PROGRAMME MEMORANDUM

TRANSSEC 3 (RF) LIMITED

(PREVIOUSLY, TRANSSEC 3 PROPRIETARY LIMITED)

(Incorporated in South Africa as a company with limited liability under registration number 2016/117311/06)

ZAR2 500 000 000 Asset Backed Note Programme

Under this Asset Backed Note Programme (the "**Programme**"), Transsec 3 (RF) Limited (the "**Issuer**") may from time to time during the Tap Issue Period or on a Qualifying Refinancing Date issue limited recourse secured registered notes (the "**Notes**") denominated in South African Rand, on the terms and conditions contained in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*". Capitalised terms used below are defined in the section of this Programme Memorandum headed "*Glossary of Defined Terms*".

Save as set out in this Programme Memorandum, the Notes will not be subject to any minimum or maximum maturity. This Programme Memorandum will apply to Notes issued under the Programme in an aggregate Principal Amount Outstanding which will not exceed ZAR2 500 000 000, unless such aggregate Principal Amount Outstanding is increased as set out in the section of this Programme Memorandum headed "*General Description of the Programme*".

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

settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. The settlement and redemption procedures for a Tranche of Notes listed on another exchange, irrespective of whether that Tranche is listed on the Interest Rate Market of the JSE as well, will be specified in the Applicable Pricing Supplement.

The Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Each Tranche of Notes will be subject to the Conditions; provided that the Applicable Pricing Supplement relating to a Tranche of Notes may specify other terms and conditions (which may replace, modify or supplement the Conditions). Details of a particular Tranche of Notes, and the additional terms and conditions specific to that Tranche of Notes, including the Principal Amount, the Coupon Rate, the Issue Price, the Coupon Step-Up Date and the Final Legal Maturity Date will be specified in the Applicable Pricing Supplement.

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

The Programme is not rated. Certain Tranches of Notes issued under the Programme may be rated by the Rating Agency on a national scale basis. Unrated Tranches of Notes may also be issued and Tranches of Notes may be issued that are assigned a rating (if any) by a different rating agency to the Rating Agency that assigned a Rating to any Tranche of Notes in issue. A Rating is not a recommendation to subscribe for, buy, sell or hold Rated Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

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

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

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

Co-Arranger, Lead Manager, Dealer and Debt Sponsor	*Co-Arranger*	*Attorneys to the Co-Arrangers, Lead Manager and Dealer*

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

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

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

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

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

Memorandum or any Applicable Pricing Supplement, the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time).

Information contained in this Programme Memorandum with respect to the Co-Arrangers, the Servicer, the Seller, SBSA, the Liquidity Facility Provider, if any, the Standby Servicer, the Preference Shareholder, the Administrator, the Subordinated Lender, the Derivative Counterparty, if any, the Dealers, the Debt Sponsor, the Account Bank, the other parties to the Transaction Documents and the Security SPV has been obtained from each of them for information purposes only and the Issuer assumes no responsibility for such information. The delivery of this Programme Memorandum shall not create any implication that there has been no change in the affairs of the Co-Arrangers, the Servicer, the Seller, SBSA, the Liquidity Facility Provider, if any, the Standby Servicer, the Preference Shareholder, the Administrator, the Subordinated Lender, the Derivative Counterparty, if any, the Dealers, the Debt Sponsor, the Account Bank, the other parties to the Transaction Documents or the Security SPV since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Programme Memorandum. Nevertheless, if any such information is given or representation made, it must not be relied upon as having been authorised by the Co-Arrangers, the JSE, the Issuer, SBSA, the Liquidity Facility Provider, the Seller, the Dealers, the Debt Sponsor, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Account Bank, the other parties to the Transaction Documents or the Security SPV, or any of their respective Affiliates or advisers. Neither the delivery of this Programme Memorandum nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer since the date hereof or that the information contained in this Programme Memorandum is correct at any time subsequent to the date of this Programme Memorandum. The JSE, the Co-Arrangers, the Dealers, the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Security SPV, the Debt Sponsor, the Account Bank, the other parties to the Transaction Documents and their respective Affiliates or advisers have not separately verified the information contained in this Programme Memorandum. Accordingly, neither the JSE, the Co-Arrangers, the Dealers, the Debt Sponsor, the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Security SPV, the Account Bank, the other parties to the Transaction Documents nor any of their respective Affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Programme Memorandum or

any other information supplied in connection with the Programme. Each person receiving this Programme Memorandum acknowledges that such person has not relied on the Issuer, the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Security SPV, the JSE, the Co-Arrangers, the Dealers, the Debt Sponsor, the Account Bank, the other parties to the Transaction Documents or any of their respective Affiliates or advisers in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Programme Memorandum nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Co-Arrangers, the JSE, the Issuer, the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Administrator, the Standby Servicer, the Derivative Counterparty, the Subordinated Lender, the Preference Shareholder, the Security SPV, the Dealers, the Debt Sponsor, the Account Bank, the other parties to the Transaction Documents or any of their respective Affiliates or advisers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for or purchase any Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the financial condition and affairs and its own appraisal of the credit worthiness of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The JSE, the Co-Arrangers, the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Security SPV, the Dealers and the Debt Sponsor, the Account Bank, the other parties to the Transaction Documents and their respective Affiliates or advisers do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Co-Arrangers, the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Security SPV, the JSE, the Dealers, the Account Bank, the other parties to the Transaction Documents or the Debt Sponsor or any of their respective Affiliates or advisers.

The Notes will be obligations of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by the Seller, SBSA, the Liquidity Facility Provider, the Servicer, the Standby Servicer, the Derivative Counterparty, the Preference Shareholder, the Administrator, the Subordinated Lender, the Security SPV, the Co-Arrangers, the Dealers, the Debt Sponsor, the Account Bank or, save to the extent of the amount recovered from the Issuer in terms of the Issuer Indemnity and from the assets realised from the other Security Agreements and then subject to the payment of higher ranking creditors in the Priority of Payments, the Security SPV. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by the Seller, the Servicer, the Standby

Servicer, the Derivative Counterparty, SBSA, the Liquidity Facility Provider, the Preference Shareholder, the Administrator, the Subordinated Lender, the Co-Arrangers, the Dealers, the Debt Sponsor, the Account Bank or the Security SPV.

This Programme Memorandum does not constitute an offer or an invitation by or on behalf of the Issuer, SBSA, the Liquidity Facility Provider, the Seller, the Administrator, the Subordinated Lender, the Co-Arrangers, the Dealers, the Debt Sponsor, the Servicer, the Preference Shareholder, the Standby Servicer, the Derivative Counterparty, the Account Bank or the Security SPV to any person to subscribe for or purchase any of the Notes.

The distribution of this Programme Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Seller, SBSA, the Liquidity Facility Provider, the Co-Arrangers, the Dealers, the Debt Sponsor, the Derivative Counterparty, the Servicer, the Standby Servicer, the Administrator, the Subordinated Lender, the Preference Shareholder, the Account Bank or the Security SPV that this Programme Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable legislation 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, SBSA, the Liquidity Facility Provider, the Administrator, the Subordinated Lender, the Seller, the Co-Arrangers, the Derivative Counterparty, the Dealers, the Debt Sponsor, the Servicer, the Preference Shareholder, the Standby Servicer, the Account Bank or the Security SPV which would permit a public offering of the Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Programme Memorandum comes are required by the Issuer, the Co-Arrangers, the Dealers and the Debt Sponsor to inform themselves about and to observe any such restrictions.

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

The terms of this Programme Memorandum, if sent to persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements in any such jurisdiction. It is the responsibility of

any such person wishing to subscribe for or purchase the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that this Programme Memorandum is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.

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

In connection with the issue and distribution of any Tranche of Notes, the Issuer may, in its discretion and to the extent permitted by applicable laws and regulations, appoint a stabilising manager to over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Stabilisation is only permissible if it is conducted in accordance with the Debt Listings Requirements and is subject to the approval of the JSE.

TABLE OF CONTENTS

Page

DOCUMENTS INCORPORATED BY REFERENCE **15**

GENERAL DESCRIPTION OF THE PROGRAMME **17**

SUMMARY OF THE PROGRAMME **19**

RISK FACTORS **37**

CREDIT STRUCTURE **48**

THE PARTICIPATING ASSET POOL **57**

FORM OF THE NOTES **61**

***PRO FORMA* APPLICABLE PRICING SUPPLEMENT** **63**

GLOSSARY OF DEFINED TERMS **74**

TERMS AND CONDITIONS OF THE NOTES **123**

USE OF PROCEEDS **164**

SECURITY **165**

PRIORITY OF PAYMENTS **167**

THE ISSUER **178**

THE GROUP **181**

THE SELLER **187**

ORIGINATION PROCESS **188**

THE SERVICER, THE STANDBY SERVICER AND THE SERVICING AGREEMENT **199**

THE ADMINISTRATOR AND ADMINISTRATION AGREEMENT **218**

SETTLEMENT, CLEARING AND TRANSFERS **219**

SOUTH AFRICAN TAXATION **222**

EXCHANGE CONTROL **226**

SUBSCRIPTION AND SALE **228**

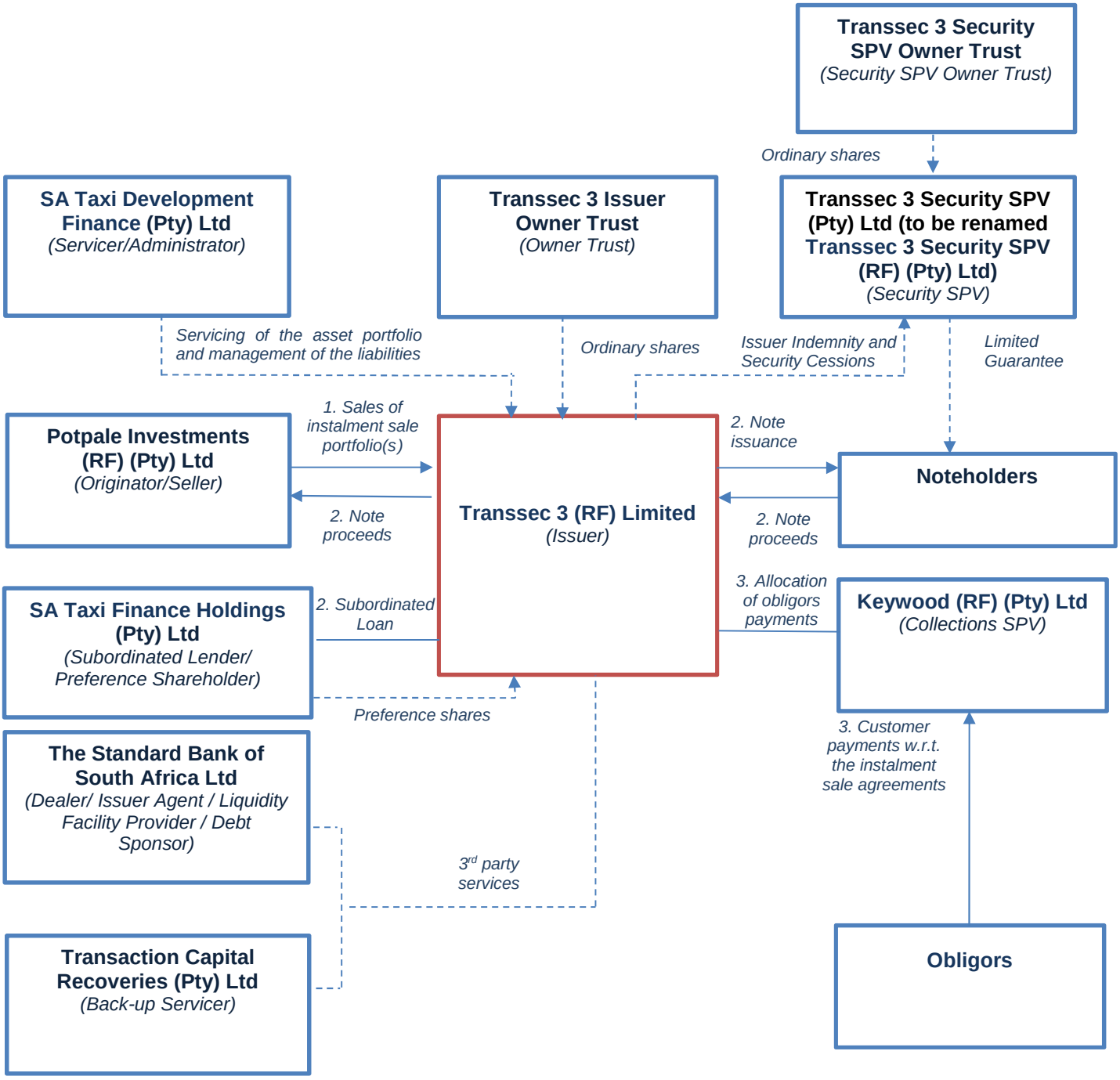
GENERAL INFORMATION **232**

CORPORATE INFORMATION **235**

TRANSACTION OVERVIEW

The information set out below is a summary of the principal features of the Securitisation Scheme. The summary contained in this section does not purport to be complete and should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Transaction Overview" shall bear the same meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Structure


Transsec 3 Security SPV Owner Trust
(Security SPV Owner Trust)
Ordinary shares
SA Taxi Development Finance (Pty) Ltd
(Servicer/Administrator)
Transsec 3 Issuer Owner Trust
(Owner Trust)
Transsec 3 Security SPV (Pty) Ltd (to be renamed Transsec 3 Security SPV (RF) (Pty) Ltd)
(Security SPV)
Servicing of the asset portfolio and management of the liabilities
Ordinary shares
Issuer Indemnity and Security Cessions
Limited Guarantee
Potpale Investments (RF) (Pty) Ltd
(Originator/Seller)
1. Sales of instalment sale portfolio(s)
2. Note proceeds
Transsec 3 (RF) Limited
(Issuer)
2. Note issuance
2. Note proceeds
Noteholders
SA Taxi Finance Holdings (Pty) Ltd
(Subordinated Lender/ Preference Shareholder)
2. Subordinated Loan
3. Allocation of obligors payments
Keywood (RF) (Pty) Ltd
(Collections SPV)
Preference shares
3. Customer payments w.r.t. the instalment sale agreements
The Standard Bank of South Africa Ltd
(Dealer/ Issuer Agent / Liquidity Facility Provider / Debt Sponsor)
3rd party services
Transaction Capital Recoveries (Pty) Ltd
(Back-up Servicer)
Obligors

Transaction steps

1. The Seller, in terms of the Sale Agreement, will sell Participating Assets (each complying with the Eligibility Criteria), together with the benefit of all Related Security, on a non-recourse basis to a newly created, insolvency remote Issuer from time to time, which the Issuer shall purchase utilising the proceeds of the Notes and, if applicable, the Subordinated Loan, to fund the Purchase Price of the Participating Assets sold to the Issuer.

2. The Issuer may fund the purchase of Additional Participating Assets during the Tap Issue Period and/or on a Qualifying Refinancing Date through the issuance of Notes. The Issuer may also purchase Additional Participating Assets during the Revolving Period with Principal Collections received from Obligors.

3. If the net proceeds of Notes issued and the Subordinated Loan on an Issue Date exceed the purchase consideration paid by the Issuer for any Participating Assets, the Issuer may utilise such excess proceeds to acquire Pre-Funded Participating Assets within the Pre-Funding Period following such Issue Date. Any unutilised portion of the excess note proceeds (being the Pre-Funding Amount) will be held in the Capital Reserve and recorded in the Pre-Funding Ledger. Any part of the Pre-Funding Amount not applied in acquiring Pre-Funded Participating Assets during the Pre-Funding Period shall be added to the Potential Redemption Amount to be applied in redeeming the Notes in terms of the Priority of Payments.

4. Potpale, as the Seller, is an insolvency remote special purpose vehicle established for the purpose of concluding Instalment Sale Agreements with Obligors and selling eligible Participating Assets to third parties, including, amongst others, the Issuer. As at the Programme Date, the business of Potpale is managed and administered by SATDF and is funded primarily through loans advanced to it by third party funders (including, SBSA), which loans are repaid by Potpale utilising, *inter alia*, the proceeds from the sale of Participating Assets to the Issuer under the Sale Agreement.

5. SATDF, as Servicer to the Issuer, will continue to perform the administration, servicing and management of the Participating Assets on behalf of the Issuer. Should the appointment of the Servicer be terminated for any reason, including if a Servicer Default occurs, Transaction Capital Recoveries as Standby Servicer is contractually committed to continuing the functions of the Servicer. The events which constitute a Servicer Default are defined in the Servicing Agreement and include, *inter alia*, SATDF ceasing to be directly controlled by SA Taxi without the prior consent of the Security SPV.

6. The Collections SPV is an insolvency remote special purpose vehicle established for the sole purpose of owning and operating the Collections Accounts into which, *inter alia*, all Obligor

payments under the Participating Assets are paid. All of the issued shares of the Collections SPV are beneficially owned by the Collections SPV Owner Trust.

7. SATDF, as Administrator to the Issuer, will perform certain administrative functions in relation to the conduct of the Issuer's business, including, but not limited to the administration of the Priority of Payments.

8. If applicable as specified in the Applicable Pricing Supplement, SBSA, as the Liquidity Facility Provider, will advance loans to the Issuer under the Liquidity Facility Agreement (subject to its terms) to fund Liquidity Shortfalls arising from time to time, as determined by the Administrator in terms of the Administration Agreement.

9. The Subordinated Loan constitutes one of the forms of credit enhancement available to the Notes. The Subordinated Lender will advance the Subordinated Loan to the Issuer to provide part of the funding for the purchase of Participating Assets by the Issuer on each Issue Date and, if and when required, to fund the Cash Reserve in the amount specified in the Applicable Pricing Supplement.

10. Additional credit enhancement may be provided for the Notes by the Issuer trapping cash in the Arrears Reserve in terms of the Priority of Payments, if certain delinquency levels are triggered.

11. The Issuer may enter into Derivative Contracts with Derivative Counterparties with the Required Credit Rating to hedge the Issuer's interest rate risk exposure arising from a mismatch between the basis of the interest earned on the Participating Assets and that payable on the Notes.

12. SA Taxi, as Preference Shareholder, will be entitled to participate in the profits of the Issuer available for distribution and will receive dividends in respect of the Preference Shares to the extent permitted by and in accordance with the Priority of Payments.

13. The Security SPV has been incorporated for the purposes of holding and realising security for the benefit of Secured Creditors, including Noteholders, subject to the Priority of Payments. The Security SPV will execute a Security SPV Guarantee in favour of the Noteholders and other Secured Creditors, payments in terms of which will be subject to the Priority of Payments.

14. The Issuer will indemnify the Security SPV in terms of an Issuer Indemnity in respect of claims that may be made against it arising out of the Security SPV Guarantee.

15. The obligations of the Issuer to the Security SPV arising from the Issuer Indemnity shall be secured by Security Cessions of all of the Issuer's rights to, *inter alia*, the Participating Assets. In addition, the Owner Trust has executed a deed of suretyship in favour of the Security SPV

in respect of the obligations of the Issuer under the Issuer Indemnity and ceded and pledged its shares in the Issuer to the Security SPV as security for the obligations of the Owner Trust under the Owner Trust Suretyship.

DOCUMENTS INCORPORATED BY REFERENCE

Words used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

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

(i) all audited annual financial statements of the Issuer, together with such statements, reports and notes attached to or intended to be read with such financial statements;

(ii) each Applicable Pricing Supplement;

(iii) any other supplement to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Agreement;

(iv) all information pertaining to the Issuer which is relevant to the Notes (including any change to the Rating of any Notes) and which is electronically disseminated on the Stock Exchange News Service of the JSE ("**SENS**") to SENS subscribers; and

(v) the other Transaction Documents.

This Programme Memorandum and the documents listed in paragraph (v) above are available for inspection, during normal office hours, at the Specified Offices of the Issuer. The documents listed in paragraphs (i), (ii) and (iii) above will, as and when such documents are approved and become available, be available for inspection, during normal office hours, at the Specified Offices of the Issuer. This Programme Memorandum, the documents referred to under (i), (ii) and (iii) above and the Investor Report, when they become available, will be available for inspection on the Servicer's website, "http://www.transactioncapital.co.za/transsec3.php". This Programme Memorandum is and, when they become available, the documents listed in paragraphs (ii) and (iii) above will also be available for inspection on the JSE's website, "http://www.jse.co.za".

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

Programme Memorandum, as the case may be, on the occasion of any subsequent issue of Notes where there has been:

(a) a material change in the condition (financial or otherwise) in respect of the Issuer which is not then reflected in this Programme Memorandum or any supplement to this Programme Memorandum; or

(b) any modification of the terms of the Programme which would make this Programme Memorandum inaccurate or misleading.

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

GENERAL DESCRIPTION OF THE PROGRAMME

A general description of the Programme is set out below. The general description does not purport to be complete and is taken from, and should be read in conjunction with, the remainder of this Programme Memorandum and, in relation to any particular Tranche of Notes, the Applicable Pricing Supplement. Words used in this section headed "General Description of the Programme" shall bear the same meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

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

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Series of Notes may, together with a further Series of Notes or more than one Series of Notes, form a Class of Notes. The Issuer will not require the consent of Noteholders for the issue of any Tranche of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement included in this Programme Memorandum, setting out details of such Notes. A draft of such Applicable Pricing Supplement shall be sent to investors as notification of the capital raising at least 48 hours before the closing time of the capital raising, or such shorter period as the investors may agree. If the Applicable Pricing Supplement contains changes to the terms of the Programme, such changes shall be brought to the attention of the investors.

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. In such event, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, and not to be settled through the electronic settlement procedures of the JSE and the Central Securities Depository, no Applicable Pricing Supplement will be delivered to the JSE or the Central Securities Depository. Unlisted Notes are not regulated by the JSE. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

Each Tranche of Notes is subject to the Conditions; provided that the Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement the 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 Conditions for the purpose of that Tranche of Notes.

The Programme is not rated. Certain Tranches of Notes issued under the Programme may be rated by the Rating Agency on a national scale basis. Unrated Tranches of Notes may also be issued and Tranches of Notes may be issued that are assigned a rating (if any) by a different rating agency to the Rating Agency that assigned a Rating to any Tranche of Notes in issue. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Notes, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

This Programme Memorandum will apply to Notes in issue by the Issuer under the Programme in an aggregate Principal Amount Outstanding which does not exceed ZAR2 500 000 000, unless such aggregate Principal Amount Outstanding is increased in accordance with the Programme Agreement, as set out below.

From time to time the Issuer may wish to increase the Programme Limit. Subject to the Programme Agreement, the Debt Listings Requirements and/or such other or further exchange(s) on which any Tranche of Notes may be listed and to any Applicable Laws, the Issuer may, without the consent of Noteholders, increase the Programme Limit by delivering a notice thereof to the Noteholders and to the relevant exchange. Upon such notice being given (and following compliance with the provisions of the Programme Agreement), all references in this Programme Memorandum, or any other agreement, deed or document relating to the Programme, to the Programme Limit will be, and will be deemed to be, references to the increased Programme Limit set out in such notice.

SUMMARY OF THE PROGRAMME

The information set out below is a summary of the principal features of the Notes. The summary contained in this section does not purport to be complete and should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Summary of the Programme" shall bear the same meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Transaction parties

Issuer	Transsec 3 (RF) Limited, a company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2016/117311/06 and its successors-in-title or assigns.
Seller(s)	Potpale Investments (RF) Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2011/118165/07 and its successors-in-title or assigns and/or any Approved Seller. Potpale, as the Seller, is an insolvency remote special purpose vehicle established for the purpose of concluding Instalment Sale Agreements with Obligors and selling eligible Participating Assets to third parties, including, amongst others, the Issuer. As at the Programme Date, the business of Potpale is managed and administered by SATDF and is funded primarily through loans advanced to it by third party funders (including, SBSA), which loans are repaid by Potpale utilising, *inter alia*, the proceeds from the sale of Participating Assets to the Issuer under the Sale Agreement.

Security SPV	Transsec 3 Security SPV Proprietary Limited (to be renamed Transsec 3 Security SPV (RF) Proprietary Limited), a private company with limited liability registered in accordance with the laws of South Africa under registration number 2016/117323/07 and its successors-in-title or assigns, which has been incorporated to hold and realise security for the benefit of Secured Creditors (including the Noteholders), subject to the Security SPV Guarantee and the Priority of Payments.
Collections SPV	Keywood (RF) Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2012/092116/07 and its successors-in-title or assigns, established as an insolvency-remote special purpose vehicle with the sole purpose of owning and operating the Collections Accounts.
Servicer	SA Taxi Development Finance Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2008/012599/07 and its successors-in-title or assigns, which will be appointed under the terms of the Servicing Agreement as agent for the Issuer, *inter alia*, to administer the Participating Assets, including the collection of payments under the Participating Assets and the operation of the collections, arrears and foreclosure procedures. The Servicer is obliged under the Servicing Agreement to report on a quarterly basis to the Security SPV and the Issuer on the Participating Assets and the administration of the Participating Assets.
Standby Servicer	Transaction Capital Recoveries Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2001/002612/07 and its successors-in-title or assigns, which will be appointed

under the Servicing Agreement to act as Standby Servicer, such that, if the appointment of SATDF as Servicer is terminated, the Standby Servicer will assume such servicing functions.

Any reference to the Servicer in this Programme Memorandum shall also be taken to include Transaction Capital Recoveries or any other Standby Servicer to the extent that Transaction Capital Recoveries or any other Standby Servicer is actually required to perform the primary servicing function at any time.

Administrator

SA Taxi Development Finance Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2008/012599/07 and its successors-in-title or assigns, which will be appointed under the terms of the Administration Agreement as agent for the Issuer, *inter alia*, to perform certain administrative functions in relation to the conduct of the Issuer's business, including the administration of the Priority of Payments.

Any reference to the Administrator in this Programme Memorandum shall also be taken to include Transaction Capital Recoveries or any other Standby Administrator to the extent that Transaction Capital Recoveries or any other Standby Administrator is actually required to perform the primary administration function at any time.

Liquidity Facility Provider

If applicable (as specified in the Applicable Pricing Supplement), The Standard Bank of South Africa Limited, a public company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1962/000738/06 and its successors-in-title or assigns or such other Eligible Institution appointed in terms of the Liquidity Facility Agreement.

Co-Arranger, Lead Manager, Debt Sponsor and Dealer	The Standard Bank of South Africa Limited, a public company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1962/000738/06 and its successors-in-title or assigns.
Co-Arranger	SA Taxi Finance Holdings Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2004/001531/07 and its successors-in-title or assigns.
Issuer Agent	The Standard Bank of South Africa Limited, a public company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1962/000738/06 and its successors-in-title or assigns. The Issuer Agent shall, *inter alia*, liaise with the Debt Sponsor for the publication of any announcements on SENS.
Preference Shareholder	SA Taxi Finance Holdings Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2004/001531/07 and its successors-in-title or assigns, which is the holder of the Preference Shares.
Derivative Counterparty(ies)	An entity with the Required Credit Rating with whom the Issuer may enter into one or more Derivative Contracts.
Rating Agency	Any one of Standard & Poor's, a division of McGraw Hill, Moody's Investors Service Limited, Fitch Southern Africa Proprietary Limited and/or Global Credit Rating Co Proprietary Limited.
Owner Trust	Transsec 3 Issuer Owner Trust, a trust established in accordance with the laws of South Africa with Master's Reference Number IT001954/2017(G), solely to own as

	beneficial shareholder the entire issued ordinary share capital of the Issuer, to stand surety to the Security SPV for the due, proper and punctual performance by the Issuer of its obligations to the Security SPV under the Issuer Indemnity, and to pledge the ordinary shares in the Issuer as security for the Owner Trust Suretyship.
Security SPV Owner Trust	The Transsec 3 Security SPV Owner Trust, a trust established in accordance with the laws of South Africa with Master's Reference Number IT001947/2017(G), solely to own as beneficial shareholder the entire issued ordinary share capital of the Security SPV.
Structural features	
Tap Issue Period	The Tap Issue Period shall, to the extent applicable, be specified in the Applicable Pricing Supplement. The Issuer may, during the Tap Issue Period, acquire Additional Participating Assets from the proceeds from the issue of Notes.
Qualifying Refinancing Date	A Qualifying Refinancing Date shall, subject to the fulfilment of the Qualifying Refinancing Conditions, occur on the Latest Coupon Step-Up Date, or any Interest Payment Date falling thereafter, on which all Notes outstanding are redeemed pursuant to Condition 7.3.4. The Issuer may, on a Qualifying Refinancing Date, acquire Additional Participating Assets from the proceeds from the issue of Notes.
Revolving Period	The Revolving Period shall, to the extent applicable, be specified in the Applicable Pricing Supplement, provided that such period may only commence on the Initial Issue Date or on a Qualifying Refinancing Date. The Issuer may, during the Revolving Period, acquire Additional Participating Assets with Principal Collections received from Obligors.

Cash Reserve	The primary purpose of the Cash Reserve is to fund items 1 to 11 (both inclusive) in the Pre-Enforcement Priority of Payments up to (but excluding) the Redemption Date on which the last of the outstanding Notes in issue are redeemed in full. On each Interest Payment Date, amounts in the Cash Reserve are made available and, to the extent required, are applied in the payment of certain expenses in accordance with the Priority of Payments (including interest on the Notes) and the Cash Reserve is then replenished. On the Redemption Date on which the last of the outstanding Notes in issue are redeemed in full or following the delivery of an Enforcement Notice, amounts in the Cash Reserve may be utilised to pay principal on the Notes (and the Cash Reserve balance is reduced to zero). The Cash Reserve Required Amount will, on each Issue Date, be the amount specified in the Applicable Pricing Supplement, which amount is required to ensure that each Class of Notes issued on the relevant Issue Date is assigned a Rating (in the event of Rated Notes) at least equal to or better than the Rating assigned to the equivalent ranking Class of Notes (in the event of Rated Notes) in the pre-sale report published by the Rating Agency prior to the Initial Issue Date. The Issuer may from time to time in its discretion allocate any amount of Excess Spread to the Cash Reserve such that the Cash Reserve Required Amount may be exceeded from time to time. Such excess amount may be released and credited to the Transaction Account for application in accordance with the Pre-Enforcement Priority of Payments.
Liquidity Facility	To the extent that Liquidity Shortfalls arise, the Issuer shall fund such Liquidity Shortfalls by drawing down under the Liquidity Facility up to the Liquidity Facility Limit if a Liquidity Facility has been granted in terms of a Liquidity Facility Agreement.
Subordinated Loan	The Subordinated Loan will be utilised by the Issuer to provide part of the funding for the purchase of the

Participating Assets by the Issuer on each Issue Date and, if and when required, to fund the Cash Reserve.

The aggregate principal amount of all Subordinated Loans advanced to the Issuer from time to time in terms of the Subordinated Loan Agreement, may not exceed the Facility Limit.

Arrears Reserve

Should the aggregate arrears on Participating Assets exceed certain levels, as described below in the section headed "*Credit Structure*", the Issuer may be required to credit an amount, from available funds, to an Arrears Reserve, available, if necessary, to meet certain expenses in the Priority of Payments.

Capital Reserve

Amounts allocated for the purchase of Additional Participating Assets and/or Pre-Funded Participating Assets in terms of the Pre-Enforcement Priority of Payments and not fully utilised shall be paid into the Capital Reserve and may be used on any date to fund the acquisition of Additional Participating Assets and/or Pre-Funded Participating Assets, respectively, or the redemption of Notes, as the case may be.

