Transport in August 1997 and served as a director of ATNS Ltd until July 2001.

Mr Frenel Frankton Gillion ("Frenel") (42) (appointed 24/01/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Frenel is the Group Financial Director of each of the Issuer, the Guarantor and the Kagiso Tiso Group. He has more than 15 years' experience in investment management. A chartered accountant by training, he headed the corporate finance department at the Development Bank of South Africa from May 2003 to November 2005. He has worked for African Merchant Bank Ltd and the Industrial Development Corporation and was then appointed as Investment Principal at Actis Africa Empowerment Fund. He joined the National Empowerment Fund (NEF) in January 2007 as the Chief Investment Officer, growing the NEF investment portfolio in excess of R1 billion. He was appointed as Group Financial Director of Kagiso Trust Investments in January 2011.

Mr Jacob Bruce Hinson ("Jacob") (39) (appointed 07/09/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Jacob is the chief investment officer of the Guarantor. He was a senior director at Actis LLP based in Johannesburg where he spent the last seven years. In addition to have concluded several transactions in South Africa, Jacob has been involved in transactions across emerging markets, most notably in West Africa where he led one of the first LBO's in that market, East Africa, Brazil and China. While at Actis LLP he was also responsible for managing and co-ordinating the industrial sector focus across the various offices in Africa. Jacob started his career in Corporate Finance initially within PwC's corporate finance team and subsequently as a senior associate at Deutsche Bank's corporate finance division in Johannesburg. Jacob currently serves as a non-executive director of Actom South Africa (Pty) Limited. Jacob obtained his BCom degree from the University of Cape Town and completed his training as a chartered accountant with PwC. Jacob is a CFA charter holder and is registered with the CFA institute in the USA.

Mr Vhonani Mufamadi ("Vhonani") (43) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Vhonani is a Non-Executive Director of the Guarantor. He is the founder and Chief Executive Officer of Ideco Group Limited - a biometrics business listed on the AltX board of the JSE. An attorney of the High Court of South Africa, he worked for Edward Nathan & Friedland Inc. as an attorney in commercial law practice until 1997. Thereafter he started out in business where he has stayed until now. He serves on the boards of a few companies including, Businessmap Advisors (Pty) Ltd and ECD Projects (Pty) Ltd.

Dean Zwoitwaho Calvin Nevhotalu ("Zwo") (52) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Zwo is a Non- Executive Director of the Guarantor. He is currently the Chairperson of Kagiso Trust (KT/the

Trust) and has been involved with the since 1986. He is a pastor by profession and has spent a number of years working as the superintendent general of the Limpopo Provincial Department of Education. He has an in depth knowledge of the political landscape of education in South Africa – and has a passion for developing leadership in teachers in rural schools. He has acted as chairperson of the Independent Electoral Commission in Limpopo Province, as chairperson of the Institute of Contextual Theology and Educational Aid Programme, Transvaal branch. His involvement in community programmes includes being chairperson of Ecumenical Confessing Fellowship and also Educational Aid Programme Zwo was also involved in the monitoring of the DRC presidential elections. He is a member of the National Project Consolidate Advisory Working Group; chairperson of Kagiso Trust Consultancy and served on the boards of Transitional National Development Trust; CODESA; and Mulweli Counselling Centre. His qualifications include a Diploma in theology, bachelor of theology; Honours in theology, LLB, LLB masters and certificates in Project Management, Effective Director Management and Public Finance Management Act.

Mr Vuyisa Nkonyeni ("Vuyisa") (43) (appointed 09/06/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Vuyisa is the Managing Director the Issuer and the Chief Executive Officer of the Guarantor. He has more than 15 years' experience in investment banking and private equity. He is a chartered accountant by training having served his training contract with PricewaterhouseCoopers. Subsequent to his training which he completed in 1996, he joined Deutsche Bank in 1997 where he gained investment banking experience primarily in corporate and project finance advisory work over a four year period. He has in the past also served as the Financial Director of Worldwide African Investment Holdings (Pty) Ltd and Director at Actis LLP, where he was part of a team of three investment professionals responsible for Actis' Black Economic Empowerment funding unit, the Actis Africa Indigenous Fund.

Mr Saamsodein Pather ("Shams") (62) (appointed 11/08/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Shams is a Non-Executive Director of the Guarantor. He completed his B Bus Sci degree in 1973, MBA in 1977 and B Com (Hons) in Business Data Processing at UCT in 1982. He has attended various portfolio/asset management courses and programs locally, in London and Geneva. Semi-retired in 2003 for health reasons, his career included being an Investment analyst for Norwich Union Life Assurance (1973-1975) and AGM (Investments), Colonial Mutual Life (1975-1987). He was an Executive Director (Investments) of Southern Life Assoc. (1987-1996), and Executive Director of Real Africa Holdings and CEO of Real Africa Asset Management (1996-2003). Shams currently serves as the non-executive chairman of Coronation Fund Managers Limited and the Centre for Proteomics and Genomics Research, and as a non-executive director of Oceana Group Limited and Lungisa Holdings (Pty) Ltd. He is a Trustee for the UCT Foundation, Ukukhula Trust (UCT), Imvula Trust (Coronation) and a member of the Joint Investment Council - UCT.