Pre-Funding

The net proceeds of the Notes issued on any Issue Date together with the Subordinated Loan may exceed the amount paid by the Issuer to the Seller in respect of the purchase consideration for the Participating Assets purchased on such Issue Date. The Issuer may acquire Pre-Funded Participating Assets up to an amount equal to the Pre-Funding Amount, at any time after such Issue Date during the Pre-Funding Period. Any part of the Pre-Funding Amount not applied in acquiring Pre-Funded Participating Assets shall be added to the Potential Redemption Amount to be applied in redeeming the Notes in terms of the Priority of Payments.

Early Amortisation Event

The Revolving Period and the Tap Issue Period shall terminate on the occurrence of an Early Amortisation

Event. An Early Amortisation Event is any of the following:

(a) the failure by the Issuer to fund the Arrears Reserve in an amount greater than or equal to the Arrears Reserve Required Amount for 2 consecutive Interest Payment Dates;

(b) an Event of Default;

(c) the failure by the Issuer to redeem the Principal Amount Outstanding of Notes which have reached their respective Coupon Step-Up Dates;

(d) if a Principal Deficiency is recorded on any Determination Date;

(e) the replacement of SATDF as Servicer in accordance with the provisions of the Servicing Agreement;

(f) any of the outstanding Notes are downgraded by the Rating Agency as a result of a deterioration of the performance of the Participating Asset Pool as determined by the Rating Agency;

(g) the failure by the Issuer to fund the Cash Reserve in an amount greater than or equal to the Cash Reserve Required Amount for 2 consecutive Interest Payment Dates;

(h) the failure by the Issuer to pay and/or repay any amount(s) due and payable by the Issuer under the Liquidity Facility on the relevant Interest Payment Date.

Permitted Investments

The Administrator will be entitled to invest cash from time to time standing to the credit of the Issuer's bank accounts in various Rand-denominated investments with the Required Credit Rating or wholly and unconditionally guaranteed by an entity with the Required Credit Rating as described below under the section headed "*Credit*

	Structure".
Pool Data	The characteristics of the portfolio of Participating Assets identified for acquisition by the Issuer on each Issue Date will be identified in an annexure to the Applicable Pricing Supplement.
Programme description	
Blocked Rand	Blocked Rand may be used to purchase Notes subject to South African Exchange Control Regulations.
Conditions	The terms and conditions of the Notes set out below in this Programme Memorandum under the section headed "*Terms and Conditions of the Notes*".
Coupon Rate, Coupon Step-Up Rate and Interest Payment Dates	As specified in the Applicable Pricing Supplement.
Credit Criteria	The Credit Policy guidelines applicable to the Participating Assets are described below under the section headed *"Origination Process"*.
Credit Rating	The Programme is not rated. Certain Tranches of Notes issued under the Programme may be rated by the Rating Agency on a national scale basis. The Rating (if any) and the Rating Agency will be specified in the Applicable Pricing Supplement. Unrated Tranches of Notes may also be issued and Tranches of Notes may be issued that are assigned a rating by a different rating agency to the Rating Agency that assigned a Rating to any Tranche of Notes in issue. If assigned a Rating, such Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

Currency	Rand, the lawful currency of South Africa.
Denomination of Notes	The Notes will be issued with a minimum denomination of ZAR1 000 000 each.
Description of the Programme	The Transsec 3 (RF) Limited ZAR2 500 000 000 Asset Backed Note Programme.
Final Redemption	Each Tranche of Notes will be redeemed by the Issuer at its Principal Amount Outstanding on or before the Final Legal Maturity Date of such Notes.
Form of Notes	The Notes will be issued in registered form as described below in the section headed "*Form of the Notes*".
Governing Law	The Notes will be governed by and construed in accordance with the laws of South Africa.
Issue Price	Each Note in a Tranche will be issued on a fully-paid basis, at an issue price which is at its Principal Amount or at a discount to, or premium over, its Principal Amount, as specified in the Applicable Pricing Supplement.
Listing and Trading	Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. In such event, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, and not to be settled through the electronic settlement procedures of the JSE and the Central Securities Depository, no

Applicable Pricing Supplement will be delivered to the JSE or the Central Securities Depository. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

Mandatory Redemption

The Notes of each Class will be subject to mandatory redemption from time to time:

(a) if the Pre-Funding Amount is not fully utilised to purchase Pre-Funded Participating Assets within the Pre-Funding Period, in which event such amount shall be added to the Potential Redemption Amount to be applied in the redemption of the Notes on each Interest Payment Date occurring after the Pre-Funding Period; or

(b) if during the Revolving Period or the Tap Issue Period (as the case may be), the balance in the Capital Reserve (excluding amounts recorded in the Pre-Funding Ledger) exceeds 10% of the Principal Amount Outstanding of all the Notes in issue, in which event an amount equal to such excess shall be added to the Potential Redemption Amount to be applied in the redemption of the Notes on each Interest Payment Date,

in each case (where applicable) to the extent that on the relevant Interest Payment Date the Issuer has available funds for this purpose in accordance with the Priority of Payments (see Condition 7.2). The mandatory redemption will be at an amount calculated in accordance with the provisions set out in Condition 7.2 of the Notes.

In certain other circumstances and at certain times, all, but

not some only, of the Notes may be redeemed at the option of the Issuer (see Conditions 7.3 and 7.4 of the Notes). Unless previously redeemed or purchased by the Issuer and cancelled, all the Notes shall be redeemed on the Final Legal Maturity Date of such Notes, notwithstanding their date of issue.

Method of Transfer

The transfer of Notes issued in uncertificated form, or Beneficial Interests in such Notes, shall take place by electronic book entry in the central securities accounts maintained by the Central Securities Depository or the securities accounts maintained by the Participants, as the case may be, and the transfer of Notes represented by an Individual Certificate shall take place by recordal in the Register, in all cases subject to the restrictions described in this Programme Memorandum.

Negative Pledge and other undertakings of the Issuer

Condition 6 of the Conditions provides for a negative pledge and other restrictions on the Issuer requiring the consent of the Security SPV relating to activities, disposals, bank accounts, dividends, borrowings and amendments to the Transaction Documents.

Notes

Limited recourse, secured, registered notes issued by the Issuer under the Programme. The description of, and terms and conditions applicable to, Notes other than those specifically described in this Programme Memorandum will be set out in the Applicable Pricing Supplement.

Payments (whether in respect of interest or principal) in respect of the Notes may be determined by reference to such fixed or floating rates as may be specified in the Applicable Pricing Supplement.

Optional Redemption

The Issuer may:

(i) in respect of Notes having a Coupon Step-Up Date falling due prior to the Latest Coupon Step-Up Date,

on the Coupon Step-Up Date of such Notes or on any Interest Payment Date falling thereafter and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders, redeem all, but not some only, of such Notes at their Principal Amount Outstanding (together with accrued interest thereon), as described in Condition 7.3.1; or

(ii) in respect of Notes having a Coupon Step-Up Date falling due on the Latest Coupon Step-Up Date, on the Latest Coupon Step-Up Date or on any Interest Payment Date falling thereafter and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders, redeem all, but not some only, of the Notes at their Principal Amount Outstanding (together with accrued interest thereon), as described in Condition 7.3.2; or

(iii) on any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 20% of the aggregate Principal Amount Outstanding of the Notes in issue as at the last Issue Date, and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders, redeem all, but not some only, of the Notes at their Principal Amount Outstanding (together with accrued interest thereon), as described in Condition 7.3.3; or

(iv) subject to the Security SPV's prior written consent (but without requiring the consent of the Noteholders) and upon giving the Refinancing Notice to the Noteholders at any time during the Refinancing Period, issue Refinancing Notes in order to, *inter alia*, redeem all, but not some only, of the Refinanced Notes, as described in Condition 7.3.4; or

(v) for tax reasons and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders, redeem all, but not some only, of the Notes at their Principal Amount Outstanding (together with interest accrued thereon), as described in Condition 7.4.

Payment

The Notes will be issued, cleared and settled in accordance with the Applicable Procedures of the JSE and the Central Securities Depository. Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme will settle offshore transfers, if any, through their Participant.

Participants will follow the electronic settlement procedures prescribed by the Applicable Procedures of the Central Securities Depository when making interest and principal payments. The Applicable Procedures are available on request from the Central Securities Depository.

Principal Amount

In relation to a Note, the nominal value of the Note.

Priority of Payments

The Priority of Payments is the sequence in which the Issuer will, out of the funds available in the Transaction Account and, in certain circumstances in the Cash Reserve, the Capital Reserve, the Arrears Reserve and under the Liquidity Facility make payments to creditors of the Issuer.

The Issuer shall contract with the Secured Creditors on the basis that payments due to them shall be made on an Interest Payment Date to the extent to which funds are available in the Transaction Account, and, in certain circumstances in the Cash Reserve, the Capital Reserve , the Arrears Reserve and under the Liquidity Facility, strictly in the sequence set out in the Priority of Payments so that a Secured Creditor who ranks subsequent to any other creditors in the Priority of Payments will not be paid

unless and until all the creditors which rank prior to it in the Priority of Payments have been paid all the amounts then due and payable to them by the Issuer.

The Pre-Enforcement Priority of Payments applicable prior to the enforcement of security for the Notes and the Post-Enforcement Priority of Payments applicable after enforcement of security for the Notes, are set out in the Administration Agreement, both as described under the section headed "*Priority of Payments*".

Purchase of Notes

The Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes shall be cancelled.

Register Closed

The register of Noteholders will be closed prior to each Interest Payment Date and each Redemption Date for the periods described in Condition 15, in order to determine those Noteholders entitled to receive payments.

Securities Transfer Tax

In terms of current South African legislation as at the date of this Programme Memorandum, no securities transfer tax is payable by the Issuer on the original issue of, or on the registration of transfer of, the Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act, No 24 of 2007, as amended. Any future securities transfer tax that may be introduced will be for the account of Noteholders.

Security for the Notes

Notes will be obligations of the Issuer only.

The Security SPV will bind itself under the Security SPV Guarantee to each Secured Creditor, including Noteholders. Pursuant to such Security SPV Guarantee the Security SPV will undertake in favour of each Secured Creditor to pay to it the full amount then owing to it by the Issuer if an Event of Default should occur. The liability of the Security SPV pursuant to the Security SPV Guarantee

will, however, be limited in the aggregate to the amount recovered by the Security SPV from the Issuer arising out of the Issuer Indemnity referred to below. Payment of amounts due by the Security SPV pursuant to the Security SPV Guarantee will be made strictly in accordance with the Pre-Enforcement Priority of Payments prior to delivery of an Enforcement Notice or the Post-Enforcement Priority of Payments after delivery of an Enforcement Notice, as the case may be, such that Secured Creditors on each tier of the relevant Priority of Payments will be paid, in full, all the amounts then due and payable to them, before Secured Creditors ranking below them in the relevant Priority of Payments receive any payment.

The Issuer will give the Issuer Indemnity to the Security SPV in respect of the claims that may be made against the Security SPV arising out of the Security SPV Guarantee. The obligations of the Issuer in terms of the Issuer Indemnity are secured by security cessions over all assets of the Issuer, as described under the section headed "*Security*".

The Notes will share the same security but in the event of the Security being enforced, the Class C Notes will be subordinated to the Class B Notes and the Class B Notes will be subordinated to the Class A Notes.

Selling Restrictions

The distribution of this Programme Memorandum and the placing of the Notes may be restricted by law in certain jurisdictions and are restricted by law in the United States of America, the United Kingdom and South Africa. Persons who come into possession of this Programme Memorandum must inform themselves about and observe any such restrictions.

Settlement Dates

The respective dates determined by the Issuer and the Dealer(s) as the date on which investors in each Class of Notes, respectively, shall be obliged to pay the

	subscription price for the Notes concerned.
Size of the Programme	Up to ZAR2 500 000 000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms and conditions of the Programme Agreement and subject to any required regulatory approvals.
Stabilisation	In connection with the issue and distribution of any Tranche of Notes, the Issuer may in its discretion and, to the extent permitted by applicable laws and regulations, appoint a stabilisation manager to over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Stabilisation is only permissible if it is conducted in accordance with the Debt Listings Requirements and is subject to the approval of the JSE.
Status of the Notes	The claims of each Class of Noteholders (whether in respect of interest, principal or otherwise) shall be subordinated to higher ranking Classes of Notes and to certain other creditors of the Issuer in accordance with the Priority of Payments. The Notes of each Class rank *pari passu* among themselves, other than the Class A Notes which rank in accordance with the priority ranking described in the Conditions and the Priority of Payments.
Tax Status	A summary of applicable current South African Tax legislation appears in the section headed "*South African Taxation*". The section does not constitute tax advice and investors should consult their professional advisers.
Withholding Tax	Payments of interest and principal will be made without withholding or deduction for Taxes unless such withholding or deduction is required by law. In the event

that such withholding or deduction is required by law, the Issuer will not be obliged to pay additional amounts in relation thereto. With effect from 1 March 2015, withholding tax on interest in respect of certain debt instruments may be applicable to certain persons who are regarded as non-resident for tax purposes in South Africa. Certain exemptions may or may not be applicable in this regard.

RISK FACTORS

The following is a summary of certain aspects of the issue of the Notes about which prospective investors should be aware. This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Risk Factors" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Ratings of the Notes

Tranches of Notes issued under the Programme may be rated by any of the Rating Agencies on a national scale basis. Unrated Tranches of Notes may also be issued and Tranches of Notes may be issued that are assigned a rating by a different rating agency to the Rating Agency that assigned a Rating to any Tranche of Notes (in the event of Rated Notes) in issue. The rating of any Tranche of Notes is not a recommendation to purchase, hold or sell Notes, inasmuch as such rating does not comment on the market price or suitability of the Notes for a particular investor. The ratings of Rated Notes address the expected default of the Issuer's obligations to investors on or before the legal final maturity. In respect of Notes rated by the Rating Agency, the ratings of (i) Class A Notes, address the timely payment of interest and the ultimate payment of principal on or before legal final maturity; (ii) all other Classes of Notes, address the ultimate payment of interest and principal on or before legal final maturity. The Rating Agency's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed but may have a significant effect on the yield to investors. There can be no assurance that any rating agency not requested to rate the Notes will issue a rating and, if so, what such rating would be. A rating assigned to the Notes by a rating agency that has not been requested by the Issuer to do so, may be lower than the equivalent ratings assigned by the Rating Agency (in the event of Rated Notes), or such rating agency may assign an international scale rating which could be lower than national scale ratings assigned by the Rating Agency (in the event of Rated Notes). In addition, there can be no assurance that a rating will remain for any given period of time or that the rating will not be lowered, withdrawn or suspended entirely by the Rating Agency (in the event of Rated Notes) if in its judgment circumstances in the future so warrant. The Rating Agency is not bound by the notice periods referred to in this Programme Memorandum, and may advise the Issuer of any rating action before or after the expiry of any such period(s).

Warranties

Neither the Issuer nor the Security SPV has undertaken or will undertake any investigations, searches or other actions in respect of the Participating Assets, and each will rely instead on the representations, warranties and undertakings made and/or given by the Seller Servicer in the Sale Agreement. The sole remedies (save as described below) of the Issuer in respect of a breach of a Participating Asset Warranty by the Seller Servicer shall be the requirement that the Seller Servicer shall purchase the relevant Participating Asset or procure the substitution thereof with a Substitute Participating Asset and require the Seller Servicer to pay such damages to the Issuer as the Issuer may have suffered as a result of or arising out of or in connection with such breach to the extent to which those damages have not been extinguished by that purchase or substitution. This shall not limit any other remedies available to the Issuer and/or the Security SPV if damages are not paid. There can be no assurance that the Seller Servicer will have the financial resources to honour its obligations under the Sale Agreement. Such obligations are not guaranteed by, nor will they be the responsibility of, any person other than the Seller Servicer and neither the Issuer nor the Security SPV shall have any contractual recourse to any other person in the event that the Seller Servicer for whatever reason, fail to meet such obligations.

Non-Recourse Obligations

The Notes will be obligations solely of the Issuer. In particular, without limitation, the Notes will not be obligations of, and will not be guaranteed by either of the Co-Arrangers, the Lead Manager, the Dealer, SBSA, the Seller, the Servicer, the Administrator, the Standby Servicer, the Standby Administrator, the Subordinated Lender, the Liquidity Facility Provider, the Preference Shareholder, the Derivative Counterparty, the Account Bank or, save to the extent of the amount recovered by the Security SPV from the Issuer in terms of the Issuer Indemnity, the Security SPV. The Issuer will rely solely on payments in respect of amounts due under the Participating Assets, amounts in the Cash Reserve, the Capital Reserve, the Arrears Reserve, the Transaction Account and Permitted Investments and advances under the Liquidity Facility to enable it to make payments in respect of the Notes in accordance with the Priority of Payments.

Upon enforcement of the security for the Notes and enforcement of a claim under the Issuer Indemnity, the Security SPV will have recourse only to the Participating Assets and any other assets of the Issuer then in existence, including the Issuer's right, title and interest in and to amounts standing to the credit of the Transaction Account, the Cash Reserve, the Capital Reserve, the Arrears Reserve and the Permitted Investments. The Issuer and the Security SPV will have no recourse to either of the Co-Arrangers, the Lead Manager, Dealer, SBSA, or, other than as provided in the Transaction Documents, the Seller, the Servicer, the Administrator, the Standby Servicer, the Standby Administrator, the Subordinated Lender, the Liquidity Facility Provider, the Preference Shareholder, the Derivative Counterparty, the Account Bank or any other entity.

If, upon default by Obligors and after the exercise by the Servicer of all available remedies in respect of the Participating Assets, the Issuer does not receive the full amount due from those Obligors, then Noteholders may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full or in part interest due on the Notes.

Collectability of Participating Assets

The collectability of amounts due under the Participating Assets is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Obligors, the extent to which Obligors make Obligor Prepayments and other similar factors. Other factors may have an impact on the ability of Obligors to repay Participating Assets. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and insolvency applications and could ultimately have an adverse impact on the ability of Obligors to perform their obligations under the Instalment Sale Agreements and Ancillary Contracts.

Yield and Prepayment Considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal (including acquisitions of Additional Participating Assets and the sale proceeds arising on enforcement of a Participating Asset, and purchases or substitutions of Participating Assets by the Seller Servicer or its nominee due to, among other things, breaches of warranties) on the Participating Assets and the price paid by the Noteholders. Such yield may be adversely affected by higher or lower than anticipated rates of Obligor Prepayments.

Although it is anticipated that the Issuer will (i) in respect of Notes having a Coupon Step-Up Date falling due prior to the Latest Coupon Step-Up Date, exercise the option to redeem all such Notes in full, and not in part only, at the Coupon Step-Up Date of such Notes; and (ii) in respect of Notes having a Coupon Step-Up Date falling due on the Latest Coupon Step-Up Date, exercise the option to redeem all of the Notes in full, and not in part only, at the Latest Coupon Step-Up Date, no guarantee is given that such option will be exercised.

The Secured Creditors have agreed to waive their rights of set-off against the Issuer.

Defaults under the Participating Assets

If a sufficient number of Obligors default, or if the proceeds from the sale of Vehicles repossessed from defaulting Obligors are significantly less than expected, the Servicer will be unable to pay the Secured Creditors (including the Noteholders) on behalf of the Issuer. The claims of Class C Noteholders are subordinated to those of Class B Noteholders and the claims of Class B Noteholders are subordinated to those of Class A Noteholders. To reduce the risk of default, the Servicer on behalf of the Seller or

the Issuer, as the case may be, has applied and shall continue to apply certain credit criteria in relation to the Participating Assets in accordance with the Credit Policy. The purpose of the Credit Policy is, amongst others, to maintain the quality of the existing portfolio and to limit the Issuer's exposure to certain lower quality assets. The Servicer, on behalf of the Issuer, has ensured and shall continue to ensure that the Portfolio Covenants are satisfied immediately after the acquisition of each Initial Participating Asset, Substitute Participating Asset, Additional Participating Asset or Pre-Funded Participating Asset under the Sale Agreement.

There is no assurance that the measures set out above will eliminate the relevant risks.

Specific SA Taxi Risks

- ***The Group relies on a limited number of key dealer relationships***

  Taximart has, as is customary in the market, non-exclusive agreements in place with vehicle dealers. Customers are entitled to choose, and these dealers are permitted to suggest, alternative providers of Vehicle finance to the customers purchasing Vehicles. Furthermore, the dealers may terminate their relationships with Taximart at any time. As at 31 March 2017, approximately 79% of the vehicles originated by Taximart are currently derived from 15 dealers. This concentration in dealers, albeit in line with market share, exposes the Group to the risk that modifications in or termination of financial or business arrangements with key dealers may have a negative impact on Taximart's ability to originate vehicles.

- ***The Group is exposed to risks associated with the availability of Premium Vehicles***

  While there are multiple suppliers of Vehicles that comply with South African regulatory requirements, as of 31 March 2017 Premium Vehicles comprised 100% of the Vehicles financed by the Group in financial period April 2016 to March 2017. Any significant reduction in the number of Premium Vehicles available for sale in the South African market or modifications to the terms and prices of those Premium Vehicles could reduce Taximart's Premium Vehicle related origination levels. Any future disruptions to supply or availability or changes to the terms of Premium Vehicles may have materially adverse effects on the Group.

- ***The Group relies on an active secondary market in Vehicles***

  The Group depends on an active secondary market to sell repossessed Vehicles and currently relies on a number of dealers to purchase and resell such repossessed Vehicles. SA Taxi's business and results of operations could be significantly affected if it is not able for any reason to sell repossessed Vehicles to dealers. Despite the current market dynamic whereby significant demand for repossessed Vehicles exists, there is no guarantee that there will continue to be demand for repossessed Vehicles in the secondary market or that prices obtained in the secondary

market will remain at historic levels or be sufficient to satisfy outstanding balances on defaulted loans.

The Group's results of operations are sensitive to recoveries from sales of repossessed Vehicles. The Group's recovery on outstanding loan balances related to repossessed Vehicles primarily depends on the quality of the repossessed Vehicles. In financial years 2010 and 2011, the Group's credit loss ratios were affected by the lower quality Entry Level Vehicles. SA Taxi has established Taximart to receive and repair repossessed Vehicles and sell them through second-hand dealers, rather than by auction, to improve the recoveries on repossessed Vehicles in the secondary market. The Group has experienced high demand in financial years 2016 and 2017 for the reconditioned Vehicles processed by Taximart with loss ratios within expectation and tolerance levels. No new Entry Level Vehicles have been financed since October 2013. In the event that Taximart is or becomes unable to perform its functions as set out above, third party refurbishment centres will be engaged to perform such functions.

- ***The credit providers in the Group are subject to the risks associated with their status as a development credit provider***

  As they provide credit for the development of small businesses, the credit providers in the Group are registered under the National Credit Act as development credit providers. As a result, there are provisions of the National Credit Act that are modified or do not apply to the credit providers in the Group. For instance, the credit providers in the Group are permitted to charge higher fees for initiation of Instalment Sale Agreements. If the credit providers in the Group were to lose their status as development credit providers for any reason, including as a result of regulatory action, there is the risk that compliance with National Credit Act standards applicable to standard lenders could have a materially adverse impact on the credit providers' operations.

- ***The impact of interest rate hikes on Obligor affordability***

  The Group's financial position may be adversely affected by significant changes in the lending rate. The Group policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give somewhat of a natural hedge as funds are lent to Obligors at floating rates. In certain circumstances, the Group uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing debt. There is a risk that significant increases in the lending rate cannot be passed onto the Obligor without affecting the affordability of the Obligor to make payment on his/her instalment.

- ***The impact of industry and customer behaviour on credit performance***

  There is a risk that the Group's credit performance will be affected should a minibus operator fail to maintain and operate the minibus taxi. The credit performance can also be affected by the following

factors: minibus operator loss of association membership, failing commuter demand on a route, competition on a route and loss of route allocation.

- ***Impact of industrial action on entity***

  Due to the taxi industry being relatively concentrated, industrial action by any part of the industry invariably impacts the entire market. SA Taxi is a dominant player in a niche industry, meaning that industrial action risk for the company is always present. There is a high likelihood that as a key stakeholder in the industry SA Taxi will be involved in facilitating solutions to any industrial action. To mitigate this risk SA Taxi has continuous close engagement with the industry umbrella taxi associations, government and other stakeholders to ensure that any industry grievances are addressed timeously. Historically, when there has been industry disruption there has been no material impact on SA Taxi's business operations or performance.

Judgements and Changes in Legislation

The Participating Assets, the Issuer, the Security SPV and other parties to the Transaction Documents are subject to legislation which may change at any time, such as the Companies Act, the National Credit Act and the Consumer Protection Act. No prediction can be made as to whether such legislation will change and, if it does, what the effect of such changes will be on the Participating Assets, the Issuer, the Security SPV and/or any other party to the Transaction Documents.

The Participating Assets, the Issuer, the Security SPV and other parties to the Transaction Documents are further subject to judgements which may be handed down by a court of competent jurisdiction from time to time. No prediction can be made as to the outcome of such judgement, whether such judgements will merely impact on the Programme or on the securitisation industry in general, whether such judgements will have a positive or negative effect on the Programme or the securitisation industry in general, whether such impact will result in any change and, if it does, what the effect of such change will be on the Participating Assets, the Issuer, the Security SPV, any other party to the Transaction Documents or the securitisation industry in general.

In terms of the Sale Agreement, if an Instalment Sale Agreement purchased by the Issuer is unenforceable due to non-compliance with any Applicable Laws, including, without limitation, the National Credit Act and the Consumer Protection Act, the Issuer is entitled to enforce the remedies set out in the Sale Agreement for breach of warranty by the Seller Servicer.

Protection of Personal Information Act

The Protection of Personal Information Act No 4 of 2013 ("**POPI**") was signed into law on 19 November 2013. While certain administrative provisions came into force on 11 April 2014, the substantive provisions of POPI have not yet come into force and as such there are currently no

compliance requirements imposed on businesses. Once the substantive provisions of POPI come into force, there will be a one year transitional period to allow for compliance with its provisions. As at the date of this Programme Memorandum, no date has been set for the implementation of these provisions.

POPI aims to safeguard personal information by regulating the manner in which it may be processed which is defined in the Act to include its retention and destruction. It establishes certain rights and duties that are designed to safeguard personal information.

POPI will have a significant impact on how the Issuer and the Seller process the personal information of the Obligors. The Issuer and the Seller will be obliged to comply with the provisions of POPI insofar as the processing of the personal information of the Obligors is concerned.

The Group is assessing all systems, processes, policies and practices given the proposed requirements and will implement changes to its management processes as necessary upon POPI becoming of full force and effect.

Priority of Payments

The Administration Agreement prescribes a "Pre-Enforcement Priority of Payments" in terms of which the Secured Creditors will be paid prior to delivery of an Enforcement Notice and a "Post-Enforcement Priority of Payments" in terms of which the Secured Creditors will be paid after delivery of an Enforcement Notice.

The Priority of Payments may be departed from by the Issuer due to claims made by creditors who are not Secured Creditors. However, as described below in the paragraph "*Liquidation of the Issuer*", the Issuer is structured as an insolvency remote, ring-fenced special purpose vehicle which limits the risk of external creditors who are not bound by the Priority of Payments.

Limited Liquidity and Restrictions on Transfer

Currently no secondary market exists for the Notes. There can be no assurance that any secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes. Consequently, an investor must be prepared to hold such Notes until the Final Legal Maturity Date of such Notes. Noteholders that trade in the Notes during the 5 day period (or such other period as may be specified in the Applicable Pricing Supplement) that the Register is closed prior to each Interest Payment Date will need to reconcile any amounts payable on the following Interest Payment Date pursuant to a partial redemption of the Notes. As a result secondary market liquidity of the Notes may reduce during this period.

Counterparty Risk

The Liquidity Facility (if applicable) and Derivative Contract(s) each involve the Issuer entering into a contract with a counterparty. Pursuant to such contracts, the counterparties agree to make payments to the Issuer under certain circumstances as described in such contracts. The Issuer will be exposed to the credit risk of the counterparties with respect to such payments. The Transaction Documents may require such counterparties to have the Required Credit Rating from the Rating Agency (in the event of Rated Notes). If such Required Credit Rating is not maintained, the Transaction Documents may make provision for such counterparties to be replaced. In the event of unrated Notes, the Issuer may enter into a Derivative Contract with a Derivative Counterparty which does not have the Required Credit Rating, provided such Derivative Counterparty is approved in writing by the Security SPV and the Issuer has furnished the Rating Agency with 10 Business Day's prior written notice.

Security SPV Guarantee and Issuer Indemnity

The Security SPV will grant a Security SPV Guarantee to Secured Creditors and will enter into the Issuer Indemnity and the Security Cessions with the Issuer. The Issuer has received a legal opinion stating that the entry into the Security SPV Guarantee, the Issuer Indemnity and the Security Cessions will enable the security structure in favour of the Secured Creditors to be held by the Security SPV in the manner set out in this Programme Memorandum. There is no guarantee that a court would reach the same conclusion as that in the legal opinion obtained by the Issuer.

If the Security (or any part thereof) is not enforceable, then Secured Creditors shall be entitled but not obliged to take action themselves to enforce claims directly against the Issuer should an Event of Default occur. If a Secured Creditor elects to do so, then the security held by the Security SPV will be bypassed and thus no longer be effective as a means of achieving distribution of the Issuer’s assets in accordance with the Priority of Payments.

Security SPV

The interests of the Secured Creditors will be represented by the Security SPV. In terms of the Transaction Documents and the Conditions, the Security SPV is required to enforce the Security on behalf of the Secured Creditors in certain circumstances. Secured Creditors will not be able to enforce the Security themselves nor to take action against the Issuer to enforce claims against the Issuer except through the Security SPV unless the Security (or any part thereof) is not enforceable or the Security SPV is wound-up, liquidated or placed under supervision by a business rescue practitioner or fails to act within a reasonable time of being called upon to do so.

Insolvency of the Security SPV

It is possible for the Security SPV itself to be wound-up, liquidated or placed under supervision by a business rescue practitioner, which would adversely affect the rights of the Secured Creditors and the enforcement of the Security granted to and in favour of the Security SPV.

The liabilities of the Security SPV consist of the Security SPV Guarantee given to the Secured Creditors, which cannot in the aggregate exceed the amount recovered pursuant to the Issuer Indemnity. Accordingly, it is improbable that the Security SPV itself will be insolvent or financially distressed (and therefore be wound-up, liquidated or placed under supervision by a business rescue practitioner) unless there was, for example, dishonesty or negligent or fraudulent conduct or a breach of contract on the part of the Security SPV, for instance by entering into unauthorised transactions on behalf of the Security SPV.

If the Security SPV fails to enforce its claim against the Issuer pursuant to the Issuer Indemnity within 60 Business Days of being called upon by any Secured Creditor to do so, or is wound-up, liquidated, de-registered or placed under supervision by a business rescue practitioner, Secured Creditors shall be entitled to take action themselves to enforce claims directly against the Issuer should an Event of Default occur but, in such circumstances, the Security held by the Security SPV will be bypassed and thus no longer be effective as a means of achieving distribution of the Issuer's assets in accordance with the Priority of Payments.

Liquidation of the Issuer

The Issuer has been structured as an insolvency remote, ring-fenced special purpose vehicle, a structure which limits the risk of external creditors who are not bound by the Priority of Payments. The Security SPV represents most creditors of the Issuer and those not bound by the Priority of Payments are in any event creditors at the top of the Priority of Payments, including the tax authorities and administrative creditors. Secured Creditors contract with the Issuer on the basis that they will have no claim against the Issuer to the extent that there are no funds available to pay them in accordance with the Priority of Payments, will not institute, or join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation, de-registration or supervision by a business rescue practitioner of the Issuer until 2 years after the payment of all amounts outstanding and owing by the Issuer under the Notes and all the other Transaction Documents, and agree not to sue the Issuer except through the Security SPV. The proceeds in the hands of the Security SPV will be distributed in accordance with the contractual Priority of Payments.

If, notwithstanding the ring-fenced structure, there is an external creditor not bound into the Priority of Payments, and there are any assets of the Issuer that are not properly secured by the Security Cessions, then on the liquidation of the Issuer such external creditor would rank *pari passu* with or

ahead of the Security SPV, depending on the statutory preference of claims in terms of the Insolvency Act, in regard to such assets of the Issuer that are not properly secured by the Security Cessions.

Security

The security structure in the form of the Security SPV Guarantee from the Security SPV, backed-up by the Issuer Indemnity and the Security Cessions, provides Secured Creditors, through the Security SPV, with contractual recourse to the Issuer and its security from Obligors.

Servicer, Standby Servicer and the Collections Account

The Standby Servicer is contractually bound to provide the Services set out in the Servicing Agreement should SATDF's appointment as Servicer be terminated. The circumstances in which the Servicer's appointment can be terminated are stipulated in the Servicing Agreement, which include the occurrence of a Servicer Default. The events which constitute a Servicer Default are defined in the Servicing Agreement and comprise, *inter alia*, SATDF ceasing to be directly controlled by SA Taxi without the prior consent of the Security SPV. An indirect change of control of SATDF will not constitute a Servicer Default. The Servicing Agreement also makes provision for the back-up of data and the appointment of a disaster recovery agent. There is, however, an operational risk that the continuity of Services will be interrupted should the Standby Servicer have to assume the responsibilities of the Servicer and there can be no assurance that a transition of Services will occur without adverse effect on Noteholders or that an equivalent level of performance of collections and administration of the Participating Assets can be maintained by the Standby Servicer.

In terms of the Servicing Agreement, the Servicer will, amongst its various duties, act as custodian of various documentation. On an insolvency of the Servicer, the Issuer, as principal, will be entitled to vindicate all assets which it can identify among the assets of the Servicer, as agent, as being vested in it as owner.

In relation to Collections paid into the Collections Accounts of the Collections SPV, there is a co-mingling risk on the insolvency of the Collections SPV. Amounts collected up to the date of insolvency of the Collections SPV would fall within the insolvent estate of the Collections SPV as such collections would be co-mingled with other cash deposits of the Collections SPV in the Collections Accounts. The Collections SPV has been structured as an insolvency-remote, ring-fenced special purpose vehicle and so the risk of the Collections SPV becoming insolvent is remote. In addition, the Collections SPV Administration Agreement and the Servicing Agreement attempts to mitigate any co-mingling risk by providing for monies to be swept from the Collections Account to the Transaction Account by not later than 16h30 on each Business Day following the Business Day on which such amounts are received by the Collections SPV.

There are also risks on insolvency of the Servicer in respect of details of the Participating Assets that are kept electronically on the Servicer's systems. The Servicing Agreement mitigates this risk by providing for the maintenance of back-up data and the storage of such data off-site by a disaster recovery agent. The Servicer proprietary software would, however, fall into its insolvent estate and its liquidator would elect whether or not to abide by the licence granted to the Standby Servicer in the Servicing Agreement to use such software.

Suitability of Investment

This Programme Memorandum identifies some of the information that a prospective investor should consider prior to making an investment in the Notes. This Programme Memorandum does not, however, purport to provide all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Notes. A prospective investor should, therefore, conduct its own thorough analysis, including its own accounting, legal and tax analysis, prior to deciding to invest in the Notes. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its financial investment objectives. This Programme Memorandum is not, and does not purport to be, investment advice.

CREDIT STRUCTURE

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Credit Structure" shall bear the same meanings as used in the section headed "Glossary of Defined Terms", and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1 Purchase of Additional Participating Assets

1.1 The Issuer may, during the Tap Issue Period or on a Qualifying Refinancing Date, acquire Additional Participating Assets from the proceeds from the issue of Notes. The Issuer may also, during the Revolving Period, acquire Additional Participating Assets on any date using monies available for this purpose in accordance with the Pre-Enforcement Priority of Payments.

1.2 The same representations, warranties and undertakings will be made and/or given by the Seller Servicer with respect to the Additional Participating Assets as were made with respect to the Initial Participating Assets as at the date on which such Additional Participating Assets are acquired, all as more particularly described in the Sale Agreement.

1.3 Participating Assets which qualify as Additional Participating Assets (a) shall be originated by the Seller; and (b) shall satisfy the Eligibility Criteria.

2 Purchase of Pre-Funded Participating Assets

The net proceeds of the Notes issued together with the Subordinated Loans on each Issue Date may exceed the amount paid by the Issuer to the Seller in respect of the purchase consideration for Participating Assets purchased on such Issue Date, such excess comprising the Pre-Funding Amount. The Issuer may acquire Pre-Funded Participating Assets up to an amount equal to the Pre-Funding Amount at any time after the relevant Issue Date, provided that any part of the Pre-Funding Amount not so applied during the Pre-Funding Period shall be added to the Potential Redemption Amount to be applied in redeeming the Notes in terms of the Priority of Payments.

3 Principal Deficiency Ledger

3.1 A Principal Deficiency Ledger will be established to record the Principal Deficiency (if any) on each Determination Date.

3.2 If on a Redemption Date or on any prior date after the assets of the Issuer have been exhausted, there is a Principal Deficiency having taken account of any credit balance in the Cash Reserve and the Arrears Reserve, then the aggregate principal amount payable on redemption of the relevant Notes shall be the amount available for such payment in accordance with the Priority of Payments.

4 The Class A Notes, the Class B Notes and the Class C Notes

4.1 If specified in the Applicable Pricing Supplement of a Series of the Class A Notes, holders of such Series of Class A Notes will not be entitled to receive any payment of principal where a Class A Principal Lock-Out applies in respect of such Notes.

4.2 Holders of any Class of Notes other than the Class A Notes will only be entitled to receive payment of principal in the event that no Principal Lock-Out applies for that particular Class of Notes and no Principal Lock-Out applies for any Class of Notes that ranks senior to the Class of Notes in question. For example, holders of the Class B Notes and the Class C Notes will not be entitled to receive any payment of principal where a Class B Principal Lock-Out applies.

4.3 The Notes will share the same security although, upon enforcement, the Class C Notes will be subordinated to the Class B Notes and the Class B Notes will be subordinated to the Class A Notes as set out in the Conditions.

5 Cash Reserve

5.1 The primary purpose of the Cash Reserve is to fund items 1 to 11 (both inclusive) in the Pre-Enforcement Priority of Payments up to (but excluding) the Redemption Date on which the last of the outstanding Notes in issue are redeemed in full.

5.2 On the Redemption Date on which the Cash Reserve Required Amount is reduced to zero any funds remaining in the Cash Reserve as at the immediately preceding Interest Payment Date, will be applied towards the repayment of the Principal Amount Outstanding of all the Notes. The Issuer will be obliged to maintain the Cash Reserve at the level of the Cash Reserve Required Amount, which amount is required to ensure that each Class of Notes issued on the relevant Issue Date is assigned a Rating (in the event of Rated Notes) at least equal to or better than the Rating assigned to the equivalent ranking Class of Notes (in the

event of Rated Notes) in the pre-sale report published by the Rating Agency prior to the Initial Issue Date. All monies in the Cash Reserve shall be applied in accordance with the Priority of Payments.

5.3 The Issuer may from time to time in its discretion allocate any amount of Excess Spread to the Cash Reserve such that the Cash Reserve Required Amount may be exceeded from time to time. If at any time the amount standing to the credit of the Cash Reserve exceeds the Cash Reserve Required Amount, the amount of such excess may be released and debited from the Cash Reserve and credited to the Transaction Account for application in accordance with the Pre-Enforcement Priority of Payments.

5.4 If an Enforcement Notice is delivered, all monies standing to the credit of the Cash Reserve will be applied in accordance with the Post-Enforcement Priority of Payments.

5.5 If the Cash Reserve is not funded at the Cash Reserve Required Amount for 2 consecutive Interest Payment Dates, the Revolving Period and the Tap Issue Period shall terminate.

6 Subordinated Loan

6.1 The Subordinated Loan constitutes one of the forms of credit enhancement available to the Notes. The Subordinated Lender will advance the Subordinated Loan to the Issuer to provide part of the funding for the purchase of Participating Assets on the relevant Issue Date and, if and when required as determined by the Administrator, to fund the Cash Reserve. The aggregate principal amount of all Subordinated Loans advanced to the Issuer from time to time in terms of the Subordinated Loan Agreement, may not exceed the Facility Limit. The Subordinated Loan provides additional credit enhancement for the benefit of Noteholders.

6.2 Subject to the provisions of the Subordinated Loan Agreement, some or all outstanding amounts under the Subordinated Loan Agreement may be repaid early by the Issuer to the Subordinated Lender in accordance with the Priority of Payments, as and when cash is available to make such payment in accordance with the Priority of Payments, provided that immediately following such repayment, for as long as any Notes are outstanding, the outstanding balance (including accrued interest) of the Subordinated Loan does not fall below the Subordinated Loan Minimum Funding Amount.

6.3 Notwithstanding paragraph 6.2, the Issuer shall be obliged to repay all outstanding amounts under the Subordinated Loan Agreement (which have not been repaid early) on the Last Redemption Date to the extent permitted by and in accordance with the Priority of Payments.

7 Arrears Reserve

7.1 The Arrears Reserve provides credit enhancement for the Class A Notes and the Class B Notes. If an Arrears Reserve Trigger Event occurs and is continuing on any Determination Date, the Issuer will be obliged to pay an amount into the Arrears Reserve from available funds up to the Arrears Reserve Required Amount on the following Interest Payment Date pursuant to item 19 of the Pre-Enforcement Priority of Payments.

7.2 If on any Determination Date prior to the Coupon Step-Up Date and/or the Redemption Date, the amount standing to the credit of the Arrears Reserve exceeds the Arrears Reserve Required Amount, the amount of such excess on such Determination Date shall be released and applied in accordance with the Priority of Payments.

7.3 If an Enforcement Notice is delivered, all monies standing to the credit of the Arrears Reserve will be applied in accordance with the Post-Enforcement Priority of Payments.

7.4 If the Arrears Reserve is not funded at the Arrears Reserve Required Amount for 2 consecutive Interest Payment Dates, the Revolving Period and the Tap Issue Period shall terminate.

7.5 On the Redemption Date on which the Arrears Reserve Required Amount is reduced to zero any funds remaining in the Arrears Reserve as at the immediately preceding Interest Payment Date will be applied towards the repayment of the Principal Amount Outstanding of all the Notes.

8 Capital Reserve

8.1 If the net proceeds of Notes issued and the Subordinated Loan advanced on an Issue Date exceed the purchase consideration paid by the Issuer for any Participating Assets, such Pre-Funding Amount will be credited to the Capital Reserve and recorded in the Pre-Funding Ledger. The Pre-Funding Amount may be utilised at any time during the Pre-Funding Period to purchase Pre-Funded Participating Assets and if not fully utilised within the Pre-Funding Period, such amount shall be added to the Potential Redemption Amount to be applied in redeeming the Notes.

8.2 During the Revolving Period, Principal Collections that are not utilised to purchase Additional Participating Assets in terms of item 14 of the Pre-Enforcement Priority of Payments and not fully utilised since insufficient eligible Participating Assets are available for purchase, will be held in the Capital Reserve and used on any date during the Revolving Period to purchase Additional Participating Assets, provided that should the balance in the Capital Reserve (excluding amounts recorded in the Pre-Funding Ledger) exceed 10% of

the Principal Amount Outstanding of all Notes in issue, then an amount equal to such excess shall be added to the Potential Redemption Amount to be applied in redeeming the Notes.

9 Liquidity Facility

9.1 If applicable as specified in the Applicable Pricing Supplement, the Issuer will enter into a Liquidity Facility up to the Liquidity Facility Limit with the Liquidity Facility Provider which may be drawn upon by the Issuer to fund Liquidity Shortfalls from time to time, as determined by the Administrator in terms of the Administration Agreement.

9.2 The Liquidity Facility Limit may be increased or decreased subject to the terms of the Liquidity Facility Agreement.

9.3 Principal and interest on outstanding amounts under the Liquidity Facility Agreement and commitment fees will be payable on each Interest Payment Date, to the extent permitted by, and in accordance with, the Priority of Payments. The Issuer may prepay principal outstanding amounts under the Liquidity Facility Agreement, together with accrued interest thereon at any time, should cash become available to the Issuer, but always subject to and in accordance with the Priority of Payments. In terms of the Priority of Payments, payments by the Issuer of all amounts (other than in respect of principal) due and payable to the Liquidity Facility Provider rank senior to amounts due and payable to the Noteholders.

9.4 The commitment of the Liquidity Facility Provider will expire on or about 364 days after the Initial Issue Date or on such earlier date as may be specified in the Liquidity Facility Agreement. The commitment of the Liquidity Facility Provider may, however, be renewed, at the option of the Liquidity Facility Provider, on the following basis:

9.4.1 at least 90 Business Days prior to the expiry of the then current commitment period, the Issuer may request the Liquidity Facility Provider to renew the Liquidity Facility for a further 364 days from the expiry of the then current commitment period, on the same terms and conditions or on terms and conditions which are agreed to in writing by the Issuer, the Liquidity Facility Provider and the Security SPV; provided that, in the latter event, a Rating Affirmation (in the event of Rated Notes) in respect of the proposed new terms has been furnished to the Issuer (copied to the Liquidity Facility Provider) prior to the expiry of the then current commitment period;

9.4.2 the Liquidity Facility Provider must notify the Issuer in writing within 30 Business Days after the date of request for a renewal of the facility as to whether the Liquidity Facility Provider is willing to extend the then current commitment period;

9.4.3 if the Issuer fails to agree a renewal of the Liquidity Facility with the Liquidity Facility Provider at least 60 Business Days prior to the expiry of the then current commitment period, then:

9.4.3.1 the Issuer shall use its reasonable endeavours to arrange for an entity with the Required Credit Rating ("**Substitute Liquidity Facility Provider**") to provide a facility to the Issuer on terms and conditions which are agreed to in writing by the Issuer, the Substitute Liquidity Facility Provider and the Security SPV; provided that a Rating Affirmation (in the event of Rated Notes) in respect of such proposed new terms has been furnished to the Issuer (copied to the Liquidity Facility Provider) prior to the expiry of the then current commitment period and further provided that the Issuer shall not be obliged to incur costs thereby, save for any reasonable legal costs;

9.4.3.2 if the Issuer successfully arranges for a Substitute Liquidity Facility Provider, then the commitment shall be cancelled and reduced to zero with effect from the effective date of the new facility entered into between the Substitute Liquidity Facility Provider and the Issuer, and the outstanding amounts under the Liquidity Facility shall, subject to the Priority of Payments, become immediately due and payable;

9.4.3.3 if the Issuer is unable to arrange a Substitute Liquidity Facility Provider at least 30 Business Days prior to the expiry of any commitment period, then the Available Facility shall be drawn down and the provisions of paragraph 9.5.3 (other than paragraphs 9.5.3.4.2 and 9.5.3.4.3) shall apply, *mutatis mutandis*.

9.5 If the relevant Liquidity Facility Provider ceases to have the Required Credit Rating, then the Liquidity Facility Provider shall notify the Issuer of this fact promptly upon becoming aware of the same and:

9.5.1 the Issuer shall have a period of 30 days from the date on which such circumstance is notified to the Issuer (the "**Arrangement Period**") to use its reasonable endeavours to arrange for a suitable Eligible Institution to:

9.5.1.1 guarantee the obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement (a "**Guarantor**"); or

9.5.1.2 provide a facility to the Issuer (a "**Substitute Liquidity Facility Provider**") on terms and conditions which are agreed to in writing by the Issuer, the Substitute Liquidity Facility Provider and the Security SPV,

provided that a Rating Affirmation (in the event of Rated Notes) in respect of such proposed new terms has been furnished to the Issuer (copied to the Liquidity Facility Provider) prior to the expiry of the Arrangement Period and further provided that the Issuer shall not be obliged to incur costs thereby, save for any reasonable legal costs;

9.5.2 if the Issuer successfully arranges for a Substitute Liquidity Facility Provider then the commitment shall be cancelled and reduced to zero with effect from the effective date of the new facility entered into between the Substitute Liquidity Facility Provider, the Issuer and the Security SPV, and the outstanding amounts under the Liquidity Facility shall, subject to the Priority of Payments, become immediately due and payable;

9.5.3 if the Issuer is unable to arrange a Guarantor or a Substitute Liquidity Facility Provider within the Arrangement Period, then:

9.5.3.1 any undrawn amounts under the Liquidity Facility as at the first Business Day following the expiry of the Arrangement Period ("**Expiry Date**") shall be fully drawn down by the Issuer on or as soon as possible after, the Expiry Date ("**Available Facility Advance**");

9.5.3.2 the unutilised cash so drawn down shall be invested in Permitted Investments, provided that any such Permitted Investment which is a cash deposit shall be deposited in a bank account in the name of the Issuer with a bank nominated by the Liquidity Facility Provider which has the Required Credit Rating;

9.5.3.3 the Available Facility Advance shall be subject to the terms and conditions of the Liquidity Facility Agreement;

9.5.3.4 the Available Facility Advance, together with any accrued interest thereon, shall be repaid by the Issuer to the Liquidity Facility Provider on the earlier of:

9.5.3.4.1 the date of appointment of a Substitute Liquidity Facility Provider;

9.5.3.4.2 the date on which a guarantee is granted by a Guarantor for the obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement;

9.5.3.4.3 the date of the rating of the Liquidity Facility Provider being upgraded to the Required Credit Rating; and

9.5.3.4.4 the Redemption Date on which the last of the Notes in issue are redeemed in full.

9.6 The Issuer shall be entitled, at any time, on giving the Liquidity Facility Provider at least 5 Business Days prior written notice ("**Cancellation Notice**"), to cancel all or part of any undrawn Liquidity Facility provided that (a) a Rating Affirmation (in the event of Rated Notes) in respect of the proposed cancellation has been furnished to the Issuer prior to delivery of the Cancellation Notice (such Rating Affirmation to be attached to the Cancellation Notice) and (b) the Security SPV has consented in writing to the proposed cancellation.

9.7 The Issuer shall have no recourse against the Liquidity Facility Provider beyond the fixed contractual obligations provided for in the Liquidity Facility Agreement.

9.8 For the purpose of compliance with the Securitisation Notice:

9.8.1 the Issuer shall not be entitled to request a draw down of, and the Liquidity Facility Provider shall not be obliged to advance, any amount under the Liquidity Facility if the Administrator fails to furnish, prior to the proposed draw down date, a certificate to the Liquidity Facility Provider certifying that the Outstanding Principal Balance of the Performing Participating Assets will be sufficient to ensure that the advance will not be utilised to cover Non-Performing Assets;

9.8.2 in the event that the Outstanding Principal Balance of the Performing Participating Assets is not sufficient to repay the outstanding amounts under the Liquidity Facility, then with effect from the following Interest Payment Date, the Liquidity Facility shall be cancelled and the commitment shall be cancelled and reduced to zero, the Issuer shall not be entitled to draw down any further amounts under the Liquidity Facility Agreement and the outstanding amounts under the Liquidity Facility, if any, shall, subject to the Priority of Payments, become immediately due and payable;

9.8.3 in the event that the aggregate Outstanding Principal Balance of the Performing Participating Assets on any given date fall to an amount lower than the Liquidity Facility Limit, then unless the Liquidity Facility Provider agrees otherwise in writing (subject to Applicable Laws), the Liquidity Facility Limit shall be reduced to an amount equal to the aggregate Outstanding Principal Balance of the Performing Participating Assets, so that after such reduction there is a sufficient level of Performing Participating Assets to cover any new or existing advance in terms of the Liquidity Facility.

9.9 The obligations of the Liquidity Facility Provider do not and will not significantly extend beyond the salient features of the Liquidity Facility Agreement as disclosed in this Programme Memorandum and the Liquidity Facility Provider will not support the

Securitisation Scheme beyond such obligations within the meaning of the Securitisation Notice. The Liquidity Facility may not be used as a permanent revolving facility in order to provide credit enhancement or cover losses sustained in respect of the Securitisation Scheme.

10 **Collections Accounts and Transaction Account**

Obligor payments in respect of the Participating Assets are paid directly into the Collections Accounts. In terms of the Collections SPV Administration Agreement, the Collections SPV Administrator is obliged to transfer payments allocated to Participating Assets which are paid into the Collections Accounts to the Transaction Account not later than 16h30 on each Business Day, following the Business Day on which such amounts are received in the Collections Accounts.

11 **Transaction Account**

If the Account Bank ceases to have the Required Credit Rating, then the Issuer shall, in consultation with the Security SPV, appoint a successor Account Bank with the Required Credit Rating.

12 **Permitted Investments**

The Administrator will be entitled to invest cash from time to time standing to the credit of the Transaction Account, the Capital Reserve, the Cash Reserve and the Arrears Reserve in Permitted Investments.

13 **Derivative Contracts**

The Issuer may enter into a Derivative Contract(s) with Derivative Counterparty(ies) with the Required Credit Rating in order to manage the Issuer's interest rate risks. There is no obligation on the Issuer to conclude such Derivative Contracts, either on any Issue Date of a Tranche of Notes or at any time thereafter.

THE PARTICIPATING ASSET POOL

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "The Participating Asset Pool" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. **Eligibility Criteria**

The Eligibility Criteria which must be fulfilled on the relevant Effective Date in order for an Instalment Sale Agreement (together with the Vehicle and the Ancillary Contracts in respect thereof) to be included as a Participating Asset to be sold to the Issuer are attached as an annexure to the Sale Agreement and are subject to amendment or variation by the parties to the Sale Agreement in accordance with the terms of the Sale Agreement, provided that a Rating Affirmation (in the event of Rated Notes) in respect of such proposed amendment or variation has been furnished to the Issuer (copied to the Administrator) prior to such proposed amendment of variation coming into effect. As at the Programme Date the Eligibility Criteria are as follows:

1.1. each Instalment Sale Agreement:

1.1.1. has not been terminated, is in existence and is capable of being transferred to the Issuer without notice to the Obligor;

1.1.2. has been originated in South Africa in the ordinary course of an Approved Seller's business and in accordance with the applicable Credit Policy;

1.1.3. constitutes legally valid, binding and enforceable obligations of the applicable Obligor and must not be subject to any right of revocation, set-off, counterclaim, warranty claims of the Obligor or any other right of objection;

1.1.4. has been created in compliance with all Applicable Laws;

1.1.5. is segregated and separately identifiable on the System;

1.1.6. is denominated and payable in Rand;

1.1.7. provides that each scheduled instalment is due and payable monthly;

1.1.8. includes an obligation on the Obligor to enter into a Vehicle Insurance Policy and a Vehicle Tracking Contract;

1.1.9. has a maximum term which is not later than the Interest Payment Date falling 2 years prior to the latest Final Legal Maturity Date of Notes in issue.

1.2. each Obligor:

1.2.1. is a natural person over the age of 18 who is a resident of South Africa;

1.2.2. is not employed by any member of the Group;

1.2.3. is not an unrehabilitated insolvent and against whom no proceedings are pending under the Insolvency Act;

1.2.4. has not had any recovery proceedings commenced against him or her in connection with any previous credit agreements (whether instalment sales, rental agreements, facilities or any other form of credit agreement) entered into with any member of the Group which has not been remedied;

1.2.5. does not have a “Non-Performing Asset” status reflected on the System;

1.2.6. has paid a minimum of one full instalment as reflected on the System on the date it was due and payable;

1.2.7. does not have more than 5 judgements against him or her and/or 5 defaults under any credit agreement with any credit provider which were reported on by a credit bureau as at the relevant Effective Date;

1.2.8. has a current billing address in South Africa that has been verified by documentation which is no older than 90 days at the time of the entry into the applicable Instalment Sale Agreement;

1.2.9. is a verified member of a taxi association in accordance with the Credit Policy;

1.2.10. holds a valid taxi operating license;

1.2.11. holds a valid and existing bank account with a financial institution approved in accordance with the Credit Policy, if he/she has requested a debit order from such account as the payment method under the Instalment Sale Agreement; and

1.3. each Vehicle is a new or used Vehicle which is approved in accordance with the Taxi Recapitalisation Programme.

2. **Portfolio Covenants**

Without derogating from the requirement that each Participating Asset sold and transferred to the Issuer must comply with the Eligibility Criteria, the Participating Asset Pool as a whole must comply on each Effective Date and Determination Date with the following Portfolio Covenants:

2.1. the Weighted Average Asset Margin of the Participating Asset Pool shall be 13% or more;

2.2. the aggregate original amount financed of the largest 10 Obligors in the Participating Asset Pool, in terms of the original amount financed, shall be less than 2% of the aggregate original amount financed of the Participating Asset Pool;

2.3. each Participating Asset, in terms of the original amount financed, shall be less than 0.5% of the aggregate original amount financed of the Participating Asset Pool;

2.4. not less than 70% of the aggregate Outstanding Balance of the Participating Asset Pool shall be in respect of new Premium Vehicles;

2.5. not more than 30% of the aggregate Outstanding Balance of the Participating Asset Pool shall be in respect of used Premium Vehicles;

2.6. no more than 2.5% of the aggregate Outstanding Balance of the Participating Asset Pool may have an Asset Margin which is a fixed rate and is not hedged under a Derivative Contract.

3. **Selection of Participating Assets**

To the extent that the relevant pool of Instalment Sale Agreements to be included by the Seller as Participating Assets to be sold to the Issuer in terms of the Sale Agreement (each, an "**Eligible Participating Asset**") exceeds the Issuer's requirements, then each Eligible Participating Asset to be sold to the Issuer will be selected by the Seller at random in accordance with the provisions of the Sale Agreement.

4. Sale Agreement

4.1. The sale and transfer of Participating Assets to the Issuer from time to time is governed by the terms of the Sale Agreement.

4.2. The Sale Agreement contains certain representations, warranties and undertakings made and/or given by the Seller Servicer to the Issuer in relation to the Participating Assets transferred to the Issuer pursuant to the Sale Agreement as at each relevant Effective Date. These representations, warranties and undertakings include, amongst others, that the Participating Assets to be sold and transferred to the Issuer comply with Eligibility Criteria and that immediately following such sale and transfer, the Portfolio Covenants will not be breached as a result of such sale and transfer.

4.3. If there is an unremedied breach of any of the Participating Asset Warranties set out in the Sale Agreement, then the Seller Servicer, will be obliged to purchase or procure the purchase of the relevant Participating Asset for a consideration in cash equal to the Outstanding Balance as at the date of purchase and pay to the Issuer such damages as the Issuer may have suffered in connection with such breach of warranty to the extent to which those damages have not been extinguished by that purchase. Alternatively, as consideration for such purchase, the Seller Servicer may elect to transfer or may procure that a nominee of the Seller Servicer will transfer a Substitute Participating Asset complying with the Eligibility Criteria with an Outstanding Balance on the date of transfer equal to or greater than the amount of such cash consideration provided however that the Substitute Participating Asset complies with certain conditions set out in the Sale Agreement. The Issuer shall have no further recourse to the Seller and the Seller shall have no liability of any nature whatsoever to the Issuer; the Issuer's sole recourse in that event in terms of the Sale Agreement shall be against Seller Servicer.

5. Seller Servicer Purchase Option

The Sale Agreement also makes provision for the Seller Servicer or its nominee to purchase from the Issuer one or more Participating Assets as may be selected by the Seller Servicer at any time at a purchase price equal to the relevant Outstanding Balance as at the relevant Effective Date.

FORM OF THE NOTES

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Form of the Notes" shall bear the same meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Interest Rate Market

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.

Each Tranche of Notes will be issued in the form of registered Notes in accordance with the Conditions and represented by (i) Individual Certificates, or (ii) no Certificate, if issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Subject to Applicable Laws, each Tranche of Notes listed on the Interest Rate Market of the JSE will be freely transferable and fully paid up in accordance with the Conditions.

Notes issued in uncertificated form and Beneficial Interests in such Notes

Notes issued in uncertificated form will not be represented by any certificate or written instrument. All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures.

The Central Securities Depository will hold the Notes issued in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures. Notes issued in uncertificated form will be registered in the Central Securities Register in the name of the relevant Noteholder.

The Central Securities Depository maintains central securities accounts only for Participants. As at the date of this Programme Memorandum, the Participants are, amongst others, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, the South African Reserve Bank, Citibank N.A., South Africa branch, Société Générale, Johannesburg branch and Standard Chartered Bank, Johannesburg branch.

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

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

Transfers of Notes issued in uncertificated form and held in the Central Securities Depository, or Beneficial Interests in such Notes, occur by electronic book entry in the central securities accounts maintained by the Central Securities Depository or the securities accounts maintained by the Participants, as the case may be. Notes issued in uncertificated form, or Beneficial Interests in such Notes, may be transferred only in accordance with the Conditions and the Applicable Procedures.

Notes issued in uncertificated form, or Beneficial Interests in such Notes, may be exchanged, without charge by the Issuer, for Notes in definitive registered form only in accordance with Condition 13. Such Individual Certificates will not be issuable in bearer form. The Notes represented by Individual Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders maintained by the Issuer Agent.

The Issuer shall regard the Register as the conclusive record of title to the Notes. Registered holders of Notes issued in uncertificated form shall be recognised by the Issuer as the owners of the Notes issued in uncertificated form and registered holders of Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

Individual Certificates

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

PRO FORMA APPLICABLE PRICING SUPPLEMENT

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

TRANSSEC 3 (RF) LIMITED

(PREVIOUSLY, TRANSSEC 3 PROPRIETARY LIMITED)

(Incorporated in South Africa as a company with limited liability under registration number 2016/117311/06)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Under its ZAR2 500 000 000 Asset Backed Note Programme, registered with the JSE Limited on [●].

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

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum issued by Transsec 3 (RF) Limited dated on or about 27 October 2017. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

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

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Applicable Pricing Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Applicable Pricing Supplement contains all information required by Applicable Laws and the Debt Listings Requirements.