Mr Kgotso Buni Schoeman ("Kgotso") (49) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Kgotso is a Non-Executive Director of the Guarantor. He is the Chief Executive of Kagiso Trust. He is a well-known community development activist and continues to play an active role in his hometown, Alexandra Township, in Johannesburg, South Africa. He was part of the team that planned and implemented a successful fund-raising campaign which resulted in partnerships between national, international donor agencies and the local private sector. The funds raised were used to develop and build a multi-purpose community facility, which is today an integral part of the overall development of Alexandra. Mr. Schoeman has worked as a trainer in the NGO and CBO sector for over five years in areas such as proposal writing, managing community-based organizations, and addressing conflict in communities.

Mr Nkululeko Leonard Sowazi ("Nkunku") (49) (Co- Chairman) (appointed 06/06/2011)

Business Address: Tiso Foundation Charitable Trust Kagiso Tiso House, 100 West Street, Wierda Valley, Sandton 2096

Nkunku is the Non-Executive Co-Chair of the Guarantor and is responsible for the overall strategic direction of the Kagiso Tiso Holdings Group. Nkunku was the Executive Chairman and co-founder of the Tiso Group. He is currently also a director of JSE Listed Aveng, Exxaro Resources Limited, Emira Property Fund as well as Litha Healthcare Holdings. Nkululeko is also Chairman of Idwala Industrial Holdings (Pty) Limited, Eris Property Group (formerly RMB Properties), The Home Loan Guarantee Company and The Financial Markets Trust. He also serves on the board of African Explosives Limited, and Alstom SA (Pty) Limited. Nkululeko was previously Executive Deputy Chairman of African Bank Investments Limited and prior to that Managing Director of the Mortgage Indemnity Fund (Pty) Limited. He holds a Masters degree from

University of California, Los Angeles.

Mr Jakobus Johannes Viljoen ("Kobus") (53) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Kobus is a Non-Executive Director of the Guarantor. After qualifying as a chartered account with Deloitte in Cape Town Kobus spent 10 years in the UK with investment banks Hill Samuel and Standard Bank London. He returned to Standard Bank in SA in 1996 as Director and global head of Structured and Project Finance. In 1999 he joined the Wiphold group firstly as CEO of Wipcapital and later as CEO of Ezuza the mobile banking JV with Standard bank and the forerunner to MTN Mobile Banking. Kobus joined Investec in 2008.

Ms Margo Vanessa Kruger ("Margo") (42) (appointed 13/08/2012)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Margo is a Non-Executive Director of the Guarantor. She joined Remgro Limited in 2008 as part of Investments: Corporate Finance. Some of the companies she has previously worked for include Coronation Fund Managers Limited and Kagiso Asset Management.

Mr Paballo Joel Makosholo ("Paballo") (33) (appointed 21/07/2011)

Business Address: Kagiso Tiso House, 100 West Street Wierda Valley, Sandton 2196

Paballo is an Alternate Director. He is a qualified Chartered Accountant (SA). He completed his Articles at KPMG and is currently the Chief Investment Executive of Kagiso Trust ("KT"). He has been involved with KT for over five years. During this time, Paballo has led the KT team in the refinancing of its investment in FirstRand. He was previously employed at Rothschild SA and KPMG. He serves on the boards of a few companies including, FirstRand Empowerment Trust and Johannesburg Housing Company.

Part Three: Governance and Risk Management

KAGISO TISO GROUP GOVERNANCE STRUCTURE AND PROCESS

The governance structure has been established on a Kagiso Tiso Group wide basis and operates across key Kagiso Tiso Group Companies and operations of the Kagiso Tiso Group. In endeavouring to adhere to the principles of good governance, the board of directors of the Guarantor comprises of a majority of non-executive directors. Non-executive directors are individuals with diverse backgrounds and experience which supports the on-going strategic development of the Kagiso Tiso Group.

Board meetings of all the Kagiso Tiso Group Companies are convened at least four times per annum. The respective boards of directors of the Group Companies ("**Board(s)**") continually assess both quantitative and qualitative performance issues. The Boards are supported in this regard by financial reporting, risk management, and regulatory compliance processes which provide the Boards with information regarding developing trends. Non-executive directors on the Boards participate in sub-committees with the aim of ensuring that they remain suitably informed to adequately and effectively discharge their responsibilities.