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement, the Programme Memorandum and the annual financial report and any amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

DESCRIPTION OF THE NOTES

1.	Issuer	Transsec 3 (RF) Limited
2.	Status and Class of the Notes	Secured Class **[●]** Notes
3.	Tranche number	**[●]**
4.	Series number	**[●]**
5.	Designated Class A Ranking	**[**N/A**]** / **[**Equal ranking with the **[**Class A**[●]** / Class A**[●]** / Class A**[●]]** Notes**]**
6.	Class A Principal Lock-Out (as defined in item 68 below)	**[**Applicable/N/A**]**
7.	Aggregate Principal Amount of this Tranche	**[●]**
8.	Issue Date(s)	**[●]**
9.	Minimum Denomination per Note	ZAR1 000 000
10.	Specified Currency	Rand
11.	Issue Price(s)	**[●]**
12.	Applicable Business Day Convention	**[●]**
13.	Interest Commencement Date(s)	**[●]**
14.	Coupon Step-Up Date	**[●]**
15.	Refinancing Period	**[●]**

16.	Scheduled Maturity Date	**[●]**
17.	Final Legal Maturity Date	**[●]**
18.	Use of Proceeds	The net proceeds of the issue of this Tranche, together with **[**the net proceeds from the issue of the **[**Class **[●]** Notes**]** will be used to **[**purchase Additional Participating Assets**]/[**other**]**.
19.	Pre-Funding Period	**[●]**
20.	Pre-Funding Amount	ZAR**[●]**
21.	Tap Issue Period:	**[**N/A**]** / **[**The period commencing on (and including) **[●]**, and ending on (but excluding) the earlier of: (a) **[●]**; or (b) the date on which an Early Amortisation Event occurs; or (c) **[**any Interest Payment Date after the Issuer has given at least 5 Business Days' notice to the Security SPV, the Noteholders and the Servicer informing each respective party of the Issuer's election to reduce the Tap Issue Period as set out in such notice.**]]**
22.	Revolving Period	**[●]**
23.	Cash Reserve Required Amount	**[●]**
24.	Arrears Reserve Required Amount	**[●]**
25.	Arrears Reserve Trigger Event	**[●]**
26.	Liquidity Facility Limit	**[●]**

27.	Set out the relevant description of any additional Conditions relating to the Notes	**[●]**

FIXED RATE NOTES

28.	Fixed Coupon Rate	**[●]**% per annum nacq/nacm/nacs/naca
29.	Interest Payment Date(s)	**[●]**
30.	Interest Period(s)	**[●]**
31.	Initial Broken Amount	**[●]**
32.	Final Broken Amount	**[●]**
33.	Coupon Step-Up Rate	**[●]**
34.	Any other items relating to the particular method of calculating interest	**[●]**

FLOATING RATE NOTES

35.	Interest Payment Date(s)	**[●]**
36.	Interest Period(s)	**[●]**
37.	Manner in which the Coupon Rate is to be determined	**[**ISDA Determination/Screen Rate Determination/other (insert details)**]**
38.	Margin/Spread for the Coupon Rate	**[**(+/-) ( )% per annum to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)**]**
39.	Margin/Spread for the Coupon Step-Up Rate	**[**(+/-) ( )% per annum to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)**]**

40. If ISDA Determination

(a)	Floating Rate Option	**[●]**
(b)	Designated Maturity	**[●]**
(c)	Reset Date(s)	**[●]**

41. If Screen Determination

(a)	Reference Rate (including relevant period by reference to which the Coupon Rate is to be calculated)	**[**e.g. JIBAR**]**
(b)	Rate Determination Date(s)	**[●]**
(c)	Relevant Screen page and Reference Code	**[●]**

42.	If Coupon Rate to be calculated otherwise than by reference to the previous 2 sub-clauses above, insert basis for determining Coupon Rate/Margin/Fall back provisions	**[●]**
43.	If different from the Issuer Agent, agent responsible for calculating amount of principal and interest	**[●]**
44.	Any other terms relating to the particular method of calculating interest	**[●]**

OTHER NOTES

45.	If the Notes are not Fixed Rate Notes or Floating Rate Notes, or if the Notes are a combination of the above and some other Note, set out the relevant description (including, if applicable, the identity of the	**[●]**

	reference entity in the case of a credit linked Note) and any additional Conditions relating to such Notes	

GENERAL

46.	Additional selling restrictions	**[●]**
47.	Covenants	**[●]**
48.	Events of Default	Condition 11
49.	Description of the underlying assets	**[●]**
50.	Whether the Notes are linked to another listed instrument and the name, code and ISIN of that instrument	**[●]**
51.	International Securities Numbering (ISIN)	**[●]**
52.	Stock Code	**[●]**
53.	Financial Exchange	**[●]**
54.	Dealer(s)	**[●]**
55.	Method of distribution	**[●]**
56.	Rating assigned to this Tranche of Notes (if any)	**[●]**, with effect from the **[**Issue Date**]**
57.	Date the Rating was issued (if any) and the date it is up for review	**[●]**
58.	Rating Agency	As at the Issue Date, **[●]**, or such other Rating Agency as may be appointed to assign a Rating to the Notes

59.	Governing Law	South Africa
60.	Last day to register	**[●]**
61.	Books closed period	**[●]**
62.	Issuer Agent	As at the Issue Date, **[●]**, or such other Issuer Agent as may be appointed in accordance with the provisions of the Transaction Documents from time to time
63.	Specified Office of the Issuer Agent	**[●]**
64.	Programme Limit	ZAR**[●]**
65.	Aggregate Principal Amount Outstanding of Notes in issue on the Issue Date of this Tranche	ZAR**[●]**, excluding this Tranche of Notes and any other Tranche(s) of Notes to be issued on the Issue Date
66.	Aggregate Principal Amount of **[**Class A Notes/Class B Notes/Class **[•]** Notes**]** to be issued simultaneously with this Tranche	ZAR**[●]**
67.	The issuing of this Tranche of Notes will not result in the Programme Limit being exceeded	
68.	Definition: Class A Principal Lock-Out	**[●]**
69.	Other provisions	**[●]**

REPORT OF THE INDEPENDENT AUDITORS - SEE APPENDIX "A"

POOL DATA – SEE APPENDIX "B"

Application is hereby made to list this Tranche of the Notes on the Interest Rate Market of the JSE, as from **[●]**, pursuant to the Transsec 3 (RF) Limited Asset Backed Note Programme.

SIGNED at _____ this _____ day of **[●]** 20**[●]**.

For and on behalf of

TRANSSEC 3 (RF) LIMITED **("ISSUER")**

_____	_____
Name :	Name :
Capacity : Director	Capacity : Director
who warrants his/her authority hereto	who warrants his/her authority hereto

APPENDIX "A"

REPORT OF THE INDEPENDENT AUDITOR OF THE ISSUER

"INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF TRANSSEC 3 (RF) LIMITED ON COMPLIANCE OF THE PROPOSED ISSUE BY TRANSSEC 3 (RF) LIMITED (THE "ISSUER") OF UP TO ZAR2 500 000 000 SECURED NOTES PURSUANT TO THE ISSUER'S ZAR2 500 000 000 ASSET BACKED NOTE PROGRAMME AS DESCRIBED IN THE PROGRAMME MEMORANDUM DATED ON OR ABOUT 27 OCTOBER 2017, WITH THE RELEVANT PROVISIONS OF THE SECURITISATION REGULATIONS (GOVERNMENT NOTICE 2, GOVERNMENT GAZETTE 30628 OF 1 JANUARY 2008) ISSUED BY THE REGISTRAR OF BANKS, AS REQUIRED BY PARAGRAPHS 15(1)(a)(ii) and 16(2)(a)(vii) OF THE SAID NOTICE.

Introduction

As required by paragraphs 15(1)(a)(ii) and 16(2)(a)(vii) of the Securitisation Regulations (Government Notice 2, Government Gazette 30628 of 1 January 2008) issued by the Registrar of Banks (the "**Securitisation Regulations**"), we have reviewed whether or not the issue of up to ZAR2 500 000 000 secured Notes (the "**Notes**") by Transsec 3 (RF) Limited (the "**Issuer**") pursuant to the Issuer's ZAR2 500 000 000 Asset Backed Note Programme (the "**Programme**"), as documented in the Programme Memorandum dated on or about 27 October 2017 (the "**Programme Memorandum**"), and the conduct of the scheme as described in the Programme Memorandum, will be compliant with the relevant provisions of the Securitisation Regulations.

We conducted our work in accordance with International Standards on Assurance Engagements ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

Compliance with the relevant provisions of the Securitisation Regulations is the responsibility of the Issuer. Our responsibility is to report on such compliance.

Scope

Our work was generally limited to an examination of the Programme Memorandum with regard to compliance with the relevant provisions of the Securitisation Regulations. It should be recognised that our work did not constitute an audit or a review and may not necessarily have revealed all material facts.

Findings

Based on our work described above, nothing has come to our attention which indicates that the Issuer will not be in compliance, in all material respects, with the relevant provisions of the Securitisation

Regulations with regard to the proposed issue of the Notes pursuant to the Programme and the conduct of the scheme as described in the Programme Memorandum.

Our report is presented solely for the purpose set out in the first paragraph of the report and is not to be used for any other purpose.

Yours faithfully

Deloitte & Touche

Registered Auditors

Per [•]

Partner

[•]

APPENDIX "B"

PARTICIPATING ASSET POOL DATA

GLOSSARY OF DEFINED TERMS

The following is a glossary of the defined terms referred to in this Programme Memorandum.

1 Unless inconsistent with the context, the following expressions shall have the following meanings:

"**Account Bank**"	SBSA, or such other Eligible Institution appointed in terms of the Bank Agreement;
"**Account Monies**"	all monies held from time to time in all bank accounts (existing and future) in the name of or on behalf of the Issuer, including monies in the Transaction Account;
"**Accredited Dealer**"	a Vehicle dealer approved in accordance with the Credit Policy;
"**Additional Participating Assets**"	Participating Assets complying with the Eligibility Criteria and the conditions set out in clause 5 of the Sale Agreement which are acquired by the Issuer from the Seller on any day during the Revolving Period, the Tap Issue Period, or on a Qualifying Refinancing Date;
"**Administration Agreement**"	the written administration agreement concluded between the Issuer, the Administrator, the Servicer, the Standby Administrator and the Security SPV in terms of which, *inter alia*, the Administrator is appointed by the Issuer to perform certain administrative functions in relation to the conduct of the Issuer's business;
"**Administration Fee**"	the fee payable to the Administrator in terms of the Administration Agreement;
"**Administration Services**"	those services to be performed by the Administrator on behalf of the Issuer in terms of the Administration Agreement;
"**Administrator**"	SATDF and its successors in title, in its capacity as Administrator under the Administration Agreement or such

	person as may be appointed as Administrator under the terms of the Administration Agreement;
"**Administrator Event of Default**"	the occurrence of an Administrator Event of Default as defined in the Administration Agreement;
"**Affected Participating Asset**"	any Participating Asset in respect of which there has been a breach of warranty under clause 11 of the Sale Agreement;
"**Affiliates**"	in relation to a company, its holding company and the Subsidiaries of such company and such holding company, it being recorded that the relevant entities shall not be limited to being South African companies;
"**Agency Agreement**"	the written agreement between the Issuer, the Issuer Agent and the Administrator setting out the terms upon which the Issuer Agent is appointed;
this "**Agreement**"	when used in a Transaction Document, refers to that Transaction Document in which it is used, and includes any schedules and/or annexures to such Transaction Document;
"**Ancillary Contracts**"	in relation to each Instalment Sale Agreement, in each case as amended or novated from time to time: (a) any credit life insurance policies covering, *inter alia*, death and/or disability of a relevant Obligor for an amount up to the Outstanding Balance under the Instalment Sale Agreement concluded by that Obligor; (b) the Vehicle Insurance Policy and any other forms of short-term insurance in respect of the Vehicle(s) which is the subject matter of the Instalment Sale Agreement; (c) the Vehicle Tracking Contract in respect of such Instalment Sale Agreement;

(d) any Debit Order(s) in respect of such Instalment Sale Agreement; and

(e) any other form of security (including, without limitation, the Related Security and all and any suretyships provided in respect of such Instalment Sale Agreement);

"**Applicable Laws**" in relation to a person, all and any:

(a) statutes and subordinate legislation;

(b) regulations, ordinances and directives;

(c) by-laws;

(d) codes of practice, circulars, guidance notices, judgments and decisions of any competent authority; and

(e) other similar provisions, from time to time,

compliance with which is mandatory for that person;

"**Applicable Pricing Supplement**" in relation to any Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to the issue of that Tranche of Notes, setting out such additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the *pro forma* pricing supplement which is set out in the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement*";

"**Applicable Procedures**" the rules and operating procedures for the time being of the Central Securities Depository, Participants and the JSE, as the case may be;

"**Approved Seller**" any seller of Participating Assets other than Potpale that is approved by the Servicer and the Security SPV in writing to

	sell Participating Assets to the Issuer and provided that a Rating Affirmation (in the event of Rated Notes) in respect of such seller has been furnished to the Issuer (copied to the Administrator) prior to the sale of any Participating Assets by such seller to the Issuer;
"**Approved Seller Servicer**"	any person, other than SATDF, appointed by the Seller as servicer under the Seller Servicing Agreement, provided that such appointment has been approved by the Servicer and the Security SPV in writing and a Rating Affirmation (in the event of Rated Notes) in respect of such appointment has been furnished to the Issuer (copied to the Administrator) prior to such appointment coming into effect;
"**Arranger**" or "**Co-Arranger**"	SBSA and SA Taxi or any one of them, as the context may define;
"**Arrears Reserve**"	a reserve established by the Administrator on behalf of the Issuer to be available, if necessary, to meet certain expenses in the Priority of Payments as specified in the Administration Agreement;
"**Arrears Reserve Ledger**"	a ledger established to record the amounts standing to the credit of the Arrears Reserve from time to time;
"**Arrears Reserve Required Amount**"	the amount set out in the Applicable Pricing Supplement;
"**Arrears Reserve Trigger Event**"	the event specified as such in the Applicable Pricing Supplement;
"**Asset Margin**"	in relation to an Instalment Sale Agreement, (i) in the case of a floating rate being applied, the effective interest rate applicable to the Instalment Sale Agreement less the Prime Rate, or (ii) in the case of a fixed rate being applied, the effective interest rate applicable to the Instalment Sale Agreement swapped into a floating equivalent rate less the Prime Rate;

"**Bank Agreement**"	the written agreement entered into between the Issuer, the Security SPV, the Administrator and the Account Bank;
"**Beneficial Interest**"	in relation to a Note, an interest as co-owner of an undivided share in a Note held in uncertificated form, in accordance with the Financial Markets Act;
"**BESA Guarantee Fund Trust**"	the guarantee fund operated by the JSE as a separate guarantee fund in terms of the Rules of the JSE, as required by sections 8(1)(h) and 17(2)(w) of the Financial Markets Act;
"**Business Day**"	a day (other than a Saturday, Sunday or statutory public holiday) on which commercial banks settle payments in Rand in Johannesburg;
"**Business Proceeds**"	any proceeds of or arising in connection with the disposal by the Issuer of the whole or any part of its business or assets;
"**Capital Reserve**"	a reserve established to set aside unutilised amounts (including Principal Collections and Pre-Funding Amounts) to be available, if necessary, to fund the acquisition of Additional Participating Assets and/or Pre-Funded Participating Assets or to redeem the Notes, as the case may be;
"**Capital Reserve Ledger**"	a ledger established to record the amount standing to the credit of the Capital Reserve from time to time;
"**Cash Reserve**"	a reserve established by the Administrator on behalf of the Issuer to be available, if necessary, to meet certain expenses in the Priority of Payments as specified in the Administration Agreement;
"**Cash Reserve Ledger**"	a ledger established to record the amount standing to the credit of the Cash Reserve from time to time;
"**Cash Reserve Required Amount**"	the amount set out in the Applicable Pricing Supplement from time to time;

"**Central Securities Depository**"	Strate Proprietary Limited (registration number 1998/022242/07), or its nominee, a central securities depository operating in terms of the Financial Markets Act, or any additional or alternate depository approved by the Issuer, the Servicer, the Security SPV and the JSE;
"**Certificate**"	an Individual Certificate;
"**Class**" or "**Class of Notes**"	all of the Notes having the same ranking in the Priority of Payments, designated by a letter of the alphabet (such as, for example, Class A Notes and Class B Notes), on the basis that a Note in a Class of Notes identified by a letter closer to the beginning of the alphabet will rank higher than Notes in those Classes of Notes identified by a letter closer to the end of the alphabet and a Class may comprise separate Series of Notes having different Coupon Rates and other terms as set out in the Applicable Pricing Supplement (and, if so, these separate Series will be designated by a letter of the alphabet followed by a numeral, such as, for example, Class A1 and Class A2);
"**Class A Principal Lock-Out**"	has the meaning ascribed to that term in the Applicable Pricing Supplement;
"**Class A Redemption Amount**"	if there are: (a) Class A1 Notes outstanding (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes), an amount determined in in accordance with item 15 of the Pre-Enforcement Priority of Payments, as read with paragraph 3 of the Pre-Enforcement Priority of Payments, which amount shall be no less than the Total Scheduled Redemption Amount and no more than the Potential Redemption Amount (less the amount applied under item 14 of the Pre-Enforcement Priority of Payments);

(b) Class A Notes outstanding and the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) have been fully redeemed, then:

(i) on each Interest Payment Date where a Class B Principal Lock-Out applies, an amount equal to the Redemption Amount; or

(ii) on each Interest Payment Date where no Class B Principal Lock-Out applies and a Class C Principal Lock-Out applies, an amount equal to the Redemption Amount, which amount shall be allocated between the Class A Notes and the Class B Notes so as to maintain the ratio of the aggregate Principal Amount Outstanding of the Class A Notes to the aggregate Principal Amount Outstanding of the Class B Notes;

(iii) on the Final Legal Maturity Date of the Class A Notes outstanding other than the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) or on any prior date after the assets of the Issuer have been exhausted, where there is a Principal Deficiency having taken account of any credit balance in the Cash Reserve and the Arrears Reserve then the aggregate principal amount payable on redemption of the Class A Notes shall be the aggregate Principal Amount Outstanding of the Class A Notes less the Principal Deficiency (to the extent that such Principal Deficiency has not been written off against the Class B Notes and the Class C Notes),

and provided that if there is a Class A Principal Lock-Out in relation to any Class A Notes, then the Class A

Redemption Amount in respect of such Class A Notes shall be zero;

"**Class B Interest Deferral Event**"

the calculation by the Administrator that, as at an Interest Payment Date on which there are Class A Notes outstanding, as determined on the immediately preceding Determination Date, the application of funds in accordance with the Pre-Enforcement Priority of Payments will give rise to a Principal Deficiency which exceeds the sum of:

(a) the then aggregate Principal Amount Outstanding of the Class C Notes; plus

(b) an amount equal to 5% of the aggregate Principal Amount Outstanding of the Class B Notes,

on such Interest Payment Date;

"**Class B Principal Lock-Out**"

shall occur on any Interest Payment Date on which there are Class A Notes outstanding, as determined on the immediately preceding Determination Date, and:

(a) where a Class A Principal Lock-Out exists; or

(b) where, if after the allocation of the Redemption Amount in accordance with the Priority of Payments, the sum of the aggregate Principal Amount Outstanding of the Class B Notes and the Class C Notes as a percentage of the sum of the aggregate Principal Amount Outstanding of all the Notes is not at least three times that same percentage as at the most recent Issue Date; or

(c) where a Principal Deficiency exists on such Interest Payment Date; or

(d) where the Cash Reserve and Arrears Reserve are not funded on such Interest Payment Date at the Cash

Reserve Required Amount and Arrears Reserve Required Amount, respectively;

"**Class B Redemption Amount**" if there are Class B Notes outstanding:

(a) on each Interest Payment Date falling during a Class B Principal Lock-Out, zero; or

(b) on each Interest Payment Date where no Class B Principal Lock-Out applies and a Class C Principal Lock-Out applies, an amount equal to the Redemption Amount less any Class A Redemption Amount; or

(c) on the Final Legal Maturity Date of the Class B Notes or on any prior date after the assets of the Issuer have been exhausted where there is a Principal Deficiency having taken account of any credit balance in the Cash Reserve and the Arrears Reserve then the aggregate principal amount payable on redemption of the Class B Notes shall be the aggregate Principal Amount Outstanding of the Class B Notes less the Principal Deficiency (to the extent that such Principal Deficiency has not been written off against the Class C Notes);

"**Class C Interest Deferral Event**" the calculation by the Administrator that, as at an Interest Payment Date on which there are Class B Notes outstanding, as determined on the immediately preceding Determination Date, the application of funds in accordance with the Pre-Enforcement Priority of Payments will give rise to a Principal Deficiency which exceeds an amount equal to 0% of the aggregate Principal Amount Outstanding of the Class C Notes on such Interest Payment Date;

"**Class C Principal Lock-Out**" shall occur on any Interest Payment Date on which there are Class B Notes outstanding, as determined on the immediately preceding Determination Date;

"**Class C Redemption Amount**" if there are Class C Notes outstanding:

(a) on each Interest Payment Date falling during a Class C Principal Lock-Out, zero; or

(b) on each Interest Payment Date where no Class C Principal Lock-Out applies an amount equal to the Redemption Amount less any Class A Redemption Amount less any Class B Redemption Amount; or

(c) on the Final Legal Maturity Date of the Class C Notes or on any prior date after the assets of the Issuer have been exhausted where there is a Principal Deficiency having taken account of any credit balance in the Cash Reserve and the Arrears Reserve then the aggregate principal amount payable on redemption of the Class C Notes shall be the aggregate Principal Amount Outstanding of the Class C Notes less the Principal Deficiency;

"**Clearing System**" Strate Proprietary Limited (registration number 1998/022242/07) acting as the approved electronic clearing house, carrying on the role of clearing and facilitation of settlement of all transactions carried out on the JSE;

"**Collection Period**" each period beginning on (but excluding) a Determination Date (save for the first Collection Period which shall begin on (and include) the Effective Date) and ending on (and including) the following Determination Date;

"**Collections**" as at any given point in time, all amounts recorded in the System as having been received from the Obligors by the Collections SPV on behalf of the Issuer in respect of the Participating Assets, whether in the form of payments of Principal, Finance Charges, Obligor Prepayments, payments in respect of Insurance Contracts (including the cost of premiums paid under Insurance Contracts which are owed by

the Obligors to the Issuer), payments in respect of Vehicle Tracking Contracts, Recoveries or otherwise (including payments received arising from claims under any Insurance Contracts), including the proceeds of any sale by the Issuer of any Participating Assets;

"**Collections Accounts**"	all bank accounts opened or to be opened in the name of the Collections SPV with any of the Permitted Banks and all the right, title and interest in and to any other bank accounts with any of the Permitted Banks ceded and assigned, or to be ceded and assigned, to the Collections SPV, into which, *inter alia*, all cash receipts from Obligors shall be deposited from time to time;
"**Collections Procedure**"	all such actions as may be necessary or advisable to collect, service, administer and allocate all payments due in respect of the Participating Assets and to realise any Related Security in respect thereof, all in accordance with the procedures set out in the Servicing Agreement;
"**Collections SPV**"	Keywood (RF) Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2012/092116/07 and its successors-in-title or assigns;
"**Collections SPV Administration Agreement**"	the written administration agreement concluded between, amongst others, the Collections SPV and the Collections SPV Administrator, in terms of which, *inter alia*, the Collections SPV Administrator is appointed by the Collections SPV to provide certain servicing and administration services to the Collections SPV;
"**Collections SPV Administrator**"	SATDF and its successors-in-title, in its capacity as Collections SPV Administrator under the Collections SPV Administration Agreement, or such other person as may be appointed as Collections SPV Administrator under the terms of the Collections SPV Administration Agreement;

"**Collections SPV Owner Trust**"	SA Taxi Collections SPV Owner Trust, an *inter vivos* trust duly established in accordance with the laws of South Africa and the provisions of a written trust deed and registered with the Master of the High Court with Master's Reference Number IT4191/2012;
"**Common Terms Agreement**"	the written agreement between, amongst others, the Co-Arrangers, the Lead Manager, the Dealer, the Debt Sponsor, the Issuer Agent, the Liquidity Facility Provider, the Derivative Counterparty, the Issuer, the Administrator, the Servicer, the Seller Servicer, the Standby Servicer, the Seller, SBSA, the Subordinated Lender, the Preference Shareholder, the Account Bank, the Security SPV, the Security SPV Owner Trustee and the Owner Trustee;
"**Companies Act**"	the Companies Act, No 71 of 2008;
"**Conditions**"	the terms and conditions of the Notes incorporated in this Programme Memorandum under the section headed "*Terms and Conditions of the Notes*" and in accordance with which each Tranche of Notes is issued, as amended, novated and/or substituted from time to time in accordance with their terms, and reference in the Transaction Documents to a particular numbered Condition shall be construed as a reference to the corresponding Condition in this Programme Memorandum;
"**Consumer Protection Act**"	the Consumer Protection Act, No 68 of 2008;
"**Contracts**"	all documents and/or agreements concluded between SATDF and any third parties in relation to the maintenance and/or safe custody of the Data and/or the System and/or the operation of the System;
"**Controlling Class**"	the Class A Notes, for so long as any of such Class A Notes are outstanding and after such Class A Notes are no longer outstanding, each succeeding Class of Notes, (in reducing

order of rank) for so long as each such succeeding Class is outstanding;

"**Coupon Rate**" from the relevant Issue Date up to but excluding the Coupon Step-Up Date, the rate of interest applicable to each Tranche of Notes as specified in the Applicable Pricing Supplement relating to such Tranche of Notes;

"**Coupon Step-Up Date**" in relation to a Tranche of Notes, the date specified in the Applicable Pricing Supplement;

"**Coupon Step-Up Rate**" on and from the relevant Coupon Step-Up Date to but excluding the Redemption Date on which the last of the outstanding Notes in issue are redeemed in full, the rate of interest applicable to each Tranche of Notes, as specified in the Applicable Pricing Supplement relating to such Tranche of Notes;

"**Credit Policy**" the credit policy of SA Taxi applied by the Group in the conduct of its business on any given date, as more fully described in the section headed "*Origination Process*", as updated from time to time;

"**Data**" all electronic information relating to the Obligors, the Participating Assets and/or the Underlying Documentation recorded on the System;

"**Date of Signature**" in relation to each Transaction Document, the date of signature of a Transaction Document by the signatory which signs it last;

"**Dealer(s)**" a dealer in relation to an issue of Notes, appointed by the Issuer from time to time, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer's right to terminate the appointment of any such dealer;

"**Debit Order**" the debit order authority (if any) given and signed by an Obligor in respect of such Obligor's Participating Asset, or any

	stop order instruction given and signed by an Obligor in respect of such Obligor's Participating Asset, all as contemplated in the relevant Instalment Sale Agreement;
"**Debt Listings Requirements**"	the criteria and disclosure requirements for the listing of Notes on the JSE, as amended from time to time by the JSE;
"**Debt Sponsor**"	SBSA or such other entity as may be appointed by the Issuer;
"**Derivative Contract**"	any interest rate swap, forward rate agreement or other rate or hedging transaction or agreement, any option with respect to such transaction or agreement, or any combination of such transactions or agreements or other similar arrangements entered into by the Issuer, as amended, novated and/or substituted from time to time in accordance with its terms;
"**Derivative Counterparty**"	any person with the Required Credit Rating with whom the Issuer concludes a Derivative Contract to hedge the Issuer's interest rate risks;
"**Derivative Termination Amount**"	all amounts payable to the Derivative Counterparty by the Issuer under any Derivative Contract following the occurrence of an early termination date as defined in that Derivative Contract;
"**Designated Class A Ranking**"	the ranking assigned to a Tranche of Class A Notes issued after the Initial Issue Date which does not form part of any existing Series of Class A Notes that ranks equally (for all purposes under the Programme including payment of interest, principal and all other amounts due and payable in terms of the Priority of Payments) with the relevant Series of Class A Notes, as specified in the Applicable Pricing Supplement of such Tranche of Notes;
"**Determination Date**"	the last day of the month immediately preceding each Interest Payment Date;
"**Directors**"	the directors of the Issuer;

"**Dividend Payment Date**" the same date as the Interest Payment Date;

"**Early Amortisation Event**" the occurrence of any of the following events:

(a) failure by the Issuer to fund the Arrears Reserve in an amount greater than or equal to the Arrears Reserve Required Amount for 2 consecutive Interest Payment Dates;

(b) an Event of Default;

(c) the failure by the Issuer to redeem the Principal Amount Outstanding of Notes which have reached their respective Coupon Step-Up Date;

(d) if a Principal Deficiency is recorded on any Determination Date;

(e) the replacement of SATDF as Servicer in accordance with the provisions of the Servicing Agreement;

(f) any of the outstanding Notes are downgraded by the Rating Agency as a result of a deterioration of the performance of the Participating Asset Pool;

(g) the failure by the Issuer to fund the Cash Reserve in an amount greater than or equal to the Cash Reserve Required Amount for 2 consecutive Interest Payment Dates;

(h) the failure by the Issuer to pay and/or repay any amount(s) due and payable by the Issuer under the Liquidity Facility on the relevant Interest Payment Date;

"**Effective Date**" the effective date of each sale of Participating Assets in terms of the Sale Agreement;

"**Eligible Institution**"	a bank, financial institution or other entity having the Required Credit Rating from the Rating Agency;
"**Eligibility Criteria**"	the criteria that a Participating Asset must satisfy to be acquired by the Issuer, as set out in Annexure G to the Sale Agreement, as amended or varied by the parties to the Sale Agreement, provided that a Rating Affirmation (in the event of Rated Notes) in respect of such proposed amendment or variation has been furnished to the Issuer (copied to the Administrator) prior to such proposed amendment of variation coming into effect;
"**eNaTIS**"	the Electronic National Administration Traffic Information System operated by the Department of Transport;
"**Encumbrance**"	includes any mortgage bond, notarial bond, pledge, lien, hypothecation, assignment, cession-*in-securitatem debiti*, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest or preferential treatment to a person over another person's assets (including set-off, title retention or reciprocal fee arrangements) or any agreement or arrangement to give any form of security or preferential treatment to a person over another person's assets, but excluding statutory preferences;
"**Enforcement Notice**"	a notice served by the Security SPV on the Issuer pursuant to the Conditions following an Event of Default under the Notes;
"**Entry Level Vehicle**"	a Vehicle manufactured under any Vehicle brand included in the Credit Policy which does not constitute a Premium Vehicle, and which as at the Programme Date includes, without limitation, one of the following Vehicle brands: CAM, CMC, Jinbei, King Long, Polar Sun, Foton, Force Traveller and Peugeot;

"**Event of Default**" any of the events specified as such in the Conditions and in relation to any other Transaction Document, a failure by the Issuer duly to perform or observe any obligation binding on it under any such Transaction Document which breach gives rise to a claim by a Secured Creditor against the Issuer;

"**Excess Spread**" excess funds available after paying or providing for items 1 to 22 (both inclusive) in the Pre-Enforcement Priority of Payments;

"**Excluded Items**"

(a) certain monies which properly belong to third parties (such as, without limitation, monies owing to any party in respect of reimbursement for direct debit recalls, the costs of insurance premiums and payments in respect of Vehicle Tracking Contracts);

(b) amounts payable to the Seller under the Sale Agreement in respect of reconciliations of the amounts paid in respect of the purchase of Participating Assets on any Effective Date;

(c) up until the expiry of the Revolving Period or the Tap Issue Period or on a Qualifying Refinancing Date, as the case may be, amounts paid by the Issuer to the Seller in respect of the purchase consideration for Participating Assets purchased by the Issuer on any day during an Interest Period, in accordance with the terms and conditions of the Sale Agreement;

(d) any amounts paid by the Servicer into the Transaction Account in terms of the Servicing Agreement in respect of instalments owing under a Participating Asset but unpaid on any Determination Date for non-credit-related reasons, which instalments have subsequently been received by the Issuer;

(e) amounts paid by the Issuer to the Seller in respect of the Purchase Price for Pre-Funded Participating

Assets, provided that the aggregate of such amounts does not exceed the Pre-Funding Amount;

(f) the repayment of Liquidity Facility Invested Amounts;

(g) the redemption of Notes using the net proceeds from a Tranche of Notes issued for this purpose,

all of which items rank above all other items in the Priority of Payments, and the payment of which is not restricted to Interest Payment Dates;