RISK MANAGEMENT

The principle risk that may affect the obligations of the Issuer under the Instruments is that the Issuer is a special purpose vehicle incorporated for the purpose of raising funds and re-investing the funds, in terms of the Programme Memorandum, into the business of the Guarantor. The Issuer will not have any resources other than the proceeds of this re-investment in the Guarantor, from which to service the Instruments.

The Issuer therefore believes that the risk factors attributed to the Guarantor should be considered by all Instrument Holders and potential Instrument Holders.

Risk Management is an integral part of the Guarantor's management decision-making process. The board of directors of the Guarantor ("**Board**") is ultimately responsible for the risk management process. The Board discharges their responsibilities through relevant policies and frameworks approved and adopted by the Board as well as through the various board committees and their respective sub-committees. The enterprise risk management framework is the standard framework ("**ERM Framework**") of the Board and the executive committee of the Board.

The primary board committee overseeing risk matters is the Audit Committee. The Audit Committee is supported by the Executive Committee and the Risk Management Committee. The responsibility of the Audit Committee is to provide an objective oversight and review of information presented to it by the Executive Committee, while the responsibility of the Executive Committee is to provide executive oversight and review of the information presented to it by the Risk Management Committee who represents the various business areas of the Guarantor.

The governance aspects for the main risk categories in the ERM Framework are as follows:

1) **Market risk management**

Market risk is managed by the Risk Management Committee in conjunction with the Executive Committee, with the oversight from the Investment and Valuation Committee and the Audit Committee.

2) **Liquidity risk management**

Liquidity risk is managed by the Executive Committee in conjunction with the Investment and Valuation and Audit Committees.

3) **Strategic and business risk management**

The development and execution of business level strategy is the responsibility of the various business areas, the Chief Executive Office and the Guarantor's Executive Committee, subject to approval by the Board, which sets the Guarantor's overall strategy and ensures that strategic objective set at a particular business level is consistent with the Guarantor's overall strategy.

4) **Operational risk management**

Ownership of and accountability for the operational risk management is that of the Risk Management Committee. Management and staff at every level of the business are accountable for the day-to-day identification, management and monitoring of operation risk.

5) **Investment management risk**

Investment management risk is managed in terms of the investment mandates of the Investment and Valuation Committee. The Executive Committee and the Investment and Valuation Committee oversee the investment risk management process.

6) **Tax risk management**

The tax risk is managed by the Risk Management Committee with oversight by the Executive Committee in conjunction with the Audit Committee.

7) **Compliance risk management**

Compliance risk is managed by the Risk Management Committee with oversight by the Executive Committee in conjunction with the Audit Committee.

The major business risks relating to the Guarantor, which are managed by the Guarantor's risk management process are summarised in the table below:

Primary Risk	Description and Potential Impact	Processes in place to mitigate risk
Capital Management Risk including Capital Adequacy Risk	Capital management risk is the risk that capital is not managed in line with stakeholder expectations.	The Group has clearly defined policies in place to manage the key risks faced by the company including prescribing the maximum gearing levels. Assets must not be pledged as security unless specifically approved by the Board in accordance with the delegations matrix. Credit support, be it security over assets, guarantees, verbal assurances, or 'soft' letters of comfort and letters of awareness should not be provided unless specifically approved by the Board in accordance with the delegations matrix.
Market Risk including Currency Risk; Interest Rate Risk; Property Risk; Equity Risk; Inflation Risk; Private Equity Risk; Market and Liquidity Risk; and Asset Liability Risk	Market risk is the risk of being unable to meet obligations due to changes in the market value of the assets matching the liabilities as well as a decrease in the net asset value due to the decline in the fair value of shareholders assets.	KTH has an approved currency risk and interest rate risk management strategy. Entering into transactions for speculation is strictly prohibited. The permitted instruments to manage market risk are clearly defined and implementation of risk management strategies is monitored by the Investment Committee and the Board of Directors.
Liquidity Risk including Liquidity Financing Risk; and Refinancing Risk	Liquidity risk is the risk that KTH will encounter difficulty in raising funds to meet commitments in respect of obligations.	KTH management arranges debt of sufficient diversity and maturity to provide security of funding for KTH's on-going business needs and expansionary plans. The group has well established relationships with financial institutions and an investment grade credit rating by Moody's that underpins its ability to raise required funding. Initially committed bank facilities have been arranged but diversification of funding into other markets will be



		considered when appropriate.
Operational Risk including Execution, Delivery and Process Management; Clients, Products and Business Practices; Internal Fraud; External Fraud, Employment Practices and Workplace Safety; Damage to Assets; Business Disruption and System Failure Information Security Risk; Reporting and Disclosure Risk; and Legal Risk	Operational risk is defined as events resulting in economic loss, loss of opportunity or adverse consequences caused by a breakdown, failure, inefficiency or ineffectiveness of internal business processes, people and systems or from external events that ultimately result in the business being unable to meet its objectives.	Appropriate segregation of duties will be applied to all treasury transactions. Controls over access to data are provided by a combination of physical, system and application security in user and server areas. Written procedures are in place enabling IT to invoke and co-ordinate a contingency plan. The group manages risk on an enterprise wide basis. A management risk committee reports on all enterprise risk matters to the Audit Committee.
Strategic and Business Risk including Macro Economic Risk; Micro Economic Risk; Business Performance and Sustainability; Strategic Planning; Business Development; General Management; Strategic HR and Capacity Development; and Reputational Risk	Strategic risk is defined as the risk that the current or prospective earnings will be negatively impacted as a result of adverse business decisions or the improper implementation of such decisions. Business risk is defined as the risk that the earnings and capital will be negatively affected as a result of potential changes in the business environment, client behaviour and technological progress.	The KTH Board approved a five year strategic plan that will guide the investment, finance and human capital strategies of the company. The strategic plan provides a framework for the long term sustainability and profitability of KTH. The KTH Board comprises a highly experienced and diverse group of individuals who monitors and guides the implementation of the KTH strategic plan.
Investment Management Risk including Investment Performance Risk; Portfolio Tax risk; Portfolio Credit Risk Portfolio Liquidity Risk; and Asset-Liability matching risk	Investment management risk is defined as the risk that future returns are inaccurate, or not in line with expectations of the portfolio and results in financial loss or reputational damage to KTH.	KTH investment decisions are informed by the KTH strategic plan which guides the targeted investment criteria including investment size, industry sectors and targeted returns. The Investment execution process is clearly defined with oversight by KTH Exco and the Investment and Valuation sub-committee of the Board.
Tax Risk including Compliance Tax Risk; Transactions/ Planning Tax Risk; Operational Tax Risk Financial Accounting Tax Risk; Reputational Tax Risk; Management Risk	Tax risk is defined as the risk of any event or action or inaction in tax strategy, operations, financial reporting or compliance that either adversely affects the Company's tax or business position, or results in an unanticipated level of penalties, assessments, additional taxes, harm to reputation, lost opportunities or financial statement exposure.	Accurate calculation and accounting of all required taxes as well as submission of required returns to SARS on time. All taxation transactions will be accounted for according to the approved accounting policies of KTH and shall comply with IFRS. A quarterly review of the group tax status is done by the KTH audit committee.
Compliance Risk including Compliance Management Risk; Non-prescriptive Non-Compliance Risk and Legislative and Regulatory Non-Compliance Risk	Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the entity may suffer as a result of its failure to comply with applicable legislation, regulations, rules, related self-	KTH legal department ensures compliance with all legislation, rules and regulations applicable to the organisation.

	regulatory organisation standards or codes of conduct applicable to the activities of the entity.	
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CORPORATE GOVERNANCE

The Board, together with the designated committees, ensures that the Guarantor's business is conducted with integrity and according to high ethical standards. The Board supports the principles of effective corporate governance as set out in the King Code of Governance Principles.

The Board acknowledges its statutory, regulatory and ethical responsibilities as set out by the Companies Act and the JSE Debt Listing Requirements.

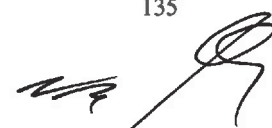
It is recorded that the Guarantor complies with the King III Report and, as required by the King III Report, to the extent that it does not adhere to the principles it explains the reasons thereof. A summary of the explanations in respect of the instances of non-adherence, as it relates to this Programme Memorandum, is set out below:

The Guarantor has a Remuneration and Nominations Committee ("**Committee**"), the members of which are all non-executive directors. The majority of the members of the Committee are not independent as the Guarantor is a private company. The Guarantor's board of directors is elected by the shareholders, with only 2 directors being independent non-executive directors. The Committee does therefore not have a majority of independent non-executive directors.

The chairperson of the Committee is an independent non-executive director but is not the chairperson of the board of directors of the Guarantor.

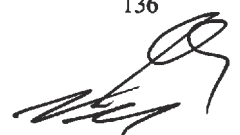
The Guarantor currently has co-chairpersons. They are not independent but are non-executive. The Guarantor is a private company and its shareholders have agreed upon the chairpersons in terms of the Guarantor's memorandum of incorporation.

The Guarantor produces annual financial statements in compliance with IFRS, however, as a private company the Guarantor does not produce an integrated annual report as recommended by the King III Report.