"**Facility Limit**"	in relation to the Subordinated Loan, an amount equal to 20% of the Programme Limit;
"**FAIS**"	the Financial Advisory and Intermediary Services Act, No 37 of 2002;
"**Final Broken Amount**"	in respect of the interest on Fixed Rate Notes, the amount specified in the Applicable Pricing Supplement;
"**Final Legal Maturity Date**"	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
"**Finance Charges**"	the charges, interest and other similar amounts payable by an Obligor in terms of an Instalment Sale Agreement concluded with that Obligor as reflected on the System;
"**Financial Markets Act**"	the Financial Markets Act, No 19 of 2012;
"**Fitch**"	Fitch Southern Africa Proprietary Limited;
"**Fixed Rate Note**"	Notes which will bear interest at a fixed Rate of Interest, as specified in the Applicable Pricing Supplement;

"**Floating Rate Note**"	Notes which will bear interest at a floating Rate of Interest, as specified in the Applicable Pricing Supplement;
"**GCR**"	Global Credit Rating Co Proprietary Limited;
"**Group**"	SA Taxi and all of its Subsidiaries from time to time;
"**Guarantee Conditions**"	any conditions specified or contemplated in the Security SPV Guarantee;
"**Individual Certificate**"	a Note in the definitive registered form of a single certificate, registered in the name of the relevant Noteholder;
"**Initial Broken Amount**"	in respect of the interest on Fixed Rate Notes, the amount specified in the Applicable Pricing Supplement;
"**Initial Issue Date**"	the Issue Date of the Initial Notes;
"**Initial Notes**"	the Notes in the first Tranche or Tranches of Notes issued by the Issuer under the Programme;
"**Initial Participating Assets**"	Participating Assets complying with the Eligibility Criteria which are purchased by the Issuer with the proceeds of Notes issued on the Initial Issue Date and/or the proceeds of the Subordinated Loan;
"**Insolvency Act**"	the Insolvency Act, No 24 of 1936;
"**Instalment Sale Agreement**"	a written instalment sale agreement concluded between the Seller and an Obligor in terms of which the Seller sells and finances, *inter alia*, a single Vehicle forming the subject matter of the instalment sale agreement and any fee, charges and the like arising under Ancillary Contracts;
"**Insurance Contracts**"	in relation to each Instalment Sale Agreement, each Vehicle Insurance Policy and any other or additional insurance policies, which may be taken out at any time in the future in relation to such Instalment Sale Agreement or the Vehicles

	(whether pursuant to the Instalment Sale Agreement or otherwise);
"**Insurance Proceeds**"	the proceeds of any claim under any of the Insurance Contracts;
"**Interest Amount**"	the interest payable on each Class of Notes on each Interest Payment Date as determined in accordance with the Conditions;
"**Interest Commencement Date**"	the first date from which interest on the Notes will accrue, as specified in the Applicable Pricing Supplement;
"**Interest Deferral Event**"	a Class B Interest Deferral Event or a Class C Interest Deferral Event, as the case may be;
"**Interest Payment Date**"	in relation to a Tranche of Notes, the date specified in the Applicable Pricing Supplement;
"**Interest Period**"	each 3 month period commencing on and including the day of any Interest Payment Date and ending on but excluding the next following Interest Payment Date;
"**Interest Rate Market of the JSE**"	the separate platform or sub-market of the JSE designated as the "Interest Rate Market" and on which (i) securities which were listed on the former Bond Exchange of South Africa, prior to its merger with the JSE on 22 June 2009, may continue to be listed and (ii) debt securities (as defined in the Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all applicable laws;
"**Investor Reports**"	the report to Noteholders compiled by the Administrator in the format set out in Annexure D to the Administration Agreement;
"**ISDA**"	International Swaps and Derivatives Association Inc;

"**ISDA Definitions**"	the 2006 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
"**Issue Date**"	in relation to each Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
"**Issue Price**"	in relation to each Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
"**Issuer**"	Transsec 3 (RF) Limited, a company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2016/117311/06 and its successors-in-title or assigns;
"**Issuer Agent**"	SBSA or such other entity as may be appointed by the Issuer;
"**Issuer Indemnity**"	the written indemnity given by the Issuer to the Security SPV indemnifying the Security SPV against claims by Secured Creditors in terms of the Security SPV Guarantee;
"**Issuer Insolvency Event**"	the occurrence of any of the following events in relation to the Issuer: (a) the Issuer becoming subject to a scheme of arrangement as envisaged in section 114 or scheme of compromise as envisaged in section 155 of the Companies Act (other than one the terms of which have been approved by the Security SPV or by a Special Resolution of the Noteholders and where the Issuer is solvent); (b) the Issuer being wound-up, liquidated, deregistered or placed under supervision by a business rescue practitioner, in any such event whether provisionally or finally and whether voluntarily or compulsorily;

(c) the Issuer compromising or attempting to compromise with, or deferring or attempting to defer payment of debts owing by it to, its creditors generally or any significant class of creditors (except a deferral provided for in the Transaction Documents as a result of lack of funds available for that purpose in terms of the Priority of Payments);

(d) the Issuer committing an act which would be an act of insolvency, in terms of the Insolvency Act, were the Issuer a natural person (other than any deferral of payments in terms of the Priority of Payments);

(e) the Issuer being deemed to be unable to pay its debts in terms of the Companies Act (except where such inability is as a result of a lack of available funds for that purpose in terms of the Priority of Payments); or

(f) the members or creditors or, where applicable, Directors of the Issuer propose to convene a meeting or convenes a meeting in order to pass a resolution providing for the Issuer to be wound up, liquidated, deregistered or placed under supervision by a business rescue practitioner, or any resolution being proposed to be passed or being passed to this effect;

"**Issuer Redemption Option**" any one or more of the options provided for in Condition 7.3;

"**JIBAR**" (a) the mid-market rate for 3 month deposits in Rand for the relevant Interest Period which appears on the Reuters screen SAFEY page under caption "Yield" (or on the JSE Equity and Commodity Derivatives Markets nominated successor screen for JIBAR) as of approximately 11h00, Johannesburg time, on the relevant Rate Determination Date, rounded to the third decimal point; or

(b) if such rate does not appear on the Reuters screen SAFEY page (or on the JSE Equity and Commodity Derivatives Markets nominated successor screen for JIBAR) for the relevant Interest Period for any reason whatsoever, the rate determined on the basis of the mid-market 3 month deposit rates for Rand quoted by at least 2 of the Reference Banks at approximately 11h00, Johannesburg time, on the Rate Determination Date. (The requesting party will request the principal Johannesburg office of each of the Reference Banks to provide a quotation of such rate. If at least 2 quotations are provided, the rate for that date will be the arithmetic mean of those quotations); or

(c) if on any Rate Determination Date, on which the previous sub-paragraph applies, fewer than 2 quotations are provided by the Reference Banks, the rate for that date will be determined by the Issuer Agent, acting in good faith and in a commercially reasonable manner, using a representative rate which in its opinion is as close as possible to 3 month JIBAR, and the reasonableness of the selection of such rate will be reported on by the Issuer's auditor. If such auditor regards such selection as unreasonable, the Issuer Agent shall repeat the process until the auditor is satisfied as to the reasonableness of the selection of such rate;

the "**JSE**"	the financial exchange operated by the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE;
"**JSE Equity and Commodity Derivatives Markets**"	the Equity and Commodity Derivatives Markets operated by the JSE or any successor thereto;

"**Latest Coupon Step-Up Date**"	the Coupon Step-Up Date falling last in time in respect of all Notes outstanding;
"**Lead Manager**"	SBSA or such other entity as may be appointed by the Issuer;
"**Liquidity Facility Invested Amounts**"	means the amounts drawn down by the Issuer under the Liquidity Facility (together with any accrued interest thereon), in the event that: (a) the Issuer fails to agree to a renewal of the Liquidity Facility and the Issuer is unable to arrange for a suitable Eligible Institution to provide a facility to the Issuer; or (b) the Liquidity Facility Provider ceases to have the Required Credit Rating and the Issuer is unable to arrange for a suitable Eligible Institution (i) to guarantee the obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement, or (ii) to provide a facility to the Issuer, all in accordance with the provisions of the Liquidity Facility Agreement;
"**Liquidity Facility**"	if applicable, the liquidity facility granted by the Liquidity Facility Provider to the Issuer in terms of the Liquidity Facility Agreement;
"**Liquidity Facility Agreement**"	the written liquidity facility agreement concluded between the Issuer, the Liquidity Facility Provider and the Security SPV;
"**Liquidity Facility Limit**"	in relation to the Liquidity Facility, the maximum aggregate amount that can be drawn by the Issuer at any time under the Liquidity Facility in accordance with the terms of the Liquidity Facility Agreement and, where applicable, as specified in the Applicable Pricing Supplement;

"**Liquidity Facility Provider"**	SBSA or such other Eligible Institution as may be appointed by the Issuer in terms of the Liquidity Facility Agreement;
"**Liquidity Shortfalls**"	cash shortfalls arising from market disruptions or timing mismatches in the cash flow of the Issuer between the receipt of payments in respect of the Participating Assets and payments due by the Issuer in terms of items 1 to 4 (both inclusive), 8, 9 and 15 in the Pre-Enforcement Priority of Payments;
"**Margin**"	in relation to a Tranche of Notes, the margin applied in determining the Rate of Interest in respect of such Tranche of Notes, as specified in the Applicable Pricing Supplement;
"**Material Adverse Event**"	an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a materially adverse effect on the assets, business or financial condition or trading prospects of the Issuer or the Servicer or the Group as a whole, to such an extent that their ability to perform their respective obligations in terms of the Transaction Documents is, or is reasonably likely to be, impaired;
"**Moody's**"	Moody's Investors Service Limited;
"**National Credit Act**"	the National Credit Act, No 34 of 2005;
"**Non-Performing Asset**"	a Participating Asset in respect of which, as at a Determination Date, the applicable Obligor is at least 3.5 monthly instalments in arrears as reflected on the System and in respect of which fewer than 3 cumulative Qualifying Payments have been made within the 3 months ending on such Determination Date;
"**Noteholder**"	the holder of a Note from time to time;
"**Notes**"	the limited recourse, secured registered Notes issued by the Issuer under the Programme in terms of the Conditions;

"**Obligor**"	a counterparty (including all successors-in-title of such counterparty) to an Instalment Sale Agreement concluded with the Seller;
"**Obligor Prepayments**"	principal payments by an Obligor under an Instalment Sale Agreement in excess of the minimum repayments required in terms of the Instalment Sale Agreement at the date thereof;
"**Ordinary Resolution**"	(i) a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, upon a show of hands, by majority of the Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy and voting at the meeting, or, if a poll is duly demanded, by majority of the votes cast at such poll by Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy; or (ii) instead of a resolution passed at a meeting of all of the Noteholders or the Noteholders of the relevant Class of Notes, as the case may be, a written resolution passed by a majority of the Noteholders or the Noteholders of the relevant Class of Notes, as the case may be, as contemplated in Condition 22.12;
"**Outstanding Balance**"	at any time, the total amount outstanding under an Instalment Sale Agreement including all amounts of principal, Finance Charges (including accrued Finance Charges) and costs, including costs in relation to Ancillary Contracts, in each case whether or not then payable;
"**Outstanding Principal Balance**"	at any time, the total principal amount outstanding under an Instalment Sale Agreement;
"**Owner Trust**"	Transsec 3 Issuer Owner Trust, a trust established and registered in accordance with the laws of South Africa with Master's Reference Number IT001954/2017(G), which beneficially owns all the ordinary shares in the issued share capital of the Issuer;

"**Owner Trust Suretyship**"	a deed of suretyship executed by the Owner Trustee on behalf of the Owner Trust in favour of the Security SPV which deed of suretyship secures the obligations of the Issuer to the Security SPV in respect of the Issuer Indemnity;
"**Owner Trustee**"	the trustee for the time being of the Owner Trust;
"**Participant**"	a person that holds securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of section 31 of the Financial Markets Act;
"**Participating Asset**"	all right, title and interest in and to an Instalment Sale Agreement, including, without limitation: (a) the Vehicle to which such Instalment Sale Agreement relates; and (b) the Data and the Underlying Documentation; (c) all right, title and interest in and to: (i) all Ancillary Contracts; (ii) all Related Security, in relation to such Instalment Sale Agreement and which will be owned by the Issuer upon acquisition thereof by the Issuer in accordance with the terms of the Sale Agreement;
"**Participating Asset Pool**"	the portfolio of Participating Assets owned by the Issuer from time to time;
"**Participating Asset Warranties**"	the representations, warranties and undertakings made and/or given to the Issuer by the Seller Servicer relating to the Participating Assets as specified in Annexure A, Part B of the Sale Agreement;

"**Payment Schedule**" the payment schedule contemplated in the Administration Agreement setting out the information required to calculate the Post-Enforcement Priority of Payments and the amounts payable under each item of the Post-Enforcement Priority of Payments;

"**Performing Participating Assets**" Participating Assets which are not Non-Performing Assets;

"**Permitted Banks**"

(a) ABSA Bank Limited (registration number 1986/004794/06);

(b) FirstRand Bank Limited (registration number 1929/001225/06);

(c) Nedbank Limited (registration number 1951/000009/06);

(d) SBSA; and

(e) any other entity provided that the appointment of such an entity will not adversely affect the current Ratings of the Notes then in issue, as confirmed by the Rating Agency in writing,

each a public company duly established and registered as a bank in accordance with the laws of South Africa, provided that any such bank shall cease to be a Permitted Bank should it at any time no longer hold the Required Credit Rating;

"**Permitted Investments**" investments in which the Administrator is entitled to invest cash from time to time standing to the credit of the Transaction Account, namely investments with, or wholly and unconditionally guaranteed by an entity with, the Required Credit Rating from the Rating Agency that mature 2 Business Days prior to the next Interest Payment Date, are in the same

currency as that of the cash used to make such investments and are purchased at or below face value;

"**Pledge**" the pledge and cession by the Owner Trustee acting on behalf of the Owner Trust, as shareholder of the Issuer, of its shares in the Issuer to the Security SPV as security for the obligations of the Owner Trustee in terms of the Owner Trust Suretyship;

"**Portfolio Covenants**" the criteria that the aggregate portfolio of Participating Assets owned by the Issuer must satisfy, immediately after the acquisition of each Participating Asset or Substitute Participating Asset under the Sale Agreement, as set out in Annexure G to the Sale Agreement, as amended or varied by the parties to the Sale Agreement, provided that a Rating Affirmation (in the event of Rated Notes) in respect of such proposed amendment or variation has been furnished to the Issuer (copied to the Administrator) prior to such proposed amendment of variation coming into effect;

"**Post-Enforcement Priority of Payments**" the order in which payments shall be made from, among other sources, the Transaction Account, the Capital Reserve, the Cash Reserve and the Arrears Reserve after delivery of an Enforcement Notice pursuant to an Event of Default, as set out in the Administration Agreement;

"**Potential Event of Default**" in relation to a Transaction Document (other than the Conditions), any event or the existence of any circumstances which, with the giving of notice and the expiry of any applicable notice period, any determination of materiality, the satisfaction or non-satisfaction of any applicable condition, or any combination of them would bring about an Event of Default;

"**Potential Redemption Amount**" an amount determined on each Determination Date as follows:

(a) Principal Collections; plus

(b) a positive amount equal to principal losses realised upon completion of the enforcement and recovery process in relation to defaulting Participating Assets during the immediately preceding Collection Period; plus

(c) an amount equal to the Principal Deficiency recorded on the previous Determination Date; plus

(d) any reduction in the Capital Reserve; plus

(e) any amount equal to the reduction in the Cash Reserve Required Amount on the Coupon Step-Up Date, or any Interest Payment Date following such Coupon Step-Up Date, to the extent funded by the proceeds of the Notes and the Subordinated Loan, in excess of the Cash Reserve Required Amount funded from Excess Spread which the Issuer in its discretion elects to release from the Cash Reserve for application to the redemption of the Notes; plus

(f) on the Latest Coupon Step-Up Date or any Interest Payment Date following the Latest Coupon Step-Up Date, the amount standing to the credit of the Arrears Reserve as at the immediately preceding Interest Payment Date and the amount standing to the credit of the Cash Reserve as at the immediately preceding Interest Payment Date representing the Cash Reserve Required Amount, provided that such funds may not be utilised as contemplated herein if following such utilisation, the Principal Amount Outstanding of all the Notes are not redeemed in full on such Interest Payment Date,

provided that the Potential Redemption Amount shall never be less than zero;

"**Potpale**"	Potpale Investments (RF) Proprietary Limited, a private company with limited liability, registered and incorporated in accordance the laws of South Africa under registration number 2011/118165/07 and its successors-in-title or assigns;
"**Pre-Enforcement Priority of Payments**"	the order in which payments shall be made from, among other sources, the Transaction Account, the Capital Reserve, the Cash Reserve, the Arrears Reserve and the Liquidity Facility prior to delivery of an Enforcement Notice pursuant to an Event of Default as set out in the Administration Agreement;
"**Preference Shares**"	the 23 cumulative redeemable preference shares in the issued share capital of the Issuer;
"**Preference Share Subscription Agreement**"	the written agreement entered into between the Preference Shareholder, the Security SPV and the Issuer relating to the subscription for the Preference Shares;
"**Preference Shareholder**"	the registered holder from time to time of the Preference Shares, initially being SA Taxi;
"**Pre-Funded Participating Assets**"	Participating Assets complying with the Eligibility Criteria that are transferred from the Seller to the Issuer after each Issue Date and which shall be funded utilising the Pre-Funding Amount;
"**Pre-Funding Amount**"	the amount set out in the Applicable Pricing Supplement from time to time;
"**Pre-Funding Ledger**"	the ledger maintained to record the Pre-Funding Amounts credited to the Capital Reserve;
"**Pre-Funding Period**"	the period specified in the Applicable Pricing Supplement;
"**Premium Vehicle**"	a Vehicle which is not an Entry Level Vehicle, which as at the Programme Date are Vehicles manufactured by Toyota,

Volkswagen, Iveco, Nissan and Mercedes Benz, and shall include taxis manufactured by any other manufacturer from time to time, provided that such manufacturer will not adversely affect the current Ratings of the Notes then in issue;

"**Prime Rate**" the publicly quoted annual prime lending rate of interest from time to time levied by SBSA on unsecured overdrawn current accounts (as certified by any manager of that bank whose authority and/or appointment need not be proved), nominal annual compounded monthly in arrears;

"**Principal Amount**" in relation to a Note, the nominal value of the Note;

"**Principal Amount Outstanding**" of any Tranche of Notes, means the Principal Amount of such Tranche of Notes less the aggregate amount of all Redemption Amounts in respect of that Tranche of Notes prior to the relevant measurement date;

"**Principal Collections**" as at any given point in time, all amounts received by or on behalf of the Issuer in respect of the principal portion of Collections, including:

(a) all amounts of principal received in respect of payments and Obligor Prepayments:

(b) payments in respect of the Finance Charges (including accrued Finance Charges) and costs (including costs in relation to Ancillary Contracts) which were included in the Purchase Price pertaining to the Instalment Sale Agreements;

(c) all amounts of principal received in respect of the sale of repossessed Vehicles; and

(d) all amounts of principal received in respect of Participating Assets that have been settled or terminated,

	but excluding any amounts received in respect of Recoveries, interest and any other charge;
"**Principal Deficiency**"	the amount, if any, by which the Potential Redemption Amount exceeds the remaining cash in the Pre-Enforcement Priority of Payments on any Determination Date after the payment of or provision for items 1 to 13 (both inclusive) in the Pre-Enforcement Priority of Payments;
"**Principal Deficiency Ledger**"	the ledger maintained to record the Principal Deficiency on each Determination Date;
"**Principal Lock-Out**"	In relation to the relevant Class of Notes, a Class A Principal Lock-Out, Class B Principal Lock-Out or a Class C Principal Lock-Out, as the case may be or as the context requires;
"**Priority of Payments**"	the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as the case may be;
"**Programme**"	the ZAR2 500 000 000 asset backed Note programme set out in the Programme Memorandum under which the Issuer may from time to time issue Notes;
"**Programme Date**"	the Date of Signature of the Programme Memorandum;
"**Programme Agreement**"	the written agreement between, among others, the Issuer and the Dealer(s) in relation to the establishment of the Programme and the placement of Notes on behalf of the Issuer under the Programme, as amended, novated and/or substituted from time to time in accordance with its terms;
"**Programme Limit**"	the maximum Principal Amount Outstanding of Notes that may be in issue by the Issuer under the Programme at any point in time, as specified in the Applicable Pricing Supplement;

"**Programme Memorandum**"	this Programme Memorandum to be issued by the Issuer providing information about the Issuer and the listing of the Notes, and incorporating the Conditions;
"**Purchase Price**"	in respect of each Participating Asset sold to the Issuer by a Seller in terms of the Sale Agreement, an amount equal to the Outstanding Balance in respect of that Instalment Sale Agreement as at the relevant Effective Date of the sale;
"**Qualifying Payment**"	a payment made by an Obligor to the Issuer in respect of the most recent instalment due under a Participating Asset which is more than 50% of the applicable instalment due;
"**Qualifying Refinancing Conditions**"	the conditions to be fulfilled in order to acquire Additional Participating Assets on a Qualifying Refinancing Date, namely: (a) all Notes outstanding being redeemed on the Latest Coupon Step-Up Date, or on any Interest Payment Date falling thereafter, in accordance with the provisions of Condition 7.3.4; (b) the Programme Limit not being exceeded; and (c) satisfactory approval from the South African Reserve Bank being in place;
"**Qualifying Refinancing Date**"	the Latest Coupon Step-Up Date, or any Interest Payment Date falling thereafter, on which all Notes outstanding are redeemed pursuant to Condition 7.3.4, subject to fulfilment of the Qualifying Refinancing Conditions;
"**R**" **or** "**Rand**" or "**ZAR**"	the lawful currency of South Africa;
"**Rate Determination Date**"	in respect of each Interest Period for a Tranche of Floating Rate Notes, the day falling on the first day of that Interest Period or, if such day is not a Business Day, the first following day that is a Business Day, being the day upon which the

	Rate of Interest in respect of that Tranche of Floating Rate Notes for that Interest Period will be determined by the Issuer Agent in accordance with Condition 8.2.3;
"**Rate of Interest**"	the rate of interest from time to time payable on each Tranche of the Notes as determined by the Issuer Agent in terms of the Conditions;
"**Rated Notes**"	Notes which have been assigned a Rating by the Rating Agency;
"**Rating**"	in relation to the Notes, a rating granted by the Rating Agency, which Rating shall be a long-term or short-term, Rand, national scale credit rating by the Rating Agency;
"**Rating Affirmation**"	in the event of Rated Notes and in respect of anything done under any Transaction Document, a written confirmation, upon written request by the Issuer, from the Rating Agency that the doing of that thing will not cause it to downgrade or withdraw its respective current Ratings of the Notes (a letter or other written confirmation from the Rating Agency being conclusive evidence of its contents for all purposes under the Transaction Document);
"**Rating Agency**"	Standard & Poor's and/or Fitch and/or Moody's and/or GCR and/or such other rating agency as may be appointed by the Issuer from time to time with the prior written consent of the Security SPV and after consultation with the Servicer, as specified in the Applicable Pricing Supplement;
"**Reconciliation Amount**"	the amount payable by or to the Issuer in respect of any over or underpayment for the Participating Assets as determined in accordance with the provisions of the Sale Agreement;
"**Record Date**"	the Business Day immediately preceding the first day during which the Register is closed in accordance with Condition 15;

"**Recoveries**"	all amounts received by or on behalf of the Issuer in respect of Written Off Assets, whether in the form of recovery, Insurance Proceeds, repossessions or otherwise;
"**Redemption Amount**"	the amount allocated for redemption of the Notes under the Priority of Payments;
"**Redemption Date**"	in relation to a Tranche of Notes, each date on which the relevant Tranche of Notes are redeemed, partially or finally, as the case may be, in terms of the Conditions;
"**Reference Rate**"	in relation to a Tranche of Notes, the reference rate applied in determining the Rate of Interest in respect of such Tranche of Notes, as specified in the Applicable Pricing Supplement;
"**Reference Banks**"	SBSA, FirstRand Bank Limited, Nedbank Limited, Absa Bank Limited and Investec Bank Limited and each of their successors;
"**Refinanced Notes**"	the Notes which are to be redeemed from the proceeds of the Refinancing Notes, as set out in Condition 7.3.4;
"**Refinancing Notes**"	the Notes issued by the Issuer pursuant to an exercise by the Issuer of the Refinancing Option;
"**Refinancing Notice**"	the written notice delivered by the Issuer to the Noteholders of the Issuer's intention to issue Refinancing Notes, in accordance with Condition 7.3.4;
"**Refinancing Option**"	the option of the Issuer to issue Refinancing Notes during a Refinancing Period, in order to redeem Refinanced Notes: (a) on the relevant Coupon Step-up Date falling prior to the Latest Coupon Step-Up Date; or (b) on the Latest Coupon Step-Up Date or on any Interest Payment Date falling thereafter,

subject to, and in accordance with, Condition 7.3.4;

"**Refinancing Period**" the period during which the Issuer is entitled to exercise the Refinancing Option, as set out in the Applicable Pricing Supplement;

"**Register**" the register of Noteholders maintained by the Issuer Agent;

"**Related Security**" all security in relation to an Instalment Sale Agreement, including any suretyships, guarantees, indemnities, pledges, liens, cessions of rights (including, without limitation, claims, rights of action, receivables and insurance policies), security deposits, non-refundable deposits, the obligations of any sureties and any other collateral security taken by the Issuer from a Security Provider to secure the obligations on the part of an Obligor in respect of a Participating Asset;

"**Relevant Screen Page**" in relation to a Tranche of Notes, the screen rate specified in the Applicable Pricing Supplement to be utilised for the purpose of determining the Rate of Interest in respect of such Tranche of Notes;

"**Required Credit Rating**" (a) in the case of the Account Bank, any Permitted Bank or the Liquidity Facility Provider, at least:

(i) an equivalent of at least BBB- on a long term foreign currency scale issued by Standard & Poor's (solicited or unsolicited) if Notes in issue are rated by Standard & Poor's; or

(ii) F1(zaf) on a short term national scale and at least A(zaf) on a long term national scale if Notes in issue are rated by Fitch; or

(iii) Aa3.za on a long term national scale if Notes in issue are rated by Moody's; or

(iv) A1(za) on a short term national scale and at least AA-(za) on a long term national scale if Notes in issue are rated by GCR;

(b) in the case of Permitted Investments, at least:

(i) an equivalent of at least A-3 on a short term foreign currency scale issued by Standard & Poor's (solicited or unsolicited) and at least BBB- on a long term foreign currency scale issued by Standard & Poor's (solicited or unsolicited) if Notes in issue are rated by Standard & Poor's; or

(ii) F1+(zaf) on a short term national scale and at least AA-(zaf) on a long term national scale if Notes in issue are rated by Fitch; or

(iii) Aa3.za on a long term national scale if Notes in issue are rated by Moody's; or

(iv) A1(za) on a short term national scale and at least AA-(za) on a long term national scale if Notes in issue are rated by GCR;

(c) in the case of the Derivative Counterparty, the qualifying transfer trigger ratings as specified in the Derivative Contract, if Notes in issue are rated by Standard & Poor's, Fitch, Moody's or GCR,

in each case, such other rating, if any, which the Rating Agency confirms in writing will not adversely affect its respective current Ratings of the Notes in issue; provided that if an investment or entity is not rated by the Rating Agency, then such investment or entity that the Rating Agency confirms in writing will not adversely affect its respective current Ratings of the Notes in issue;

"**Reserves**"	collectively, the Arrears Reserve, the Capital Reserve and the Cash Reserve;
"**Revolving Period**"	if applicable, the period specified in the Applicable Pricing Supplement, provided that such period may only commence on the Initial Issue Date or a Qualifying Refinancing Date;
"**Sale Agreement**"	the written agreement between the Seller, the Issuer, the Administrator, the Servicer, the Seller Servicer and the Security SPV in relation to the sale and transfer of Participating Assets from the Seller to the Issuer and/or an agreement between, among others, the Issuer, the Security SPV and an Approved Seller(s) in relation to the sale and transfer of Participating Assets from such Approved Seller(s) to the Issuer;
"**SA Taxi**"	SA Taxi Finance Holdings Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2004/001531/07 and its successors-in-title or assigns;
"**SATDF**"	SA Taxi Development Finance Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2008/012599/07 and its successors-in-title or assigns;
"**SBSA**"	The Standard Bank of South Africa Limited, a public company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 1962/000738/06 and its successors-in-title or assigns;
"**Scheduled Maturity Date**"	in relation to each Tranche of Notes, the date on which such Tranche of Notes is expected to be redeemed as specified in the Applicable Pricing Supplement;

"**Scheduled Redemption Amount**"	an amount equal to the Principal Amount Outstanding of the relevant Class A1 Note (also referring separately to each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) as at the respective Determination Date divided equally by the number of remaining Interest Payment Dates from Determination Date up to (and including) the Final Legal Maturity Date of the relevant Class A1 Note (also referring separately to each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes);
"**Secured Creditors**"	each of the creditors of the Issuer set out in the Priority of Payments that is a party to a Transaction Document and contractually bound by the Priority of Payments, including, for the avoidance of doubt, the Noteholders but excluding, for the purpose of the Security SPV Guarantee only, the Preference Shareholder;
"**Securitisation Notice**"	Government Notice 2, Government Gazette 30628 of 1 January 2008, issued by the Registrar of Banks under the Banks Act, No 94 of 1990;
"**Securitisation Scheme**"	the scheme, conducted in accordance with the Securitisation Notice, in terms of which the Issuer raises funds through the issue of Notes for the purposes of funding the acquisition of the Participating Assets and Related Security from time to time, as described in this Programme Memorandum;
"**Security**"	the security created pursuant to the Security Agreements;
"**Security Agreements**"	the Pledge, Owner Trust Suretyship, the Security Cessions, and the Issuer Indemnity furnished or procured by the Issuer to the Security SPV;
"**Security Cessions**"	the cessions by the Issuer in favour of the Security SPV, by way of a cession-*in-securitatem debiti*, of all the Issuer's right, title and interest in and to:

(a) each Participating Asset and Insurance Proceeds in respect of the portfolio of Participating Assets owned by the Issuer from time to time; and

(b) the Account Monies, Transaction Account, Business Proceeds, Permitted Investments, Transaction Documents and the Collections SPV Administration Agreement;

"**Security Interest**"	any mortgage, pledge, lien, equity option, Encumbrance, right of set-off, adverse right or interest whatsoever, howsoever created or arising;
"**Security Provider**"	any person or entity who provides any form of Related Security to the Seller or the Issuer;
"**Security SPV**"	Transsec 3 Security SPV Proprietary Limited (to be renamed Transsec 3 Security SPV (RF) Proprietary Limited), a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2016/117323/07 and its successors-in-title and assigns;
"**Security SPV Guarantee**"	the guarantee granted by the Security SPV to Secured Creditors;
"**Security SPV Owner Trust**"	Transsec 3 Security SPV Owner Trust, a trust established and registered in accordance with the laws of South Africa with Master's Reference Number IT001947/2017(G), which beneficially owns all the shares in the issued share capital of the Security SPV;
"**Security SPV Owner Trustee**"	the trustee for the time being of the Security SPV Owner Trust;
"**Seller**"	Potpale and/or any other Approved Seller;