Part Four: 1. Kagiso Tiso Group Credit Ratings

As at the Programme Date, the Guarantor has a domestic long-term credit rating of Baa2.za and a domestic short-term credit rating of P-2.za with a stable outlook from Moody's Investors Service Inc, which was last affirmed on 19 January 2012 (see Appendix B to this Part Four of the Issuer Disclosure Supplement).

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Appendix A to Part Four: Credit Ratings

Rating Agency	Moody's Investor Service Inc
Most Recent Date of Rating Report	January 2012
Long-term Credit Rating	Baa2.za
Outlook	Stable
Short-term Credit Rating	P-2.za

Appendix B to Part Four: Moody's Credit Opinion

MOODY'S INVESTORS SERVICE

Credit Opinion: Kagiso Tiso Holdings Proprietary Limited (RF)

Global Credit Research - 19 Jan 2012

South Africa

Ratings

Category	Moody's Rating
Outlook	Stable
NSR LT Issuer Rating -Dom Curr	Baa2.za
NSR ST Issuer Rating -Dom Curr	P-2.za

Contacts

Analyst	Phone
Dion Bate/Johannesburg	27.11.217.5470
Douglas Rowlings/Johannesburg	
David G. Staples/DIFC - Dubai	971.42.37.9536

Key Indicators

Kagiso Tiso Holdings Proprietary Limited (RF)[1][2]	Kagiso Trust Investments- 30/06/2011	Tiso Group (Proprietary) Limited- 31/12/2010	[3]Kagiso Tiso Holdings Proprietary Limited- Merged Company Pro Forma (RF)
EBIT / Interest Expense	2.1x	0.5x	1.1x
Debt / EBITDA	4.2x	20.6x	7.3x
Debt / Book Capitalization	25.1%	58.4%	36.0%
FFO / Debt	12.4%	-7.8%	1.6%
RCF / Net Debt	19.8%	-9.1%	1.8%

[1] All ratios are calculated using Moody's Standard Adjustments. [2] Source: Moody's Financial Metrics

[3] Pro Forma Kagiso Trust Investments as at 30/06/2011 and Tiso Group (Proprietary) Limited as at 31/12/2010

Note: For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Opinion

Corporate Profile

Headquartered in Johannesburg, South Africa, Kagiso Tiso Holdings Proprietary Limited (RF) ("KTH") was formed by an equity swap merger on 1 July 2011 between Kagiso Trust Investments Proprietary Limited ("KTI") and Tiso Group (Proprietary) Limited ("Tiso"), a similar sized investment holding company in South Africa. Subsequent to the merger, all assets and liabilities from KTI and Tiso were transferred to KTH. The merged entity has a combined gross total portfolio value in excess of ZAR12 billion (taking into account divestitures as of the last third party portfolio valuation date on 30 September 2010).

Rating Rationale

KTH's Baa2.za/P-2 national scale issuer rating is supported by (i) increased scale of the investment portfolio with a combined value in excess of ZAR 12 billion (taking into account divestitures as of the last portfolio valuation date on 30 September 2010); (ii) a diverse portfolio ranging across a number of different sectors and comprising approximately 60% by value of listed investments; and (iii) a strong positioning for involvement in future value accretive Broad Based Black Economic Empowerment transactions.

KTH's ratings also factor: (i) the concentration (approximately 60% of total non-ring fenced debt at the holding company level) of debt maturities in the next two years; (ii) 100% concentration of investment holdings within South Africa; and (iii) relatively weak pro forma interest coverage of 1.2x as of 30 June 2011 for KTI and 31 December 2010 for Tiso (calculated as: (normalized dividends received + cash interest received)/gross interest) and the risk that, in a liquidity constrained environment, debt serviceability of non-ring fenced debt could be adversely impacted if investee companies reduce or discontinue dividend payments; and (iv) a moderate level of market value leverage (defined as average two years: net debt/estimated market value of portfolio of assets) of approximately 40%.

DETAILED RATING CONSIDERATIONS

MODERATE ASSET CONCENTRATION AND BUSINESS DIVERSITY BUT GEOGRAPHICALLY CONCENTRATED

KTH's top three investments, Exocar Resources Ltd (metal/mining), MMI Holdings Ltd (insurance: life and health) and Actom Investments Holdings (Pty) Ltd (electrical equipment) represent 40% of the total gross portfolio value. These three investments are the only investments in the portfolio that exceed 10% of the total portfolio value and combine to cover three different business sectors. The fourth largest investment representing around 9% of total portfolio value is a controlling interest in Kagiso Media (diversified media) where there is no debt attached to the investment. While we view the asset concentration and business diversity as moderate, this is offset by the fact that the portfolio is limited solely to investments in South Africa. Management may consider broadening its footprint of investments into the rest of Africa in the future, thereby reducing the current geographical concentration of the portfolio.

TRACK RECORD OF SOUND GOVERNANCE AND TRANSPARENCY NEEDS TO BE BUILT

As a newly formed merged entity, KTH's longer-term track record of financial policies, ongoing investment transparency, successful investment management and corporate governance standards will need to be demonstrated and will be important rating drivers, going forward. Dividend payout policies are expected to be conservative under KTH's new management, with no dividend pay-out for the 2012 financial year and a maximum of 30% of headline earning per share going forward. Additionally, KTH's board has limited debt capacity to a maximum of ZAR 1.7 billion, but there isn't a market value leverage target.

MARKET VALUE LEVERAGE CONSTRAINS RATING

KTH's market value leverage, currently around 40%, is considered high for its Baa2.za rating and has

increased from KTI's 35% level following the merger with Tiso. KTH's market value leverage could be adversely impacted by a marked deterioration in total portfolio value or a steep increase in leverage which is not accompanied by similar growth in total portfolio value. Although there is the potential for asset appreciation, downside price volatility could equally rapidly offset any improvements in total portfolio value and in turn lead to an increase in market value leverage. The ratings further factor a higher market value leverage given the ability of KTH to increase its debt up to the board approved maximum debt level of ZAR 1.7 billion (currently ZAR 838 million) at the holding company.

Liquidity Profile

KTH's interest coverage of 1.2x as of 30 June 2011 for KTI and 31 December 2010 for Tiso, is a constraint to the rating. KTH's liquidity, however, is supported by its cash and cash equivalents on hand (ZAR 451 million as at 30 June 2011) along with undrawn committed revolving facilities (ZAR 125 million). Despite the above cushion, KTH faces some refinancing needs with ZAR 487 million non-ring fenced debt maturing in the next two years. We note that KTH has ZAR 5.6 billion in long term listed investments, after applying a 25% haircut to the last third party valuation of the portfolio carried out on 30 September 2010, that could potentially be disposed of for liquidity purposes, if needed. This includes two of KTH's largest investments, Exaro Resources Ltd (18% of total portfolio value and approximately ZAR 2.2 billion in value) and MMI Holdings Ltd (14% of total portfolio value and approximately ZAR 1.6 billion in value). Exaro Resources Ltd has average daily trading volume of approximately 1.2 million shares per day over a 30 day period representing approximately ZAR 217 million of trade per day as of 16 January 2012. Exaro is also a constituent of FTSE/JSE Top 40 Index (the largest 40 companies ranked by full market value in the FTSE/JSE All-Share Index). MMI Holdings Ltd although not a constituent of the FTSE/JSE Top 40 Index, has average daily trading volume of approximately 1.8 million shares per over a 30 day period representing approximately ZAR 32 million per day as of 16 January 2012. All considered, this should provide KTH with the necessary trading liquidity should it need to divest these investments to bolster its cash balance.

Other Considerations

MAPPING TO THE METHODOLOGY

Under the Moody's Global Investment Holding Company Methodology, published in October 2007, the grid indicated Global Scale Rating (GSR) is Ba1, which is within two notches of the implied long term global issuer rating. The assigned National Scale Rating of Baa2.za corresponds to a Ba2 or Ba3 on the GSR. The ratings assigned take into account the future expectations for KTH, where as the grid indicated rating is reliant on historic numbers. In addition, KTH's limited track record of investment management and financial strategy aren't fully captured in the grid indicated rating where the assigned ratings take cognizance of this consideration.

Structural Considerations

The majority of KTH's investment portfolio is structured in such a way that each individual investment is contained in a special purpose vehicle (SPV) along with debt that was used at the time to fund the investment which is ring-fenced to the SPV. Cession and pledge agreements limit security to the investment assets held in each SPV. Dividend payments from an investment are strapped to the repayment of the debt in each SPV which initially funded the investment. As such, dividends from an investment cannot be up streamed to the holding company level until such time that all debt in its SPV has been repaid. KTH, for financial reporting purposes, consolidates the debt in its SPVs along with the debt held at the holding company level, which includes a mix of bonds, preference shares and term loans. Moody's uses this consolidated debt in its analysis of market value leverage.

Rating Outlook

The stable outlook is based on our expectation that KTH will build a track record of sound corporate and

financial governance, accompanied by transparent monitoring and reporting. The outlook also assumes that there will be no material change in KTH's market value leverage, asset concentration and business diversity. In addition, the outlook incorporates KTH's plans to refinance existing debt maturing in the next 24 months in a timely manner.