"**Seller Servicer**"	SATDF or an Approved Seller Servicer, in its capacity as servicer under the Seller Servicing Agreement;
"**Seller Servicing Agreement**"	the written servicing agreement between, amongst others, the Seller and the Seller Servicer relating to the servicing and management of assets originated or acquired by the Seller;
"**Senior Servicing Fee**"	the fee payable quarterly in arrears to the Servicer and determined in accordance with the Servicing Agreement;
"**Series**"	the Notes comprised of a Tranche of Notes together with any other Tranche or Tranches of Notes which are: (a) expressed in the Applicable Pricing Supplement to be consolidated and form a single series of Notes; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
"**Servicer**"	SATDF and its successors-in-title, in its capacity as Servicer under the Servicing Agreement, or such other person as may be appointed as Servicer under the terms of the Servicing Agreement;
"**Servicer Default**"	the occurrence of a Servicer Default as defined in the Servicing Agreement;
"**Servicer Report**"	the report compiled by the Servicer in the format set out in Annexure C to the Servicing Agreement;
"**Services**"	those Services to be provided by the Servicer on behalf of the Issuer in terms of the Servicing Agreement;
"**Servicing Agreement**"	the written agreement between the Issuer, Taximart, the Servicer, the Administrator, the Standby Servicer and the Security SPV relating to the servicing of Participating Assets

and the management and administration of the Issuer's business in general;

"**Servicing Fees**"	the Senior Servicing Fee and the Subordinated Servicing Fee;
"**Settlement Dates**"	the respective dates determined by the Issuer and the Dealer(s) as the date on which investors in each Tranche of Notes, respectively, shall be obliged to pay the subscription price for the Notes concerned, which shall correspond to the relevant Issue Date;
"**Software Inventory**"	all software, system configurations and licences utilised by and/or licensed to the Servicer in relation to the performance of the Services as specified in Annexure B to the Servicing Agreement as amended from time to time in accordance with the provisions of the Servicing Agreement;
"**South Africa**"	the Republic of South Africa;
"**Special Resolution**"	(i) a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, upon a show of hands, by a majority consisting of not less than three-fourths of the Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy and voting at the meeting, or, if a poll is duly demanded, a majority consisting of not less than three-fourths of the votes cast at such poll by Noteholders or Noteholders of the relevant Class of Notes, as the case may be, present in person or by proxy; or (ii) instead of a resolution passed at a meeting of all of the Noteholders or the Noteholders of the relevant Class of Notes, as the case may be, a written resolution passed by a majority consisting of not less than three-fourths of the Noteholders or the Noteholders of the relevant Class of Notes, as the case may be, as contemplated in Condition 22.12;

"**Specified Office**"	in relation to each of the Issuer and the Issuer Agent, the address of the office specified in respect of such entity at the end of this Programme Memorandum, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Noteholders in accordance with Condition 16, as the case may be;
"**Standard & Poor's**"	Standard & Poor's Rating Services, a division of The McGraw Hill Companies Incorporated (registration number 1996/014081/10), its successors-in-title and assigns;
"**Standby Administrator**"	Transaction Capital Recoveries and its successors-in-title, in its capacity as Standby Administrator under the Administration Agreement or such other person as may be appointed as Standby Administration under the terms of the Administration Agreement;
"**Standby Administration Fee**"	the quarterly, standby administration fee payable to the Standby Administrator and determined in accordance with the Administration Agreement;
"**Standby Servicer**"	Transaction Capital Recoveries and its successors-in-title, in its capacity as Standby Servicer under the Servicing Agreement, or such other person as may be appointed as Standby Servicer under the terms of the Servicing Agreement;
"**Standby Servicing Fee**"	the quarterly standby servicing fee payable to the Standby Servicer and determined in accordance with the Servicing Agreement;
"**Subordinated Lender**"	SA Taxi, its successors-in-title and assigns, in its capacity as lender under the Subordinated Loan Agreement;
"**Subordinated Loan**"	the principal loaned and advanced by the Subordinated Lender to the Issuer in accordance with the terms of the Subordinated Loan Agreement;

"**Subordinated Loan Agreement**"	the written subordinated loan agreement concluded between the Issuer, the Security SPV and the Subordinated Lender;
"**Subordinated Loan Minimum Funding Amount**"	in respect of the Subordinated Loan, on any given date for as long as any Notes are outstanding, a minimum outstanding principal balance of not less than 13.64% of the Principal Amount Outstanding of all the Notes in issue;
"**Subordinated Servicing Fee**"	the fee payable quarterly in arrears to the Servicer and determined in accordance with the Servicing Agreement;
"**Subscription Agreement**"	the note subscription agreement entered into between, among others, the Issuer and the Dealer(s) in terms of which the Issuer agrees to issue one or more Tranches of Notes under the Programme and in terms of which one or more Dealers agree to subscribe for, or procure subscriptions for, such Tranche or Tranches of Notes, in accordance with such agreement and shall be substantially in the form attached to the Programme Agreement or such other form as may be agreed between the parties to the note subscription agreement;
"**Subsidiary**"	is as defined in the Companies Act;
"**Substitute Participating Asset**"	a Participating Asset transferred to the Issuer in terms of the Sale Agreement as consideration for the Participating Assets purchased following an unremedied breach of a Participating Asset Warranty;
"**Sureties**"	the persons or entities who stand surety for, or guarantee the obligations of, an Obligor or provide any other collateral security for an Obligor's obligations in terms of an Instalment Sale Agreement;
"**System**"	the computerised accounts and information management system for the Participating Assets utilised by the Servicer or

	Back-Up Servicer, as the case may be, in relation to the Services;
"**Tap Issue Period**"	if applicable, the period specified in the Applicable Pricing Supplement;
"**Taxes**"	all present and future taxes, levies, imports, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in South Africa or any other jurisdiction from which any payment is made (and including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" shall be construed accordingly;
"**Taxi Recapitalisation Programme**"	the initiative by the Government of the Republic of South Africa for the recapitalisation and restructuring of the South African taxi industry, as contemplated by section 49 (Rationalisation of minibus taxi-type services) of the South African National Land Transport Act, No 5 of 2009 (including all regulations promulgated under such act) and related policy documents issued by the National Department of Transport;
"**Taximart**"	Taximart Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2009/016986/07 and its successors-in-title or assigns;
"Total Scheduled Redemption Amount"	an amount equal to the sum of the respective Scheduled Redemption Amounts for the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes);
"**Tranche**"	all Notes which are identical in all respects (including as to listing) and are issued in a single issue;
"**Transaction Account**"	the bank account held at the Account Bank, in the name of the Issuer, into which, *inter alia*, payments made by Obligors

by direct debit order (if any) are paid and into which payments which are credited to the Collections Accounts will be transferred in accordance with the terms of the Collections SPV Administration Agreement and the Servicing Agreement, and in which the Capital Reserve, the Arrears Reserve and the Cash Reserve are held and which bank account is ceded to the Security SPV in accordance with the Security Cessions;

"**Transaction Capital**"	Transaction Capital Limited, a public company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2002/031730/06 and its successors-in-title or assigns;
"**Transaction Capital Recoveries**"	Transaction Capital Recoveries Proprietary Limited, a private company with limited liability, registered and incorporated in accordance with the laws of South Africa under registration number 2001/002612/07 and its successors-in-title or assigns;
"**Transaction Documents**"	the Common Terms Agreement, the Security SPV Guarantee, the Servicing Agreement, the Administration Agreement, the trust deed of the Owner Trust, the trust deed of the Security SPV Owner Trust, the memorandum of incorporation of the Issuer and the Security SPV, the Bank Agreement, the Conditions, the Subordinated Loan Agreement, the Sale Agreement, the Preference Share Subscription Agreement, the Liquidity Facility Agreement (if any), the Agency Agreement, the Subscription Agreements, the Security Agreements, the Programme Agreement, the agreements entered into from time to time with Derivative Counterparties, the letters of appointment in respect of the Directors of the Issuer and the Security SPV and the Notes in each case as amended, novated and/or substituted from time to time in accordance with their terms;

"**Transfer Form**"	in relation to the transfer of a Note as contemplated in the Conditions, means a form of transfer in the usual form or in such other form approved by the Issuer Agent;
"**Uncertificated Securities Register**"	means a record of Notes issued in uncertificated form administered and maintained by the Central Securities Depository or the relevant Participant, as determined in accordance with the Applicable Procedures, and which forms part of the Register;
"**Underlying Documentation**"	in relation to each Participating Asset, collectively, all documents, records, guarantees, suretyships and/or correspondence completed or signed in relation to such Participating Asset and evidencing the Seller's right, title and interest in and to such Participating Asset, including, without limitation: (a) the relevant Instalment Sale Agreement; (b) the relevant Ancillary Contracts; (c) all documents and/or agreements signed by the applicable Obligor in relation to each Participating Asset from time to time; (d) all Related Security; and (e) all documents ancillary to the documents referred to in (a) to (d) above;
"**VAT**"	value added tax imposed in terms of the Value-Added Tax Act, No 89 of 1991, as amended or any similar tax imposed in place thereof from time to time;
"**Vehicle**"	in relation to an Instalment Sale Agreement, the Premium Vehicle or Entry Level Vehicle to which such Instalment Sale Agreement relates;

"**Vehicle Insurance Policy**"	in relation to each Instalment Sale Agreement, the insurance policy/ies which provide cover from losses arising due to the theft, loss of, damage to, or destruction of any Vehicle subject to such Instalment Sale Agreement, in accordance with the terms of such policies, as amended from time to time;
"**Vehicle Tracking Contract**"	in relation to each Vehicle which is the subject of an Instalment Sale Agreement, the contract with a service provider which installs a Vehicle tracking device in each such Vehicle and provides Vehicle tracking services in the event of the loss or theft of such Vehicle which contract is evidenced by an application form and installation certificate;
"**Weighted Average Asset Margin**"	in relation to the Participating Asset Pool, the aggregate of the average Asset Margin of all Participating Assets weighted against the current aggregate Outstanding Balances of Participating Assets;
"**Written Off Asset**"	a Participating Asset in respect of which the applicable account was written off in accordance with the Collections Procedures and in respect of which the Outstanding Balance has accordingly been reduced to zero and which is reflected as such in the Servicer Report;

2 words denoting the singular number only shall include the plural number also and *vice versa*, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and *vice versa*;

3 any reference to any statute, regulation or other legislation shall be a reference to the legislation as same may be amended, re-enacted or replaced from time to time; and

4 any reference to an agreement (including a Transaction Document) or annexure to an agreement (including a Transaction Document) shall be a reference to that agreement (including a Transaction Document) as at the Date of Signature and as amended, novated and/or substituted from time to time in accordance with the terms of that agreement.

TERMS AND CONDITIONS OF THE NOTES

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

1 **Interpretation**

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

2 **Issue**

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

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

2.1.2 **Rating confirmation**: if the Rating Agency has assigned a Rating to any Class of Notes currently in issue, such Rating Agency, upon written request by the Issuer, confirms in writing that each Class of Notes (in the event of Rated Notes) currently in issue will have a Rating at least equal to or better than the Rating assigned to the equivalent ranking Class of Notes (in the event of Rated Notes) as per the pre-sale report published by the Rating Agency prior to the Initial Issue Date;

2.1.3 **Coupon Step-Up and Final Legal Maturity Dates**: other than in respect of the Class A1 Notes (and all Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes), the Final Legal Maturity Date, of the Notes to be issued is the same as the Final Legal Maturity Date of the Tranches of Notes in issue and the Coupon Step-Up Date of the Notes to be issued shall be a date falling on or prior to the Latest Coupon Step-Up Date; and

2.1.4 **Dilution of Credit Enhancement**: the level of credit enhancement in respect of the Tranche of Notes to be issued is at least equal to the level of credit enhancement of the Notes as stated by the Rating Agency in the pre-sale report published prior to the Initial Issue Date.

2.2 Refinancing Notes may, subject to the provisions of Condition 7.3.4, be issued by the Issuer prior to the Latest Coupon Step-up Date, provided that:

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

2.2.2 **Rating confirmation**: if the Rating Agency has assigned a Rating to any Class of Notes currently in issue, such Rating Agency, upon written request by the Issuer, confirms in writing that each Class of Notes (in the event of Rated Notes) currently in issue will have a Rating at least equal to or better than the Rating assigned to the equivalent ranking Class of Notes (in the event of Rated Notes) as per the pre-sale report published by the Rating Agency prior to the Initial Issue Date; and

2.2.3 **Coupon Step-Up and Final Legal Maturity Dates**: the Final Legal Maturity Dates of the Notes to be issued are the same as the Final Legal Maturity Dates of the Tranches of Notes in issue and the Coupon Step-Up Date of the Notes to be issued shall be a date falling on or prior to the Latest Coupon Step-Up Date.

2.3 Refinancing Notes may, subject to the provisions of Condition 7.3.4, be issued by the Issuer on the Latest Coupon Step-up Date or on each Interest Payment Date thereafter, provided that the conditions precedent in the Programme Agreement have been fulfilled.

2.4 A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme. A Series of Notes may, together with a further Series of Notes or more than one Series of Notes, form a Class of Notes issued under the Programme.

2.5 The Noteholders are, by virtue of their subscription for or purchase of the Notes, deemed to have notice of and are entitled to the benefit of, and are subject to, all the provisions of the Transaction Documents. In the event of a conflict between any provision of the Terms and Conditions and the provision of a Transaction Document, the provision in the Terms and Conditions shall prevail.

2.6 The Applicable Pricing Supplement for each Tranche of Notes is incorporated in these Conditions for the purposes of those Notes and supplements these Conditions. The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement these Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with these Conditions, replace, modify or supplement these Conditions for the purpose of that Tranche of Notes.

2.7 Notwithstanding the Priority of Payments, the proceeds of the issue of any Tranche of Notes and the Subordinated Loan will, except as otherwise expressly permitted in the Applicable Pricing Supplement, only be used to purchase Participating Assets in accordance with the provisions of the Sale Agreement.

3 Form and Denomination

3.1 Notes will be issued in registered form with a minimum denomination of ZAR1 000 000 each and otherwise in such denominations as may be determined by the Issuer and as specified in the Applicable Pricing Supplement.

3.2 Payments (whether in respect of interest or principal) on Notes may be determined by reference to such fixed or floating rates as may be specified in the Applicable Pricing Supplement. Notes may be issued with such other characteristics as may be specified in the Applicable Pricing Supplement.

3.3 Notes will be issued in the form of registered Notes, represented by (i) Individual Certificates registered in the name, and for the account of, the relevant Noteholder or (ii) no Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 33 of the Financial Markets Act, and registered in the Uncertificated Securities Register in the name, and for the account of, the relevant Noteholder. The Central Securities Depository will hold the Notes subject to the Financial Markets Act and the Applicable Procedures.

3.4 Any reference in these Conditions to the Central Securities Depository shall, wherever the context permits, be deemed to include a reference to its successor in terms of the Financial Markets Act (or any successor Act thereto), and any additional or alternate depository approved by the Issuer, the Servicer, the Security SPV and the JSE. Any reference in these Conditions to the JSE shall, wherever the context permits, be deemed to include any exchange which operates as a successor exchange to the JSE.

4 Title

4.1 Subject to what is set out below, title to the Notes will pass upon registration of transfer in accordance with Condition 14 in the Register. The Issuer and the Issuer Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

4.2 Notes issued in uncertificated form, or Beneficial Interests in such Notes, may, in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the central securities accounts maintained by the Central Securities Depository or the securities accounts maintained by the Participants, as the case may be. While the Notes are held in the Central Securities Depository in uncertificated form, each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as holder of a Beneficial Interest in a particular nominal amount of such Notes (in which regard any certificate or other document issued by the relevant Participant as to the Principal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest) shall be treated by the Issuer, the Issuer Agent and the relevant Participant as the holder of such nominal amount of such Notes for all purposes other than with respect to voting, for which latter purpose the registered holder of the relevant Notes reflected in the Register shall be treated by the Issuer as the holder of such Notes in accordance with and subject to these Conditions (and the expression "Noteholder" and related expressions shall be construed accordingly).

4.3 Any reference in this Programme Memorandum to the relevant Participant shall, in respect of Notes or Beneficial Interests, be a reference to the Participant appointed to act as such by a holder of such Notes or Beneficial Interests.

5 **Status**

5.1 The Notes constitute direct, limited recourse, secured obligations of the Issuer.

5.2 The claims of the Class C Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of the Class B Noteholders (whether in respect of principal, interest or otherwise). The claims of the Class B Noteholders (whether in respect of principal, interest or otherwise) shall be subordinated to the claims of the Class A Noteholders (whether in respect of principal, interest or otherwise).

5.3 The claims of all Classes of Noteholders shall be subordinated to the claims of certain creditors in accordance with the Priority of Payments.

5.4 Notwithstanding the subordinations envisaged in this Condition, the Noteholders shall be entitled to be paid any amounts due and payable to them in accordance with the Priority of Payments, on any Interest Payment Date, provided that all creditors that rank prior to them in the Priority of Payments have been paid, in full, any amounts due and payable to them by the Issuer on that date.

5.5 Unless specified otherwise in the Applicable Pricing Supplement, the claims of the holders of each Class of Notes (other than the Class A Notes) shall rank *pari passu* and *pro rata*

among themselves. In respect of the Class A Notes, prior to the delivery of an Enforcement Notice, the claims of Class A Noteholders shall rank *pari passu* and *pro rata* in respect of interest only and, after delivery of an Enforcement Notice, the claims of the Class A Noteholders (whether in respect of principal, interest or otherwise) shall rank *pari passu* and *pro rata* among themselves.

6 Issuer's undertakings

6.1 Comply with obligations

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

6.2 Positive undertakings

The Issuer undertakes that it shall:

6.2.1 (**Accounting Records**) prepare proper and adequate accounting records and lodge returns in accordance with generally accepted accounting practice and the Companies Act;

6.2.2 (**Accounts**) provide to the Security SPV and the Rating Agency (in the event of Rated Notes) its audited financial statements for each financial year within 90 days of the end of that year;

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

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

6.2.5 (**Event of Default**) notify the Security SPV and the Rating Agency (in the event of Rated Notes) of the occurrence of any Event of Default, as soon as it becomes aware of it;

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

6.2.7 (**notification to Rating Agency** (in the event of Rated Notes)) notify the Rating Agency of the occurrence of any of the following:

6.2.7.1 should the Security SPV be requested to give its consent to anything in relation to the Transaction Documents and the response of the Security SPV to such request;

6.2.7.2 should the Issuer and a Dealer agree to issue Notes in a form not contemplated by the Conditions;

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

6.3 **Negative undertakings**

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

6.3.1 (**negative pledge**) create or permit to subsist any Encumbrance (unless arising by operation of law) upon the whole or any part of its assets, present or future, save for any Encumbrance upon the assets pursuant to the Security Agreements;

6.3.2 (**disposal of assets**) transfer, sell, exchange, realise, alienate, lend, part with or otherwise dispose of, or deal with, or grant any right of first refusal, option or present or future right to acquire any of its assets or any interest, right, title or benefit therein, save as in accordance with any Transaction Document;

6.3.3 (**winding-up**) cause itself to be voluntarily wound-up or placed under supervision by a business rescue practitioner;

6.3.4 (**restrictions on activities**) engage in any activity which is not in terms of or necessarily incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

6.3.5 (**shares**) issue any further shares or repurchase shares, except those Preference Shares created pursuant to the Transaction Documents which:

6.3.5.1 have no rights which conflict with the rights of Noteholders; and

6.3.5.2 are subordinated in all respects to the rights of Noteholders;

6.3.6 (**dividends**) authorise the payment of, or pay, any dividend or other distribution to its shareholders, except any preference dividend, and any Tax thereon, payable in accordance with the Priority of Payments and pursuant to the Transaction Documents;

6.3.7 (**bank accounts**) open or operate any bank accounts, other than the bank accounts opened in terms of the Transaction Documents;

6.3.8 (**Derivative Contracts**) enter into any Derivative Contract, unless the Derivative Counterparty meets the Rating Agency hedging criteria from time to time;

6.3.9 (**no payment**) make or attempt or purport to make any payment in respect of a Note or other amount owing prior to the date on which the payment is due for payment in terms of the Priority of Payments;

6.3.10 (**borrowings**) raise or incur any obligation, whether as principal or surety, for the payment or repayment of money, whether present or future, actual or contingent, other than as envisaged in the Transaction Documents;

6.3.11 (**other financial accommodation**) grant any guarantee or other assurance whatsoever against financial loss or allow any such guarantee or assurance to be outstanding in connection with any money borrowed or raised by any person other than as part of the Issuer's business;

6.3.12 (**general acts**) do any of the following things:

6.3.12.1 register any transfer of shares in its issued share capital;

6.3.12.2 amend its memorandum of incorporation;

6.3.12.3 engage any employees;

6.3.12.4 have or acquire any Subsidiaries;

6.3.12.5 occupy any premises;

6.3.13 (**Transaction Documents**)

6.3.13.1 cancel or amend any Transaction Documents;

6.3.13.2 grant a waiver in respect of any Transaction Document;

6.3.13.3 discharge or release any person from their obligations under any Transaction Document if that person has not performed its obligations in full;

6.3.13.4 novate or assign any Transaction Document;

6.3.13.5 cede any of its rights or delegate any of its obligations under any Transaction Document;

other than in terms of the Transaction Documents; or

6.3.14 (**other transactions**) enter into any document, agreement or arrangement other than in terms of the Transaction Documents.

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

7 Redemption and purchases

7.1 Maturity

7.1.1 The Class A Notes, the Class B Notes and the Class C Notes shall mature and shall be redeemed at their Principal Amount Outstanding (together with interest accrued thereon) on the respective Final Legal Maturity Dates.

7.1.2 The Issuer shall not be entitled or obliged to redeem the Notes in whole or in part prior to the Final Legal Maturity Dates, except as provided below.

7.2 Mandatory redemption

7.2.1 The Notes of each Class will be subject to mandatory redemption from time to time:

7.2.1.1 if the Pre-Funding Amount is not fully utilised to purchase Pre-Funded Participating Assets within the Pre-Funding Period, in which event such amount shall be added to the Potential Redemption Amount to be applied in the redemption of the Notes on each Interest Payment Date occurring after the Pre-Funding Period; or

7.2.1.2 if during the Revolving Period or the Tap Issue Period (as the case may be), the balance in the Capital Reserve (excluding amounts recorded in the Pre-Funding Ledger) exceeds 10% of the Principal Amount Outstanding of all the Notes in

issue, in which event an amount equal to such excess shall be added to the Potential Redemption Amount to be applied in the redemption of the Notes on each Interest Payment Date,

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

7.2.2 The principal amount redeemable in respect of each Note on each Interest Payment Date shall be the Redemption Amount allocated to the relevant Class of Notes in accordance with the Priority of Payments on such Interest Payment Date, allocated to each Note of the relevant Class of Notes in the proportions set out in the Priority of Payments, rounded to the nearest Rand, provided always that no such Redemption Amount may exceed the Principal Amount Outstanding of the relevant Note. Following any such redemption of the Notes (or the relevant Class of Notes, as the case may be), the Principal Amount of the Notes redeemed cannot be re-issued or resold.

7.3 **Optional redemption**

7.3.1 In respect of Notes having a Coupon Step-Up Date falling due prior to the Latest Coupon Step-Up Date, the Issuer may on the Coupon Step-Up Date of such Notes or on any Interest Payment Date falling thereafter and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem all, but not some only, of such Notes at their Principal Amount Outstanding (together with accrued interest thereon) provided that, prior to giving such notice, the Issuer shall have provided to the Security SPV a certificate signed by 2 Directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem such Notes, as determined by the Administrator in accordance with the Priority of Payments and with due regard to the relevant provisions contained in the section headed "*Credit Structure*".

7.3.2 In respect of Notes having a Coupon Step-Up Date falling due on the Latest Coupon Step-Up Date, the Issuer may on the Latest Coupon Step-Up Date or on any Interest Payment Date falling thereafter and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their Principal Amount Outstanding (together with accrued interest thereon) provided that, prior to giving such notice, the Issuer shall have provided to the Security SPV a certificate signed by 2 Directors of the Issuer to the effect that it will have the funds,

not subject to any interest of any other person, to redeem such Notes, as determined by the Administrator in accordance with the Priority of Payments and with due regard to the relevant provisions contained in the section headed "*Credit Structure*".

7.3.3 On any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 20% of the aggregate Principal Amount Outstanding of the Notes in issue as at the last Issue Date, and upon giving not more than 30 nor less than 20 days' notice to the Security SPV and the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Notes at their Principal Amount Outstanding (together with accrued interest thereon) provided that, prior to giving such notice, the Issuer shall have provided to the Security SPV a certificate signed by 2 Directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem all the Notes as set out above.

7.3.4 The Issuer will, subject to the Security SPV's prior written consent (but without requiring the consent of the Noteholders), be entitled, upon giving the Refinancing Notice to the Noteholders at any time during the Refinancing Period, to issue Refinancing Notes in order (i) to redeem all, but not some only, of the Refinanced Notes; and (ii) to fund the acquisition of Additional Participating Assets, subject to the fulfilment of the Qualifying Refinancing Conditions; provided that a Refinancing Notice may not be given less than 10 days prior to the proposed date on which the Refinanced Notes will be redeemed ("**Refinance Date**") unless all of the holders of the Refinanced Notes consent thereto in writing. The Issuer will be entitled to withdraw its Refinancing Notice at any time prior to the issue of the Refinancing Notes and, following such withdrawal, will not be entitled to issue any further Tranche of Notes for the purpose mentioned in this Condition 7.3.4 with respect to such Refinanced Notes and will not be obliged to redeem the Refinanced Notes on the Refinance Date, unless a new Refinancing Notice is issued no later than 3 Business Days prior to the proposed new Refinance Date, provided that such proposed new Refinance Date falls on a Business Day during the Refinancing Period or on any Interest Payment Date following the expiry of the Refinancing Period or as otherwise expressly provided for in the Conditions. Notwithstanding the Priority of Payments, the proceeds of the issue of any Refinancing Notes will, subject to investment in Permitted Investments and as otherwise may be expressly permitted in the Applicable Pricing Supplement, only be used (i) to redeem the Refinanced Notes; and (ii) to fund the acquisition of Additional Participating Assets, subject to the fulfilment of the Qualifying Refinancing Conditions; and no Noteholder (other than Noteholders of the Refinanced Notes) or any other creditor of the Issuer (other than the Seller, in respect of the Purchase Price payable

by the Issuer to the Seller in relation to Additional Participating Assets acquired by the Issuer as contemplated by (ii) above) will have any claim to such proceeds. The proceeds of the issue of any Refinancing Notes may, pending application in accordance with the aforesaid, only be invested by the Issuer in Permitted Investments, being in all cases Permitted Investments having maturity date(s) at least 2 Business Days prior to the Refinance Date.

7.4 **Optional redemption for tax reasons**

7.4.1 If the Issuer immediately prior to the giving of the notice referred to below satisfies the Security SPV that either:

7.4.1.1 (i) payments of principal or interest in respect of any of the Participating Assets cease to be receivable (whether or not actually received) by the Issuer, or are or will necessarily be reduced by virtue of any withholding or deduction for or on account of any present or future Taxes, as the case may be, and (ii) the Obligors in respect of such Participating Assets are not obliged to pay such additional amounts as shall be necessary in order that the net amounts received by the Issuer after such withholding or deduction are equal to the respective amounts of principal or interest which would otherwise have been receivable in the absence of such withholding or deduction; and each of (i) and (ii) cannot be avoided by the Issuer taking reasonable measures available to it; or

7.4.1.2 as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax becoming effective after the Issue Date the Issuer is or would be required to deduct or withhold from any payment of principal or interest on the Notes any amounts as provided or referred to in Condition 10, and such requirements cannot be avoided by the Issuer taking reasonable measures available to it,

then, on any Interest Payment Date, the Issuer may at its option, having given not more than 30 and not less than 20 days' notice to the Security SPV and Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem all, but not some only of the Notes, at their Principal Amount Outstanding (together with interest accrued thereon) provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would incur the obligation to make such deduction or would necessarily receive such lesser amount for interest.

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

7.4.2.1 a certificate signed by 2 Directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem all the Notes as set out above; and

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

7.5 **Procedures for redemption**

7.5.1 At least 6 days prior to any Redemption Date (including a Redemption Date relating to mandatory redemption in part), the holder of a Certificate, in respect of a Note to be redeemed (in part or in whole, as the case may be) shall deliver to the Issuer Agent the Certificates to be redeemed. This will enable the Issuer Agent to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.

7.5.2 Should the holder of a Certificate refuse or fail to surrender the Certificate for endorsement or cancellation on or before a Redemption Date, the amount payable to him in respect of such redemption, including any accrued interest, shall be paid to the Security SPV to be retained by it for such Noteholder, at the latter's risk, until the Noteholder surrenders the necessary Certificate, and interest shall cease to accrue to such Noteholder from the Redemption Date in respect of the amount redeemed.

7.5.3 Payments in respect of the redemption of Notes shall be made in accordance with Condition 9 and shall take place in accordance with the Applicable Procedures relating to the redemption of debt securities.

7.5.4 Documents required to be presented and/or surrendered to the Issuer Agent in accordance with the Conditions will be so presented and/or surrendered at the Specified Office of the Issuer Agent.

7.6 **Purchases**

The Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes shall be cancelled.

7.7 **Cancellation**

All Notes which are redeemed in full will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.6, shall be held by the Issuer and cannot be re-issued or resold. The Issuer shall notify the Central Securities Depository and the JSE of any cancellation of the Notes so that such entities can record the reduction in the aggregate Principal Amount of the Notes in issue.

7.8 **Notice of payments**

The Issuer shall, in accordance with Condition 16, notify Noteholders, the Central Securities Depository and the JSE, on each Record Date of the Redemption Amount payable on the following Interest Payment Date.

8 **Interest**

8.1 **Interest on Fixed Rate Notes**

8.1.1 *Rate of Interest*

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

8.1.2 *Interest Payment Dates*

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

8.1.3 *Calculation of Interest Amount*

The Issuer Agent will calculate the Interest Amount payable in respect of each Tranche of Fixed Rate Notes for each Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, the Interest Amount for half yearly interest payments shall be calculated by multiplying the Rate of Interest by the Principal Amount Outstanding of the Fixed Rate Note and then dividing such product by 2 (the resultant

sum will be rounded to the nearest cent, half a cent being rounded upwards), provided that:

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

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

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

8.2 **Interest on Floating Rate Notes**

8.2.1 *Rate of Interest*

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

8.2.2 *Interest Payment Dates*

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

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

The Issuer Agent will, on each Rate Determination Date, determine the Rate of Interest applicable to a Tranche of Floating Rate Notes for the Interest Period commencing on that Rate Determination Date and calculate the Interest Amount payable in respect of each Floating Rate Note in that Tranche for that Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, the Interest Amount

will be determined by multiplying the Rate of Interest by the Principal Amount Outstanding of such Floating Rate Note and then multiplying such product by the actual number of days elapsed in such Interest Period, divided by 365. The resultant sum will be rounded to the nearest cent, half a cent being rounded upwards.

8.2.4 *Basis of Rate of Interest*

8.2.4.1 The Coupon Rate will be determined:

(a) on the basis of ISDA Determination; or

(b) on the basis of Screen Rate Determination; or

(c) on such other basis as may be determined by the Issuer,

all as indicated in the Applicable Pricing Supplement.