What Could Change the Rating - Up

Positive pressure on KTH's rating could build over time as a result of a decrease in market value leverage closer to 30% and improved interest coverage above 2.5x, both on a sustained basis. Other factors that may place upward pressure on KTH's ratings or outlook are: i) a consistent track record of prudent financial policies; ii) improved corporate governance standards in terms of more frequent and transparent reporting of third-party independent investment valuations and overall investment strategy; as well as, iii) prudent investment strategy over the longer term without significant volatilities or spikes in market-value based leverage. Moody's would also view positively a staggered debt maturity profile accompanied by a diverse funding mix.

What Could Change the Rating - Down

Negative pressure on KTH's ratings could arise should market value leverage increase above 45% or if the interest coverage ratio sustainably weakens and/or does not remain supported by solid liquidity for meeting debt maturities and committed cash outlays. Any general deterioration in KTH's current disclosure standards could also prompt negative rating or outlook implications. A change in investment strategy towards capital allocation to more volatile investments with greater underlying business and liquidity risk would also put downward pressure on the rating or outlook.

Rating Factors

Kagiso Tiso Holdings Proprietary Limited (RF)

Investment Holding Industry [1][2]	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Asset Quality (30%)				40%			
a) Asset Concentration (in 3 largest participations)							Minimal
b) Geographic Diversity							
c) Business Diversity (# of sectors)						3	
Factor 2: Management Discipline & Group Transparency (10%)							
a) Discipline & Transparency					5.5		
Factor 3: Market Valued Based Leverage (20%)							
a) 2-year Average: Net Debt / Estimated MV of Assets					40%		
Factor 4: Cash Coverage (10%)							
a) Interest Coverage						1.19x	
Factor 5: Liquidity (15%)							
a) Influence over Dividends of Investees					24%		
b) Adjusted Liquidity Ratio	8.16x						
Factor 6: Portfolio Risk (15%)							
a) Portfolio Volatility Adjusted Leverage				Baa			
Rating:							
a) Indicated Rating from Methodology					Ba1		

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This credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.



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Part Four: 2. Rating Definitions applied to the Rating of the Kagiso Tiso Group and Rating Report

Rating symbol definitions

Global Short-Term Rating Scale

- | | |
|------------|--|
| P-1 | Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations. |
| P-2 | Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations. |
| P-3 | Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations. |
| NP | Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories. |

National Scale Short-Term Ratings

Moody's short-term NSRs are opinions of the ability of issuers in a given country, relative to other domestic issuers, to repay debt obligations that have an original maturity not exceeding one year. Moody's short-term national scale ratings are a measure of relative risk within a single market. NSRs in one country should not be compared with NSRs in another, or with Moody's global ratings. Loss expectations for a given national scale rating will generally be higher than for its global scale equivalent.

There are four categories of short-term national scale ratings, generically denoted N-1 through N-4. In each specific country, the first two letters will change to indicate the country in which the issuer is located, e.g. BR-1 through BR-4 for Brazil.

- | | |
|------------|---|
| N-1 | Issuers rated N-1 have the strongest ability to repay short-term senior unsecured debt obligations relative to other domestic issuers. |
| N-2 | Issuers rated N-2 have an above average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers. |
| N-3 | Issuers rated N-3 have an average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers. |
| N-4 | Issuers rated N-4 have a below average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers. |

Note: The short-term rating symbols P-1.za, P-2.za, P-3.za and NP.za are used in South Africa. National scale short-term ratings of AR-5 and AR-6 may also be applied to Argentinean obligations.

National Scale Long-Term Ratings

The rating definitions are as follows, with an “n” modifier signifying the relevant country, for example, Aaa.br for Brazil, or Aaa.tw for Taiwan. Each national scale rating category (e.g. Aaa.n, Aa1.n, etc.) may represent a wide range of creditworthiness and may map to several different notches on Moody’s standard global rating scale.

Aaa.n	Issuers or issues rated Aaa.n demonstrate the strongest creditworthiness relative to other domestic issuers.
Aa.n	Issuers or issues rated Aa.n demonstrate very strong creditworthiness relative to other domestic issuers.
A.n	Issuers or issues rated A.n present above-average creditworthiness relative to other domestic issuers.
Baa.n	Issuers or issues rated Baa.n represent average creditworthiness relative to other domestic issuers.
Ba.n	Issuers or issues rated Ba.n demonstrate below-average creditworthiness relative to other domestic issuers.
B.n	Issuers or issues rated B.n demonstrate weak creditworthiness relative to other domestic issuers.
Caa.n	Issuers or issues rated Caa.n demonstrate very weak creditworthiness relative to other domestic issuers.
Ca.n	Issuers or issues rated Ca.n demonstrate extremely weak creditworthiness relative to other domestic issuers.
C.n	Issuers or issues rated C.n demonstrate the weakest creditworthiness relative to other domestic issuers.

Note: Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. National scale long-term ratings of D.ar and E.ar may also be applied to Argentinean obligations.

Handwritten signature and initials, possibly including the number 45 in a circle.

Rating Services Policies and Procedures

Rating Outlooks

A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. Where assigned, rating outlooks fall into the following four categories: Positive (POS), Negative (NEG), Stable (STA), and Developing (DEV - contingent upon an event). In the few instances where an issuer has multiple ratings with outlooks of differing directions, an "(m)" modifier (indicating multiple, differing outlooks) will be displayed, and Moody's written research will describe any difference and provide the rationale for these differences. An RUR (Rating(s) Under Review) designation indicates that an issuer has one or more ratings under review, and thus overrides the outlook designation. When a outlook has not been assigned to an eligible entity, NOO (No Outlook) may be displayed.

Rating Reviews

A review indicates that a rating is under consideration for a change in the near term. A rating can be placed on review for upgrade (UPG), downgrade (DNG), or more rarely with direction uncertain (UNC). A review may end with a rating being upgraded, downgraded, or confirmed without a change to the rating. Ratings on review are said to be on Moody's "Watchlist" or "On Watch".

Confirmation of a Rating

A confirmation occurs when a rating review is completed without a change to the rating. Rating confirmations are formally entered in Moody's databases and are communicated via a press release.

Affirmation of a Rating

Affirmations are used to indicate other instances, outside of a formal rating review, in which a rating committee has concluded that the current rating remains in force. Affirmations may be communicated through a press release.

A handwritten signature and initials in the bottom right corner of the page. The signature appears to be 'W. J. [unclear]' and the initials are 'WJ'.

Part Five: Financial Information of the Issuer

The respective annual financial statements of the Issuer for the financial years ended 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012, which include the independent auditor's reports in respect of such financial statements, are incorporated by reference into the Programme Memorandum in terms of Section 1 of this Programme Memorandum headed "**Documents Incorporated by Reference**", and will be available as set out below.

A copy of the aforementioned annual financial statements will (as and when, if applicable, any of the aforementioned annual financial statements is approved and becomes available) be made available, free of charge, to any person, at the Specified Offices of the Issuer and the Representative. In addition, the aforementioned annual financial statements may be accessed (or will, once any of the aforementioned annual financial statements is approved and becomes available, be accessible) at the Kagiso Tiso Group's website at www.kagiso.com.

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Part Six: Financial Information of the Guarantor

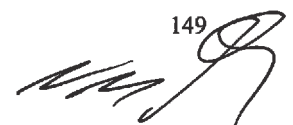
The consolidated interim financial statements of the Guarantor for the period ended 31 December 2011 are incorporated by reference into the Programme Memorandum in terms of Section 1 of this Programme Memorandum headed "**Documents Incorporated by Reference**", and will be available as set out below.

A copy of the aforementioned financial statements will be made available, free of charge, to any person, at the Specified Offices of the Guarantor and the Representative. In addition, the aforementioned financial statements may be accessed at the Kagiso Tiso Group's website at www.kagiso.com.

Part Seven: Financial Information of the Kagiso Tiso Group

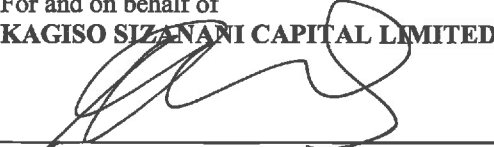
The consolidated interim financial statements of the Guarantor for the period ended 31 December 2011 are incorporated by reference into the Programme Memorandum in terms of Section 1 of this Programme Memorandum headed "**Documents Incorporated by Reference**", and will be available as set out below.

A copy of the aforementioned financial statements will be made available, free of charge, to any person, at the Specified Offices of the Issuer and the Representative. In addition, the aforementioned financial statements may be accessed at the Kagiso Tiso Group's website at www.kagiso.com.

A handwritten signature in black ink, consisting of several stylized, overlapping loops and lines, positioned in the bottom right corner of the page.

SIGNED at SANDTON on 17 AUGUST 2012.


For and on behalf of
KAGISO SIZENANI CAPITAL LIMITED (RF) (as Issuer)



Signature:
Rencel Gillin

Name:
Director

Designation: Director



Signature:
VUYISA NKONYENI


Name:
CEO

Designation: Director

Registered Address: 100 West Street, Sandton, 2196, Republic of South Africa
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SIGNED at SANDTON on 17 AUGUST 2012.


For and on behalf of
KAGISO TISO HOLDINGS PROPRIETARY LIMITED (RF) (as Guarantor)



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Rencel Gillin

Name:
Director

Designation: Director



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