8.2.4.2 **ISDA Determination**

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

For the purposes of this Condition 8.2.4.2:

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

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

(b) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and

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

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

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

8.2.4.3 **Screen Rate Determination**

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

(a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,000005 being rounded upwards) of the offered quotations,

for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11h00 (South African time) on the Rate Determination Date in question, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Issuer Agent. If 5 or more such offered quotations are available on the Relevant Screen Page the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by such agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (a) above in this Condition 8.2.4.3, no such offered quotation appears or, in the case of paragraph (b) above in this Condition 8.2.4.3, fewer than 3 such offered quotations appear, in each case at the time specified in the preceding paragraph, the Issuer Agent shall request the principal Johannesburg office of

each of the Reference Banks (as defined below) to provide the Issuer Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (South African time) on the Rate Determination Date in question. If 2 or more of the Reference Banks provide the Issuer Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0,000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issuer Agent.

If the Rate of Interest cannot be determined by applying the provisions of the preceding paragraphs of this Condition 8.2.4.3, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issuer 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 Issuer Agent by the Reference Banks or any 2 or more of them, at which such banks offered, at approximately 11h00 (South African time) on the relevant Rate Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than 2 of the Reference Banks provide the Issuer Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Issuer Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 South African time on the relevant Rate Determination Date, by 4 leading banks in Johannesburg (selected by the Issuer Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Rate Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that preceding Interest Period).

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

"**Reference Banks**" means for the purposes of this Condition 8.2.4.3, 4 leading banks in the South African inter-bank market selected by the Issuer Agent and approved by the Issuer (where the Issuer does not act as the Issuer Agent).

8.3 **Publication of Rate of Interest and Interest Amount by the Issuer Agent**

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

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

8.4 **Calculation and publication of Interest Amount by the Administrator**

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

8.5 **Calculations final and limitation of liability**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Issuer Agent pursuant to the exercise or non-exercise by it of its powers, duties and discretions under the Conditions and the Transaction Documents and all certificates, communications, opinions, determinations,

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

9 Payments

9.1 The Principal Amount and interest on the Notes shall be paid by the Issuer in Rand. The Issuer shall not be obliged to make payment of, and Noteholders shall not be entitled to receive payment of, any amount due and payable under the Notes by the Issuer, except in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be, unless and until all sums required to be paid or provided for in terms of the Pre-Enforcement Priority of Payments or the Post Enforcement Priority of Payments, as the case may be, in priority thereto have been paid or discharged in full. Should the Issuer fail to pay all or part of any interest or other amount then due and payable by it to the Noteholders on any Interest Payment Date as a result of lack of funds available for that purpose in terms of the Priority of Payments, the Issuer shall not be in default of its obligations under the Conditions (except in regard to a failure to pay interest due to Class A Noteholders), the unpaid amount shall not bear penalty interest and payment of the unpaid amount shall be deferred to the following Interest Payment Date that funds are available to make such payment in terms of the Priority of Payments applicable on such Interest Payment Date.

9.2 Payments of interest and principal in respect of Notes held in uncertificated form in the Central Securities Depository will be made, in accordance with the Applicable Procedures, to the relevant Participants, which in turn will transfer such funds, in accordance with the Applicable Procedures, to the relevant Noteholders or holders of Beneficial Interests, as the case may be. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, as the holders of Notes or Beneficial Interests shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such person's share of each of the aforesaid payments so made by the Issuer. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Notes issued in uncertificated form, or Beneficial Interests in such Notes, or for maintaining, supervising or reviewing any records relating to such Notes or Beneficial Interests. Payments of interest and principal in respect of Notes held in the Central Securities Depository in uncertificated form shall be recorded by the Central Securities Depository and the relevant Participant, in accordance

with the Applicable Procedures. Payments of interest and principal in respect of Notes represented by Individual Certificates shall be made to the person reflected as the registered holder of the Individual Certificate in the Register on the Record Date.

9.3 All monies payable on or in respect of each Note represented by an Individual Certificate shall be paid by electronic funds transfer to the account of the relevant Noteholder as set forth in the Register at 17h00 (Johannesburg time) on the Record Date (whether or not such day is a Business Day) preceding the relevant Interest Payment Date or Redemption Date, as the case may be, or, in the case of joint Noteholders, the account of that one of them who is first named in the Register in respect of that Note, provided that no payment in respect of the redemption of such Note shall be made until 6 days after the date on which the Individual Certificate in respect of the Note to be redeemed has been surrendered to the Issuer Agent for endorsement or cancellation in terms of Condition 7.

9.4 If several persons are entered into the Register as joint Noteholders then, without affecting the provisions of Condition 9.3, payment to any one of them of any monies payable on or in respect of the Note shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Note or interest therein.

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

10 Taxation

All payments (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future Taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, South Africa or any political subdivision of, or any authority or agency in or of, South Africa having power to tax, unless (where applicable) the withholding or deduction of such Taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall make such payments after such withholding or deduction has been made (where applicable) and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

11 Events of default

11.1 An Event of Default shall occur should:

11.1.1 the Issuer fail to pay:

11.1.1.1 any amount whether in respect of interest, principal or otherwise, due and payable in respect of any of the Notes within 5 Business Days of the due date for the payment in question to the extent permitted by available funds for that purpose in terms of the Priority of Payments; or

11.1.1.2 interest due and payable to Class A Noteholders as a result of lack of funds available for that purpose in terms of the Priority of Payments; or

11.1.2 the Issuer fail duly to perform or observe any other obligation binding on it under the Notes, these Conditions or any of the other Transaction Documents (irrespective of the materiality of such breach or obligation), which breach is not remedied within 30 days after receiving written notice from either the Security SPV or the counterparty to the relevant agreement requiring such breach to be remedied and the Security SPV has certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders; or

11.1.3 the Issuer cease to be controlled by the Owner Trust without the prior written consent of the Security SPV; or

11.1.4 an Issuer Insolvency Event occur; or

11.1.5 the Issuer have any judgment or similar award ("**judgment**") awarded against it and fail to satisfy such judgment within 30 days after becoming aware thereof, or:

11.1.5.1 if such judgment is appealable, fail to appeal against such judgment within the time limits prescribed by law or fail to diligently prosecute such appeal thereafter or ultimately fail in such appeal and then fail to satisfy the judgment within 10 days; and/or

11.1.5.2 if such judgment is a default judgment, fail to apply for the rescission thereof within the time limits prescribed by law or fail to diligently prosecute such application thereafter or ultimately fail in such application and then fail to satisfy the judgment within 10 days; and/or

11.1.5.3 if such judgment is reviewable, fail to initiate proceedings for the review thereof within the time limits prescribed by law or fail to diligently prosecute such

proceedings thereafter or ultimately fail in such proceedings and then fail to satisfy the judgment within 10 days; and/or

11.1.6 any procedural step be taken by the Issuer (including application, proposal or convening a meeting) with a view to a compromise or arrangement with any creditors generally or any significant class of creditors;

11.1.7 the Security Interests in favour of the Security SPV become unenforceable for any reason whatsoever (or be reasonably claimed by the Security SPV not to be in full force and effect) or cease to grant the Security SPV a first priority Security Interest or should the Security SPV Guarantee be or become unenforceable;

11.1.8 it be or become unlawful for the Issuer to perform any of its obligations under the Transaction Documents and the Security SPV has certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders;

11.1.9 any permit or authorisation required by the Issuer for the conduct of its business be revoked and such situation not be remedied within 14 days after the Issuer and/or Servicer have been given written notice requiring the applicable consent, licence, permit or authorisation to be obtained;

11.1.10 the Issuer alienate or Encumber any of its assets (other than in terms of the Transaction Documents) without the prior written consent of the Security SPV; or

11.1.11 the Issuer cease to carry on its business in a normal and regular manner or materially change the nature of its business, or through an official act of the board of Directors of the Issuer, threaten to cease to carry on business.

11.2 If an Event of Default occurs:

11.2.1 the Servicer shall forthwith inform the Security SPV, the JSE and the Rating Agency (in the event of Rated Notes) thereof;

11.2.2 the Security SPV shall, as soon as such Event of Default comes to its notice (whether as a result of having been informed by the Servicer thereof pursuant to the previous sub-clause or otherwise), forthwith call a meeting of the Controlling Class;

11.2.3 all the Notes shall become immediately due and payable:

11.2.3.1 if, at such meeting, the Controlling Class so decide, by Special Resolution; or

11.2.3.2 if the Security SPV in its discretion so decides.

11.3 If the Controlling Class decide that the Notes shall become immediately due and payable, such Noteholders shall notify the Issuer and the Security SPV accordingly.

11.4 If the Notes become immediately due and payable in terms of Condition 11.2.3, the Security SPV shall, by written notice to the Issuer (an "**Enforcement Notice**") declare the Notes, and any amounts owing under any other Transaction Document, to be immediately due and payable, and require the Principal Amount Outstanding of the Notes, together with accrued interest thereon, and the amounts owing under any other Transaction Document, to be forthwith repaid, to the extent permitted by and in accordance with the Post-Enforcement Priority of Payments. The Issuer shall forthwith do this, failing which the Security SPV may take all necessary steps, including legal proceedings, to enforce the rights of the Noteholders and other Secured Creditors set out in, and the Security given therefor in terms of, these Conditions and the other Transaction Documents, subject always to the provisions of the Post-Enforcement Priority of Payments.

11.5 The Security SPV shall not be required to take any steps to ascertain whether any Event of Default has occurred and until the Security SPV has actual knowledge or has been served with express notice thereof it shall be entitled to assume that no such Event of Default has taken place.

11.6 If the Notes become redeemable as contemplated above, they will be redeemed strictly in accordance with the Post-Enforcement Priority of Payments. If the Issuer has insufficient funds to redeem each Series of Class A Notes in full, those Notes shall be redeemed *pro rata* to their Principal Amount Outstanding. If, having redeemed each Series of Class A Notes in full, the Issuer has insufficient funds to redeem all the Class B Notes in full, those Notes shall, to the extent that there is more than one Series of Class B Notes in issue, be redeemed *pro rata* to their Principal Amount Outstanding. If, having redeemed the Class B Notes in full, the Issuer has insufficient funds to redeem all the Class C Notes in full, those Notes shall, to the extent that there is more than one Series of Class C Notes in issue, be redeemed *pro rata* to their Principal Amount Outstanding.

11.7 It is recorded that as security for the due, proper and timeous fulfilment by the Issuer of all its obligations under these Notes, the Security SPV shall furnish Noteholders with the Security SPV Guarantee. Each Noteholder expressly accepts the benefits of the Security SPV Guarantee and acknowledges the limitations on its rights of recourse in terms of such Security SPV Guarantee.

11.8 The rights of Noteholders against the Issuer will be limited to the extent that the Noteholders will not be entitled to take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to them under the Notes (including not levying or enforcing

any attachment or execution upon the assets of the Issuer), and all rights of enforcement shall be exercised by lodging a claim under the Security SPV Guarantee, provided that:

11.8.1 if the Security SPV is entitled and obliged to enforce its claim against the Issuer pursuant to the Issuer Indemnity but fails to do so within 60 Business Days of being called upon to do so by a Special Resolution of the Controlling Class of Noteholders; or

11.8.2 if the Security SPV is wound-up, liquidated, de-registered or placed under supervision by a business rescue practitioner (in each case whether voluntarily or compulsorily, provisionally or finally) or if the Security SPV Guarantee and Issuer Indemnity are not enforceable (as finally determined by a judgment of a court of competent jurisdiction after all rights of appeal and review have been exhausted or as agreed by the Security SPV, Noteholders and other Secured Creditors),

then Noteholders shall be entitled to take action themselves to enforce their claims directly against the Issuer if an Event of Default occurs.

11.9 The Noteholders will not, until 2 years following the payment of all amounts outstanding and owing by the Issuer under the Notes and all the other Transaction Documents, institute, or join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation, de-registration, supervision by a business rescue practitioner of, or any compromise or scheme of arrangement or related relief in respect of, or any other proceedings having a similar effect:

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

11.9.2 in respect of the Security SPV or for the appointment of a liquidator, business rescue practitioner or similar officer of the Security SPV.

11.10 Without prejudice to the foregoing provisions of this Condition, each Noteholder undertakes to the Issuer and the Security SPV that if any payment is received by it other than in accordance with the Priority of Payments in respect of sums due to it by the Issuer and/or the Security SPV, the amount so paid shall be received and held by such Noteholder as agent for the Issuer and/or the Security SPV and shall be paid to the Issuer and/or the Security SPV immediately on demand.

11.11 The Security SPV acknowledges that it holds the Security created pursuant to the Security Agreements to be distributed, on enforcement, in accordance with the provisions of the Post-Enforcement Priority of Payments.

11.12 Each Noteholder undertakes that it will not set-off or claim to set-off any amounts owed by it to the Issuer or the Security SPV against any liability owed to it by the Issuer or the Security SPV, respectively.

11.13 Notwithstanding the provisions of the preceding sub-clauses, in the event of a liquidation or a winding-up of the Issuer or of the Issuer being placed under supervision by a business rescue practitioner, Secured Creditors ranking prior to others in the Post-Enforcement Priority of Payments shall be entitled to receive payment in full of amounts due and payable to them, before other Secured Creditors that rank after them in the Post-Enforcement Priority of Payments receive any payment on account of amounts owing to them.

11.14 In order to ensure the fulfilment of the provisions regarding Post-Enforcement Priority of Payments, each Noteholder agrees that in the event of a liquidation or winding-up of the Issuer or of the Issuer being placed under supervision by a business rescue practitioner, it will lodge a claim against the Security SPV arising out of the Security SPV Guarantee. The Security SPV will, in turn, make a claim in the winding-up, liquidation or business rescue proceedings of the Issuer pursuant to the Issuer Indemnity and, out of any amount recovered in such proceedings, pay the Secured Creditors in accordance with the Post-Enforcement Priority of Payments.

11.15 In the event that the Security SPV fails, for whatever reason, to make a claim in the liquidation, winding-up or business rescue proceedings of the Issuer pursuant to the Issuer Indemnity or should the liquidator or business rescue practitioner not accept a claim tendered for proof by the Security SPV pursuant to the Issuer Indemnity, then, in order to ensure the fulfilment of the provisions regarding Post-Enforcement Priority of Payments, each Noteholder shall be entitled to lodge such claims itself but each Noteholder agrees that:

11.15.1 any claim made or proved by a Noteholder in the liquidation, winding-up or business rescue proceedings in respect of amounts owing to it by the Issuer shall be subject to the condition that no amount shall be paid in respect thereof to the extent that the effect of such payment would be that the amount payable to the Secured Creditors that rank prior to it in terms of the Post-Enforcement Priority of Payments would be reduced; and

11.15.2 if the liquidator or business rescue practitioner does not accept claims proved subject to the condition contained in the preceding sub-paragraph then each Secured Creditor shall be entitled to prove its claims against the Issuer in full, on the basis that any liquidation dividend payable to it is paid to the Security SPV for distribution in accordance with the Post-Enforcement Priority of Payments.

12 Prescription

Any claim for payment of principal and interest will prescribe 3 years after the date on which such payment first becomes due and payable in accordance with the Priority of Payments, except that in relation to monies payable in accordance with these Conditions to a holder of Notes issued in uncertificated form, or a Beneficial Interest in such Notes, the claim in respect of any payment under the Notes will prescribe 3 years after the date on which (i) the full amount of such monies have been received by the relevant Participant, (ii) such monies are available for payment to such holder, and (iii) notice to that effect has been duly given to such holder in accordance with the Applicable Procedures.

13 Exchange of Notes or Beneficial Interests and replacement of Notes

13.1 Exchange

13.1.1 The holder of Notes issued in uncertificated form, or a Beneficial Interest in such Notes may, in terms of the Applicable Procedures and subject to section 42 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Securities Depository), request that such Notes or Beneficial Interest, as the case may be, be exchanged for Notes in definitive form represented by an Individual Certificate (the "**Exchange Notice**").

13.1.2 The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Securities Depository, notify the Issuer Agent that it is required to exchange such Notes or Beneficial Interest, as the case may be, for Notes represented by an Individual Certificate. The Issuer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the holder of the Notes or Beneficial Interest, as the case may be, at the Specified Office of the Issuer Agent; provided that joint holders of a Note or a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and delivery to one of those joint holders shall be delivery to all of them.

13.1.3 In the case of the exchange of Notes issued in uncertificated form, or a Beneficial Interest in such Notes:

13.1.3.1 the Central Securities Depository will, prior to the date of exchange, surrender (through the Central Securities Depository system) such uncertificated Notes to the Issuer Agent at its Specified Office;

13.1.3.2 the Issuer Agent will obtain the release of such uncertificated Notes from the Central Securities Depository in accordance with the Applicable Procedures.

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

13.2 **Costs**

Certificates shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Conditions. Separate costs and expenses relating to the provision of Certificates or the transfer of Notes may be levied by other persons, such as the Participant, under the Applicable Procedures and such costs and expenses shall not be borne by either the Issuer or the Servicer. The costs and expenses of delivery of Certificates by a method other than ordinary post (if any) and, if the Issuer shall so require, Taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

13.3 **Replacement**

If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the office of the Issuer Agent on payment by the claimant of such costs and expenses as may be incurred in connection therewith and against the furnishing of such indemnity as the Issuer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13.4 **Death and sequestration or liquidation of Noteholder**

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

14 Transfer of Notes

14.1 Subject to Applicable Laws, each Tranche of Notes listed on the Interest Rate Market of the JSE will be freely transferable and fully paid up in accordance with these Conditions.

14.2 Notes issued in uncertificated form, or Beneficial Interests in such Notes, may be transferred in terms of the Applicable Procedures through the Central Securities Depository.

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

14.4 Transfers of Notes issued in uncertificated form, or Beneficial Interests in such Notes, occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Central Securities Depository or the securities accounts maintained by the Participants, as the case may be. . Notes issued in uncertificated form, or Beneficial Interests in such Notes, may be transferred only in accordance with these Conditions, and the Applicable Procedures.

14.5 In order for any transfer of Notes represented by a Certificate to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Note:

14.5.1 must be pursuant to a written Transfer Form signed by the relevant Noteholder and the transferee, or any authorised representative of that registered Noteholder and/or transferee;

14.5.2 shall only be in respect of minimum denominations equal to or greater than ZAR1 000 000; and

14.5.3 must be made by way of the delivery of the Transfer Form to the Issuer Agent together with the Certificate in question for cancellation and registration of transfer of the Certificate (or the relevant part thereof).

14.6 Subject to the above, the Issuer Agent will, within 3 Business Days of receipt by it of the request (or such longer period as may be required to comply with any applicable fiscal or other laws, regulations or the Applicable Procedures), authenticate and deliver at the Issuer Agent's Specified Office to the transferee or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate of a like aggregate nominal amount to the Certificate (or the relevant part of the Certificate) transferred. In the case of the transfer of a part only of a Certificate, a new Certificate in respect of the balance of the certificate not transferred will be so authenticated and delivered or, at the risk of the transferor, sent to the transferor.

14.7 The transferor of any Notes represented by a Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

14.8 Before any transfer is registered, all relevant transfer Taxes (if any) must have been paid and such evidence must be furnished as the Issuer Agent reasonably requires as to the identity of the transferor and the transferee.

14.9 No transfer will be registered while the Register is closed as contemplated in Condition 15. The last time for a Noteholder to register to qualify for payments of interest and principal is 17h00 (Johannesburg time) on the Record Date.

14.10 If a transfer of Notes represented by a Certificate is registered the Transfer Form and cancelled Certificate will be retained by the Issuer Agent.

15 Register

15.1 The Register shall be kept at the Specified Office of the Issuer Agent. The Register shall contain the name, address and bank account details of the registered Noteholders. The Register shall set out the Principal Amount of the Notes issued to any Noteholder and shall show the date of such issue and the date upon which the Noteholder became registered as such. The Register shall show the serial numbers of the Individual Certificates issued. The Register shall be open for inspection during the normal business hours of the Issuer Agent to any Noteholder or any person of proven identity authorised in writing by any Noteholder, at no charge to such Noteholder or authorised person. The Issuer and the Issuer Agent shall not be bound to enter any trust into the Register or to take any notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

15.2 The Register will be closed during the 5 days preceding each Interest Payment Date (or such other period specified in the Applicable Pricing Supplement), in order to determine those Class A Noteholders, Class B Noteholders and Class C Noteholders entitled to receive payments. All periods referred to for the closure of the Register may be shortened by the Issuer from time to time, upon notice thereof to the Noteholders.

15.3 The Issuer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with Condition 16.

16 **Notices**

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

16.1.1 mailed by registered post or hand delivered to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa; and

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

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

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

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

16.2 For so long as the Notes of any Class are held in their entirety by the Central Securities Depository, there may be substituted for publication as contemplated in Conditions 16.1.1 and 16.1.2 the delivery of the relevant notice to the Central Securities Depository, the Participants and the JSE for communication by them to the Noteholders or the holders of Beneficial Interests in the Notes, in accordance with the Applicable Procedures (including on the JSE Stock Exchange News Service).

16.3 Where any provision of these Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice shall be given *mutatis mutandis* as set out above, subject to compliance with any other time periods prescribed in the provision concerned.

16.4 Notices to be given by any Noteholder shall be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Certificate, to the registered office of the Issuer, the Security SPV and the Issuer Agent, and marked for the attention of the chief executive, with a copy sent by hand or by registered post to the Servicer and marked for the attention of the chief executive. Whilst any of the Notes are held in uncertificated form, notice shall be given by any holder of such Notes or a Beneficial Interest in such Notes to the Issuer via the holder's relevant Participant in accordance with the Applicable Procedures.

17 Amendment of Terms and Conditions

17.1 Subject to Condition 17.5, the Issuer may effect, without the consent of any Noteholder, any amendment to these Conditions and/or the Priority of Payments which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa. Any such amendment will be binding on Noteholders and such amendment will be notified to Noteholders in accordance with Condition 17.7 as soon as practicable thereafter.

17.2 Subject to Condition 17.1, any amendment to these Conditions may be made only with the prior authorisation of a Special Resolution of all of the Noteholders or a Special Resolution of a particular Class (or those Classes) of Noteholders, as the case may be, provided that the Issuer shall have first obtained formal approval from the JSE, prior to sending a notice requiring such prior authorisation to the particular Class (or those Classes) of Noteholders.

17.3 Accordingly, upon any such amendment the Security SPV will call a meeting of all of the Noteholders or a meeting of that Class of Noteholders or separate meetings of each of those Classes of Noteholders, as the case may be. Such meeting or meetings will be regulated by the provisions set out in Condition 22 and no proposed amendment (save as referred to in Condition 17) will be made to these Conditions until such amendment has been approved by Special Resolution at such meeting or meetings.

17.4 If there is any conflict between the Special Resolution(s) passed or not passed, as the case may be, by any Class of Noteholders in terms of Condition 17.2, the Special Resolution(s) passed by the Controlling Class Noteholders will prevail and all other Classes of Noteholders will be bound by the Special Resolution(s) passed by the Controlling Class Noteholders.

17.5 Any amendment to the Transaction Documents (save for the Conditions) and/or the Priority of Payments which, in the reasonable opinion of the Security SPV, may prejudice the rights, under the Transaction Documents (save for the Conditions) and/or the Priority of Payments,

of a Secured Creditor may be made only with the prior written consent of such Secured Creditor.

17.6 No amendment to any of the other Transaction Documents may be made unless the Security SPV grants its prior written approval for such amendment and the Rating Agency (in the event of Rated Notes) is furnished with at least 5 Business Days prior written notice of the proposed amendment.

17.7 The Issuer shall, in accordance with Condition 16, notify each Class or Classes of Noteholders, as the case may be, of any amendment made to these Conditions and/or the Priority of Payments. The Issuer shall also notify the JSE of any such amendment.

18 **Consent of the Security SPV**

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

18.1.1 may be given (conditionally or unconditionally) or withheld in the discretion of the Security SPV, provided that, in exercising such discretion, the Security SPV shall act in what it reasonably believes to be in the best interests of Secured Creditors and, if (in giving or withholding the consent) the interests of any one category of Secured Creditors conflict with those of another category of Secured Creditors, the Security SPV shall act in what it reasonably believes to be in the interests of the Controlling Class Noteholders (or failing any Noteholders, in the best interests of the category of Secured Creditors ranking highest in the Priority of Payments);

18.1.2 shall be given or withheld within a reasonable period of time and, if not given or withheld within such reasonable period of time, shall be deemed to have been withheld.

18.2 Where in any Transaction Document it is provided that the Issuer and/or the Security SPV is required to act, form an opinion, give consent, or exercise a right or discretion "reasonably" or to not act "unreasonably" (collectively "acted"), or is constrained by words to similar effect, and any other party disputes that the Issuer or the Security SPV, as the case may be, has acted reasonably or asserts that it has acted unreasonably, then, pending a final resolution of such dispute, all parties (including the party which raised the dispute) shall nevertheless in all respects continue to perform their obligations under the relevant Transaction Document, and/or to give effect to its provisions, including provisions relating to the termination thereof, as if the Issuer or the Security SPV, as the case may be, had acted reasonably or had not acted unreasonably as the case may be.

18.3 Without derogating from any express provision in any Transaction Document and without limiting any of the rights, powers and/or discretions of the Security SPV, the Security SPV will not be required to exercise any right, power or discretion in terms of the Transaction Documents without the specific written instructions of a Special Resolution of the Controlling Class Noteholders or, if there are no Noteholders, then without the specific written instructions of the Secured Creditors ranking highest in the Priority of Payments at that time.

19 Liquidation of the Security SPV

The Noteholders shall not, until 2 years following the payment of all amounts outstanding and owing by the Issuer under the Notes and all the other Transaction Documents, be entitled, directly or indirectly, to institute, or join with any person in instituting, any proceedings for the winding-up, liquidation, de-registration, supervision by a business rescue practitioner of the Security SPV or any compromise or scheme of arrangement or any related relief in respect of the Security SPV or for the appointment of a liquidator, business rescue practitioner or similar officer of the Security SPV, in any court in South Africa or elsewhere.

20 No voting rights on Notes held by Issuer

The Issuer shall not have any voting rights on any Notes repurchased or otherwise held by it.

21 Governing law

The Notes and all rights and obligations relating to the Notes are governed by, and shall be construed in accordance with, the laws of South Africa.

22 Meetings of Noteholders and Round Robin Resolutions

22.1 Convening of meetings

22.1.1 The Security SPV or the Issuer may at any time convene a meeting of Noteholders or separate meetings of each Class of Noteholders ("**a meeting**" or "**the meeting**").

22.1.2 The Security SPV shall convene a meeting upon the requisition in writing of the holders of at least 10% of the aggregate Principal Amount Outstanding of the Notes or Class of Notes, as the case may be, upon being given notice of the nature of the business for which the meeting is to be held.

22.1.3 Whenever the Issuer wishes to convene a meeting, it shall forthwith give notice in writing to the Security SPV of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting and the Security SPV shall give notice thereof to the Noteholders.

22.1.4 Whenever the Security SPV wishes or is obliged to convene a meeting it shall forthwith give notice in writing to the Noteholders and the Issuer in the manner prescribed in Condition 16, of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting.

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

22.1.6 All meetings of Noteholders shall be held in Johannesburg.

22.2 **Requisition**

22.2.1 A requisition notice referred to in Condition 22.1.2 shall state the nature of the business for which the meeting is to be held and shall be deposited at the office of the Security SPV.

22.2.2 The Security SPV shall notify the Issuer of the deposit of a requisition notice forthwith.

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

22.3 **Convening of meetings by requisitionists**

If the Security SPV does not proceed to cause a meeting to be held within 30 Business Days of the deposit of a requisition notice, requisitionists who together hold not less than 10% of the aggregate Principal Amount Outstanding of the Notes or the Class of Notes, as the case may be, for the time being, may themselves convene the meeting, but the meeting so convened shall be held within 90 Business Days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Security SPV. Notice of the meeting shall be required to be given to the Issuer and the Security SPV.

22.4 **Notice of meeting**

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

22.4.2 The accidental omission to give such notice to any Noteholder or the Security SPV or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

22.5 **Quorum**

22.5.1 A quorum at a meeting shall:

22.5.1.1 for the purposes of considering an Ordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Notes or each Class of Notes, as the case may be;

22.5.1.2 for the purposes of considering a Special Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than a clear majority of the aggregate Principal Amount Outstanding of the Notes or each Class of Notes, as the case may be.

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

22.5.3 If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting shall stand adjourned to the same day in the 3rd week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy shall constitute a quorum for the purpose of considering any resolution, including a Special Resolution.

22.6 **Chairman**

The Security SPV or its representative shall preside as chairman at a meeting. If the Security SPV or its representative is not present within 10 minutes of the time appointed for the holding of the meeting, the Noteholders then present shall choose one of their own number to preside as chairman.

22.7 **Adjournment**

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

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

22.7.3 At least 14 days' written notice of the place, day and time of an adjourned meeting shall be given by the Security SPV to each Noteholder and the Issuer. In the case of a meeting adjourned in terms of Condition 22.5.3, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

22.8 **How questions are decided**

22.8.1 At a meeting, a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by any one of the Noteholders present in person or by proxy.

22.8.2 Unless a poll is demanded, a declaration by the chairman that on a show of hands a resolution has been carried, or carried by a particular majority, or lost, shall be conclusive evidence of that fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

22.8.3 A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.

22.8.4 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

22.9 **Votes**

On a show of hands every Noteholder present in person shall have one vote. On a poll every Noteholder, present in person or by proxy, shall have one vote for each ZAR1 000 000 of the Principal Amount Outstanding of the Notes held by him. The joint holders of Notes shall have only one vote on a show of hands and one vote on a poll for each ZAR1 000 000 of the Principal Amount Outstanding of the Notes of which they are the registered holder and

the vote may be exercised only by that holder present whose name appears first on the register of holders of Notes in the event that more than one of such joint holders is present in person or by proxy at the meeting. The Noteholder in respect of Notes held in the Central Securities Depository in uncertificated form shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions of the holders of Beneficial Interests conveyed in accordance with the Applicable Procedures.

22.10 **Proxies and representatives**

22.10.1 On a poll votes may be given either in person or by proxy. A proxy shall be authorised in writing under any usual common form of proxy under the hand of the Noteholder or of his authorised agent and, if the Noteholder is a company, other body corporate or association, signed by its authorised officer or agent.

22.10.2 A person appointed to act as proxy need not be a Noteholder.

22.10.3 The proxy form shall be deposited at the registered office of the Issuer or at the office where the Register of Noteholders is kept not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote, and in default, the proxy shall be invalid.

22.10.4 No proxy form shall be valid after the expiration of 6 months from the date named in it as the date of its execution.

22.10.5 A proxy shall have the right to demand or join in demanding a poll.

22.10.6 Notwithstanding Condition 22.10.4, a proxy form shall be valid for any adjourned meeting, unless the contrary is stated thereon.

22.10.7 A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the Issuer Agent more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

22.10.8 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative in connection with any meeting or proposed meeting of Noteholders. Any reference in these Conditions

to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

22.11 **Minutes**

22.11.1 The Security SPV shall cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be provided by the Issuer for that purpose.

22.11.2 Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

22.12 **Round Robin Resolutions**

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

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

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

22.12.4 A Round Robin Resolution may be executed in any number of counterparts by Noteholders entitled to exercise voting rights in relation to the proposed written resolution.

22.13 **General**

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

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

22.13.3 Subject to Condition 17.4, the meeting of Noteholders shall have power, in addition to all powers specifically conferred elsewhere in these Conditions:

22.13.3.1 by Ordinary Resolution of the Controlling Class to give instructions to the Security SPV or the Issuer in respect of any matter not covered by these Conditions or the Transaction Documents (but without imposing obligations on the Issuer or the Security SPV not imposed or contemplated by these Conditions or otherwise conflicting with or inconsistent with the provisions of the Transaction Documents);

22.13.3.2 by Special Resolution:

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

22.13.3.2.2 of the particular Class of Noteholders to agree to any variation or modification of any of the rights of the relevant Class of Noteholders, in each case subject to the consent of the Issuer.

22.13.4 Unless otherwise specified, resolutions of Noteholders or Noteholders of the relevant Class will require an Ordinary Resolution to be passed. Subject to the above provisions of this Condition 22, if there is any conflict between the resolutions passed by any Class of Noteholders, the resolutions passed by the Controlling Class will prevail.

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

23 **Benefits**

23.1 The Conditions, insofar as they confer benefits on any Secured Creditor (other than a Noteholder), comprise a stipulation for the benefit of such Secured Creditor and will be

deemed to be accepted by each such Secured Creditor upon execution of the Common Terms Agreement by each such Secured Creditor.

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

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

24 Multiple Roles

24.1 The Noteholders acknowledge and agree that SBSA acts in a number of different capacities in relation to the transactions envisaged in the Transaction Documents. Furthermore, Noteholders acknowledge and agree that SBSA and/or its affiliates may have a lending relationship with any party to the Transaction Documents and/or any entity in the Group and/or their respective affiliates, and from time to time may have performed, and in the future may perform, banking, investment banking, advisory, consulting and other financial services for any such parties and/or entities and/or affiliates, for which SBSA and/or its affiliates may receive customary advisory and transaction fees and expenses reimbursement.

24.2 In addition, in the ordinary course of its business activities, SBSA and/or its affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve securities and/or instruments of any party to the Transaction Documents and/or any entity in the Group and/or their respective affiliates (including the Notes). SBSA and/or its affiliates may hedge their credit exposure to any party to the Transaction Documents and/or any entity in the Group and/or their respective affiliates in a manner consistent with their customary risk management policies.

24.3 Notwithstanding such different capacities, roles and relationships:

24.3.1 SBSA and/or any of its affiliates and/or any of their respective officers, directors and/or employees may become the owner of, or acquire any interest in any Notes with the same rights that it or he would have had if not a party to a Transaction Document, and may engage or be interested in any financial or other transaction with the Issuer, provided it is a transaction disclosed in any Transaction Document, and may act on, or as depository, trustee or agent for, any committee or body of Noteholders in

connection with any other obligation of the Issuer as freely as if it were not a party to any Transaction Document;

24.3.2 information, knowledge or notification obtained by SBSA in any one such capacity shall not be attributed to it, whether constructively or otherwise, in any other capacity; and

24.3.3 any payments made by the Issuer in accordance with the Transaction Documents to SBSA in one capacity shall be construed as a payment to SBSA only in such capacity and not in any other capacity.

USE OF PROCEEDS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Use of Proceeds" shall bear the same meanings as used in the section headed "Glossary of Defined Terms", and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

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

1. to fund the purchase of the Initial Participating Assets by the Issuer from the Seller;

2. to fund the purchase of the Additional Participating Assets by the Issuer from the Seller during the Tap Issue Period or on a Qualifying Refinancing Date, as the case may be;

3. to fund the purchase of the Pre-Funded Participating Assets by the Issuer from the Seller during the Pre-Funding Period;

4. to fund the Cash Reserve (to the extent necessary); and

5. as may otherwise be described in the Applicable Pricing Supplement.

SECURITY

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Security" shall bear the same meanings as used in the section headed "Glossary of Defined Terms", and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1. Notes will be obligations of the Issuer only.

2. The Administration Agreement sets out the Pre-Enforcement Priority of Payments in accordance with which certain creditors of the Issuer will be paid prior to delivery of an Enforcement Notice by the Security SPV, declaring the Notes to be immediately due and payable. The Administration Agreement also sets out the Post-Enforcement Priority of Payments applicable after delivery of an Enforcement Notice. Amounts payable at any time to any Secured Creditor which ranks in the Priority of Payments after other Secured Creditors, will only be paid to the extent that funds are available at such time after payment has been made in full to creditors ranking higher in the Priority of Payments.

3. The Security SPV will bind itself under a Security SPV Guarantee to each Secured Creditor. Pursuant to such Security SPV Guarantee the Security SPV will undertake in favour of each Secured Creditor to pay to it the full amount then owing to it by the Issuer, if an Event of Default should occur under the Notes or the respective Transaction Documents. The liability of the Security SPV pursuant to the Security SPV Guarantee will, however, be limited in the aggregate to the amount recovered by the Security SPV from the Issuer arising out of the Issuer Indemnity referred to below. Payment of amounts due by the Security SPV pursuant to the Security SPV Guarantee will be made strictly in accordance with the Pre-Enforcement Priority of Payments prior to delivery of an Enforcement Notice and the Post-Enforcement Priority of Payments after delivery of an Enforcement Notice, as the case may be. Performance by the Security SPV of its obligations under the Security SPV Guarantee is subject to the provisions of the Security SPV Guarantee, which provisions do not provide that the Security SPV Guarantee is revocable.

4. The Issuer will give the Issuer Indemnity to the Security SPV in respect of the claims that may be made against it arising out of the Security SPV Guarantee. The obligations of the Issuer in terms of this Issuer Indemnity are secured by:

4.1 a suretyship granted by the Owner Trust in favour of the Security SPV in respect of the obligations of the Issuer under the Issuer Indemnity, limited to the realised value of the shares in the Issuer. As security for the suretyship granted to the Security SPV, the Owner Trust grants to the Security SPV a pledge and cession of all the Owner Trust's shares in the Issuer;

4.2 security cessions in favour of the Security SPV of the Issuer's right, title and interest in and to:

4.2.1 each Participating Asset and Insurance Proceeds in respect of the portfolio of Participating Assets owned by the Issuer from time to time; and

4.2.2 the Account Monies, Transaction Account, Business Proceeds, Permitted Investments, Transaction Documents and Collections SPV Administration Agreement.

5. Each Class of Notes will share the same Security but in the event of the Security being enforced, the Class C Notes will be subordinated to the Class B Notes and the Class B Notes will be subordinated to the Class A Notes. Each Series of Class A Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with each such Series of Class A Notes), will rank *pari passu* among themselves.

6. The Security SPV was incorporated on 18 March 2016. The registered office of the Security SPV is situated at 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708, South Africa.

7. The Security SPV Owner Trust is the holder of all of the ordinary shares in the share capital of the Security SPV and the Security SPV Owner Trust shall endure for so long as the Security SPV has any obligations of any nature whatsoever to any Secured Creditor in terms of the Security SPV Guarantee issued by the Security SPV. In terms of the Security SPV's memorandum of incorporation, for so long as the Security SPV has an obligation of any nature whatsoever owing to Noteholders, shares in the Security SPV may only be transferred with the prior approval of a Special Resolution of the Noteholders.

PRIORITY OF PAYMENTS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Priority of Payments" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Pre-Enforcement Priority of Payments

1. On each Interest Payment Date, monies standing to the credit of the Transaction Account as of the immediately preceding Determination Date and, to the extent that such monies are insufficient, all monies standing to the credit of the Cash Reserve, the Capital Reserve and the Arrears Reserve as of the immediately preceding Determination Date (save that such monies shall only be applied to meet the relevant expenses set out in items 5, 7 and 8 of the section headed "*Credit Structure*") and all monies advanced under the Liquidity Facility (save that such monies shall only be applied for the purposes set out in the Liquidity Facility Agreement), shall, after making payment of or providing for amounts owing in respect of the Excluded Items, until enforcement of the Security for the Notes, be transferred from the Transaction Account, the Cash Reserve, the Capital Reserve and the Arrears Reserve in accordance with written payment instructions, signed by the Administrator. Such amounts shall be applied to the extent to which funds are available in the Transaction Account and, if applicable, the Cash Reserve, the Capital Reserve and the Arrears Reserve, in making payments or provisions in accordance with the Pre-Enforcement Priority of Payments set out below on the basis that a Secured Creditor which ranks subsequent to any other creditors in the Pre-Enforcement Priority of Payments will not be paid unless and until all the creditors which rank prior to it in the Pre-Enforcement Priority of Payments have been paid all the amounts then due and payable to them by the Issuer (each clause below being referred to as a successive "**item**" in the Pre-Enforcement Priority of Payments):

1.1 first, to pay or provide for the Issuer's liability or potential liability for Tax;

1.2 second, to pay or provide for *pari passu* and *pro rata*:

1.2.1 the remuneration due and payable to the Security SPV (inclusive of VAT, if any) and any fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by

the Security SPV under the provisions of the Security Agreements and/or any of the Transaction Documents and/or the Notes;

1.2.2 the remuneration due and payable to the Owner Trustee (inclusive of VAT, if any) and any fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by such trustee under the provisions of the trust deed of the Owner Trust, the Security Agreements and/or any of the Transaction Documents and/or the Notes; and

1.2.3 the remuneration due and payable to the Security SPV Owner Trustee (inclusive of VAT, if any) and any fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by such trustee under the provisions of the trust deed of the Security SPV Owner Trust, the Security Agreements and/or any of the Transaction Documents and/or the Notes;

1.3 third, to pay or provide for *pari passu* and *pro rata* all fees, costs, charges, liabilities and expenses (inclusive of VAT, if any) incurred by or on behalf of the Issuer, which are due and payable or expected to become due and payable by the Issuer on or after such Interest Payment Date (prior to the next Interest Payment Date) to third parties and incurred without breach by the Issuer of its obligations under the Transaction Documents and not provided for payment elsewhere (including payment of the Rating Agency (in the event of Rated Notes), Taximart, the JSE, any fees of the Directors of the Issuer, audit fees, legal fees, any fees, premiums or commissions due upon the execution of any Derivative Contract and any company secretarial expenses);

1.4 fourth, to pay or provide for *pari passu* and *pro rata*:

1.4.1 the Senior Servicing Fee due and payable to the Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Servicer under the Servicing Agreement prior to the next Interest Payment Date;

1.4.2 the Standby Servicing Fee due and payable to the Standby Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Standby Servicer under the Servicing Agreement prior to the next Interest Payment Date;

1.4.3 the Administration Fee due and payable to the Administrator on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Administrator under the Administration Agreement prior to the next Interest Payment Date; and

1.4.4 the Standby Administration Fee due and payable to the Standby Administrator on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Standby Administrator under the Administration Agreement prior to the next Interest Payment Date;

1.5 fifth, to pay or provide for *pari passu* and *pro rata* any net settlement amounts and Derivative Termination Amounts due and payable to any Derivative Counterparty in accordance with the Derivative Contracts (but excluding any Derivative Termination Amounts where the Derivative Counterparty is in default);

1.6 sixth, to pay all amounts due and payable under the Liquidity Facility other than in respect of principal;

1.7 seventh, to pay any amounts due and payable by the Issuer to the Seller under the Sale Agreement;

1.8 eighth, to pay or provide for *pari passu* and *pro rata* for all amounts due and payable in respect of each Series of Class A Notes other than in respect of principal on the Class A Notes;

1.9 ninth, subject to a Class B Interest Deferral Event not occurring on that Interest Payment Date, to pay or provide for all amounts due and payable in respect of the Class B Notes other than in respect of principal on the Class B Notes;

1.10 tenth, subject to a Class C Interest Deferral Event not occurring on that Interest Payment Date, to pay or provide for all amounts due and payable in respect of the Class C Notes other than in respect of principal on the Class C Notes;

1.11 eleventh, in the event only that a substitute Servicer assumes the role of Servicer, the Subordinated Servicing Fee, if any (inclusive of VAT, if any) due and payable to the substitute Servicer on such Interest Payment Date;

1.12 twelfth, to credit the Cash Reserve up to the Cash Reserve Required Amount;

1.13 thirteenth, to repay all principal amounts outstanding under the Liquidity Facility as at the immediately preceding Determination Date;

1.14 fourteenth, during the Revolving Period and/or Pre-Funding Period only, to fund the purchase by the Issuer of Additional Participating Assets and/or Pre-Funded Participating Assets (as the case may be) or to set aside cash for such funding in terms of paragraph 2

below, up to the Potential Redemption Amount and/or the Pre-Funding Amount, (as the case may be);

1.15 fifteenth, if there are Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) outstanding on such Interest Payment Date, to allocate an amount to be applied in redeeming the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes), (in the manner set out in paragraph 3 below) equal to the greater of:

1.15.1 the Total Scheduled Redemption Amount; and

1.15.2 the Potential Redemption Amount less the amount applied under item 14 above;

1.16 sixteenth, if there are Class A Notes outstanding on such Interest Payment Date prior to the application of funds under this item 16, and the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) have been fully redeemed, to allocate an amount to be applied in redeeming the Notes (in the manner set out in paragraph 4 below) equal to the greater of zero and the difference between:

1.16.1 the Potential Redemption Amount; and

1.16.2 the sum of the amounts applied under items 14 and 15 above;

1.17 seventeenth, if a Class B Interest Deferral Event occurs on such Interest Payment Date, to pay interest due and payable in respect of the Class B Notes;

1.18 eighteenth, if there are no Class A Notes outstanding on such Interest Payment Date after the application of funds under item 16 above, to allocate an amount to be applied in redeeming the Class B Notes and the Class C Notes (in the manner set out in paragraph 5 below) equal to the greater of zero and the difference between:

1.18.1 the Potential Redemption Amount; and

1.18.2 the sum of the amounts applied under items 14 to 17 (both inclusive) above;

1.19 nineteenth, subject to an Arrears Reserve Trigger Event having occurred and continuing on such Interest Payment Date, to credit the Arrears Reserve up to the Arrears Reserve Required Amount;

1.20 twentieth, if a Class C Interest Deferral Event occurs on such Interest Payment Date, to pay interest due and payable in respect of the Class C Notes;

1.21 twenty-first, if there are no Class B Notes outstanding on such Interest Payment Date after the application of funds under item 18 above, to allocate an amount to be applied in redeeming Class C Notes (in the manner set out in paragraph 6 below) equal to the greater of zero and the difference between:

1.21.1 the Potential Redemption Amount; and

1.21.2 the sum of the amounts applied under items 14 to 20 (both inclusive) above;

1.22 twenty-second, provided that the Subordinated Servicing Fee was not paid or provided for under item 11 above, to pay the Subordinated Servicing Fee due and payable to the Servicer on each Interest Payment Date, if any (inclusive of VAT, if any);

1.23 twenty-third, if the Issuer in its discretion so elects, to credit the Cash Reserve with such amount from Excess Spread in excess of the Cash Reserve Required Amount as the Issuer may determine;

1.24 twenty-fourth, to pay or provide for *pari passu* and *pro rata* the Derivative Termination Amounts due and payable to any Derivative Counterparty under the Derivative Contracts where the Derivative Counterparty is in default;

1.25 twenty-fifth, to pay amounts due and payable in respect of the Subordinated Loan other than in respect of principal on the Subordinated Loan;

1.26 twenty-sixth, to pay amounts due and payable in respect of principal under the Subordinated Loan;

1.27 twenty-seventh, to pay or provide for the dividend due and payable to the Preference Shareholder, net of Taxes; and

1.28 twenty-eighth, while any obligations (whether actual or contingent) remain outstanding to Secured Creditors, to invest the surplus, if any, in Permitted Investments and, only once all the obligations (whether contingent or otherwise) to Secured Creditors have been discharged in full, to pay the surplus, if any, to the ordinary shareholders of the Issuer by way of dividends, net of Taxes.

2. Funds in the Capital Reserve may be used at any time to fund the acquisition of Additional Participating Assets during the Revolving Period and/or Pre-Funded Participating Assets during a Pre-Funding Period. Should the balance in the Capital Reserve (excluding amounts recorded in the Pre-Funding Ledger) exceed 10% of the Principal Amount Outstanding of all Notes in issue, then an amount equal to such excess shall be added to the Potential Redemption Amount and applied in redeeming the Notes on each Interest Payment Date. The Pre-Funding Amount

recorded in the Pre-Funding Ledger may be utilised on any date during the Pre-Funding Period to purchase Pre-Funded Participating Assets and if not fully utilised within the Pre-Funding Period, such amount shall be added to the Potential Redemption Amount to be applied in redeeming the Notes on each Interest Payment Date occurring thereafter.

3. In respect of the amount allocated for redemption of the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) under item 15 of the Pre-Enforcement Priority of Payments:

3.1 if the Total Scheduled Redemption Amount is greater than the Potential Redemption Amount (less the amount applied under item 14 of the Pre-Enforcement Priority of Payments) then the Issuer may draw on the Liquidity Facility to cover the shortfall and each of the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) will receive the respective Scheduled Redemption Amount; or

3.2 if the Total Scheduled Redemption Amount is equal to the Potential Redemption Amount (less the amount applied under item 14 of the Pre-Enforcement Priority of Payments) then each of the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) will receive the respective Scheduled Redemption Amount; or

3.3 if the Total Scheduled Redemption Amount is less than the Potential Redemption Amount (less the amount applied under item 14 of the Pre-Enforcement Priority of Payments) then the difference shall be used to redeem *pro-rata* the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) in addition to the Class A1 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A1 Notes) receiving the respective Scheduled Redemption Amount.

4. The amount allocated for redemption of the Notes under item 16 of the Pre-Enforcement Priority of Payments will be divided into the Class A Redemption Amount and, the Class B Redemption Amount. The Class A Redemption Amount will be allocated firstly to the Class A2 Notes (including each Series of Class A Notes Assigned a Designated Class A Ranking equal with the Class A2 Notes) and then *pro-rata* to the Class A3 Notes (including each Series of Class A Notes Assigned a Designated Class A Ranking equal with the Class A3 Notes) and the Class A4 Notes (including each Series of Class A Notes Assigned a Designated Class A Ranking equal with the Class A4 Notes), provided that no amount shall be allocated to the relevant Class A Notes (including each Series of Class A Notes Assigned a Designated Class A Ranking equal with such Class A Notes) if a Class A Principal Lock-Out in respect of such Class A Notes applies. The amount allocated

for redemption of the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) will be:

4.1 on an Interest Payment Date where none of the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) have a Coupon Step-Up Date, an amount equal to the Class A Redemption Amount which is allocated *pro-rata* to the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) provided that no amount shall be allocated to a particular Class A2 Note (or other Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) if a Class A Principal Lock-Out in respect of such Notes applies; or

4.2 on an Interest Payment Date where one or more of the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) has a Coupon Step-Up Date and the Issuer has elected to redeem such Notes, an amount equal to the Class A Redemption Amount which is allocated firstly *pro-rata* to the Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) which have a Coupon Step-Up Date and secondly *pro-rata* to the other Class A2 Notes (including each Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) provided that no amount shall be allocated to a particular Class A2 Notes (or other Series of Class A Notes assigned a Designated Class A Ranking equal with the Class A2 Notes) if a Class A Principal Lock-Out in respect of such Notes applies.

5. The amount allocated for redemption of the Notes under item 18 of the Pre-Enforcement Priority of Payments will be divided into the Class B Redemption Amount and the Class C Redemption Amount.

6. The amount allocated for redemption of the Notes under item 21 of the Pre-Enforcement Priority of Payments will be the Class C Redemption Amount.

7. The *pari passu* and *pro rata* payment of all amounts (other than in respect of principal) due and payable in respect of a Series of Class A Notes will include payment of all amounts (other than in respect of principal) due and payable in respect of further Series of Class A Notes issued under the Programme and assigned a Designated Class A Ranking equal with such Series of Class A Notes.

8. The following items may be paid or provided for prior to the allocation of sums under the Priority of Payments:

8.1 certain monies which properly belong to third parties (such as, without limitation, monies owing to any party in respect of reimbursement for direct debit recalls, the costs of insurance premiums and payments in respect of Vehicle Tracking Contracts);

8.2 amounts payable to the Seller under the Sale Agreement in respect of reconciliations of the amounts paid in respect of the purchase of Participating Assets on any Effective Date;

8.3 up until the expiry of the Revolving Period or the Tap Issue Period or on a Qualifying Refinancing Date, as the case may be, amounts paid by the Issuer to the Seller in respect of the purchase consideration for Participating Assets purchased by the Issuer on any day during an Interest Period, in accordance with the terms and conditions of the Sale Agreement;

8.4 any amounts paid by the Servicer into the Transaction Account in terms of the Servicing Agreement in respect of instalments owing under a Participating Asset but unpaid on any Determination Date for non-credit-related reasons, which instalments have subsequently been received by the Issuer;

8.5 amounts paid by the Issuer to the Seller in respect of the Purchase Price for Pre-Funded Participating Assets, provided that the aggregate of such amounts does not exceed the Pre-Funding Amount;

8.6 the repayment of Liquidity Facility Invested Amounts;

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

all of which items rank above all other items in the Priority of Payments, and the payment of which is not restricted to Interest Payment Dates.

Post-Enforcement Priority of Payments

1. After the Security SPV has given notice to the Issuer pursuant to an Event of Default, declaring the Notes to be due and payable, no Additional Participating Assets or Pre-Funded Participating Assets may be purchased, and the Security SPV shall, after making payment of or providing for Excluded Items, use the money received in respect of the Participating Assets including proceeds of the enforcement of the Security and monies standing to the credit of the Transaction Account, the Cash Reserve, the Capital Reserve and the Arrears Reserve to make payments in the following order of priority pursuant to and in accordance with, and as more fully set out in, the

Administration Agreement and on the basis that a Secured Creditor which ranks subsequent to any other creditors in the Post-Enforcement Priority of Payments will not be paid unless and until all creditors which rank prior to it in the Post-Enforcement Priority of Payments have been paid all the amounts then due and payable to them by the Issuer:

1.1 first, to pay or provide for the Issuer's liability or possible liability for all Taxes, provided that this item shall fall away from the Post-Enforcement Priority of Payments in the event of the Issuer being liquidated, whether provisionally or finally, voluntarily or compulsorily;

1.2 second, to pay or provide for *pari passu* and *pro rata*:

1.2.1 the remuneration due and payable to the Owner Trustee (inclusive of VAT, if any) and any costs, fees, charges, liabilities and expenses (inclusive of VAT, if any) incurred by such trustee under the provisions of the trust deed of the Owner Trust, the Security Agreements and/or any of the Transaction Documents and/or the Notes;

1.2.2 the remuneration due and payable to the Security SPV Owner Trustee (inclusive of VAT, if any) and any costs, fees, charges, liabilities and expenses (inclusive of VAT, if any) incurred by such trustee under the provisions of the trust deed of the Security SPV Owner Trust, the Security Agreements and/or any of the Transaction Documents and/or the Notes; and

1.2.3 the remuneration due and payable to the Security SPV (inclusive of VAT, if any) and any costs, fees, charges, liabilities and expenses (inclusive of VAT, if any) incurred by the Security SPV under the provisions of the Security Agreements and/or any of the Transaction Documents and/or the Notes;

1.3 third, to pay or provide for *pari passu* and *pro rata* all fees, costs, charges, liabilities and expenses incurred by or on behalf of the Issuer and which are due and payable or expected to become due and payable on or after such Interest Payment Date (prior to the next Interest Payment Date) by the Issuer to third parties and incurred without breach by the Issuer of its obligations under the Transaction Documents and not provided for payment elsewhere (including payment of the Rating Agency (in the event of Rated Notes), Taximart, the JSE, any fees of the Directors of the Issuer, audit fees, legal fees and any company secretarial expenses);

1.4 fourth, to pay or provide for *pari passu* and *pro rata*:

1.4.1 the Senior Servicing Fee due and payable to the Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are payable or

expected to become due and payable to the Servicer under the Servicing Agreement prior to the next Interest Payment Date;

1.4.2 the Standby Servicing Fee due and payable to the Standby Servicer on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are payable or expected to become due and payable to the Standby Servicer under the Servicing Agreement prior to the next Interest Payment Date; and

1.4.3 the Administration Fee due and payable to the Administrator on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Administrator under the Administration Agreement prior to the next Interest Payment Date;

1.4.4 the Standby Administration Fee due and payable to the Standby Administrator on such Interest Payment Date (inclusive of VAT, if any) together with costs and expenses which are due and payable or expected to become due and payable to the Standby Administrator under the Administration Agreement prior to the next Interest Payment Date;

1.5 fifth, to pay or provide for *pari passu* and *pro rata* any net settlement amounts and Derivative Termination Amounts due and payable to any Derivative Counterparty in accordance with the Derivative Contracts (but excluding any Derivative Termination Amounts where the Derivative Counterparty is in default);

1.6 sixth, to pay all amounts due and payable under the Liquidity Facility;

1.7 seventh, to pay any amounts due and payable by the Issuer to the Seller under the Sale Agreement;

1.8 eighth, to pay *pari passu* and *pro rata* interest, principal and all other amounts due and payable in respect of each Series of Class A Notes;

1.9 ninth, to pay interest, principal and all other amounts due and payable in respect of the Class B Notes;

1.10 tenth, to pay *pari passu* and *pro rata*:

1.10.1 interest, principal and all other amounts due and payable in respect of the Class C Notes; and

1.10.2 in the event only that a substitute Servicer assumes the role of Servicer, the Subordinated Servicing Fee due and payable to the substitute Servicer on such Interest Payment Date, if any (inclusive of VAT, if any);

1.11 eleventh, to pay or provide for *pari passu* and *pro rata* the Derivative Termination Amounts due and payable to any Derivative Counterparty under the Derivative Contracts where the Derivative Counterparty is in default;

1.12 twelfth, provided that the Subordinated Servicing Fee was not paid or provided for under item 10 above, to pay the Subordinated Servicing Fee due and payable to the Servicer on each Interest Payment Date, if any (inclusive of VAT, if any);

1.13 thirteenth, to pay interest, principal and all other amounts due and payable in respect of the Subordinated Loan;

1.14 fourteenth, to pay or provide for the dividend due and payable to the Preference Shareholder, net of Taxes; and

1.15 fifteenth, to pay the surplus, if any, to the ordinary shareholders of the Issuer by way of dividends.

2. The *pari passu* and *pro rata* payment of interest, principal and all other amounts due and payable in respect of a Series of Class A Notes under item 8 of the Post-Enforcement Priority of Payments, will include payment of interest, principal and all other amounts due and payable in respect of further Series of Class A Notes issued under the Programme and assigned a Designated Class A Ranking equal with such Series of Class A Notes.

3. In regard to the Notes, any reference in the Priority of Payments to a *pro rata* allocation of funds in respect of principal payments shall be determined with reference to the then Principal Amount Outstanding of the relevant Class of Notes.

THE ISSUER

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1. **Introduction**

The Issuer was incorporated and registered in South Africa on 18 March 2016 as a private company with limited liability and was converted to a public company with limited liability on 10 October 2017, under registration number 2016/117311/06, under the Companies Act. The Issuer has no Subsidiaries.

2. **Directors**

The Directors of the Issuer are:

Lorenzo Phillipe Cardoso;

Olivia Ann Ferreira;

Jack Ernest Trevena; and

Rishendrie Thanthony.

3. **Company secretary and registered office**

The company secretary of the Issuer is Lorenzo Phillipe Cardoso.

The registered office of the Issuer is at 179, 15th Road, Randjespark, Midrand, Gauteng, 1685.

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

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

5. **Activities**

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

6. **Capitalisation of the Issuer**

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

Share capital	
Authorised	
4 000 (four thousand) no par value ordinary shares	
100 (one hundred) cumulative redeemable no par-value preference shares	
Issued	
100 (one hundred) no par value ordinary shares issued at ZAR100	ZAR100
23 (twenty-three) cumulative redeemable no par-value preference shares issued at ZAR23	ZAR23

As at the date of this Programme Memorandum, save as disclosed herein, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The Issuer has not traded at all since the date of its incorporation, being 18 March 2016, and no transactions have occurred during this period.

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

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

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

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

THE GROUP

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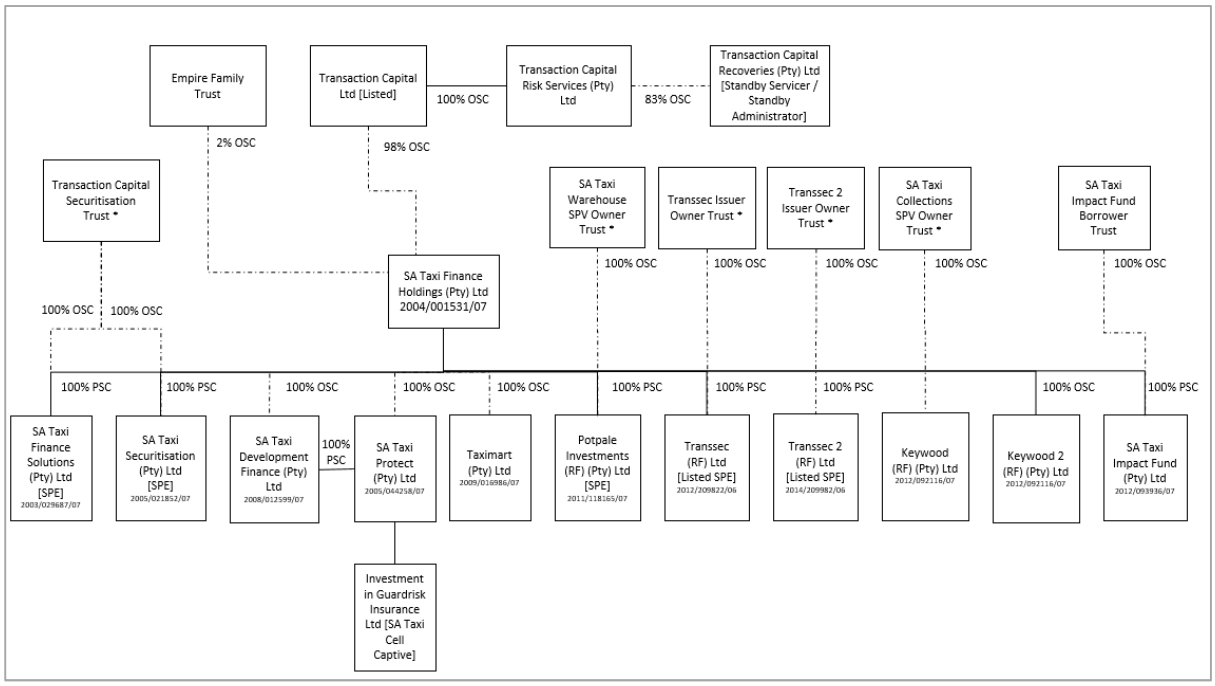
1. CURRENT STRUCTURE OF THE GROUP



Legend

OSC Ordinary Share Capital
PSC Preference Share Capital
SPE SA Taxi Finance Holdings holds 100% of the Preference Share Capital (PSC).
Transaction Capital Securitisation Trust holds 100% of the Ordinary Share Capital (OSC). The company is consolidated into SA Taxi Finance Holdings, as it is an SPE (Special Purpose Entity) in terms of SIC 12 of the International Financial Reporting Standards (IFRS).
* Beneficiaries are respective TC group subsidiaries. In this case, SA Taxi Finance Holdings is the residual beneficiary of the Trust with respect to SA Taxi Securitisation and SA Taxi Finance Solutions.

SATDF acts as the management company for the Group, including ongoing management and collections. SATDF earns a management fee for the services rendered to other entities within the Group. The holding company of SATDF is SA Taxi, with the ultimate holding company being Transaction Capital, a company listed on the JSE.

As the management company, all employees of the Group are employed by SATDF. As at the end of March 2017 SATDF employed 875 employees.

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

The Group has facilitated the creation of over 61 000 black Small, Medium and Micro-sized Enterprises ("**SMMEs**") since 2008. As at the end of March 2017 gross loans and advances were ZAR7.8.bn, comprising of 27 142 accounts (22 352 customers).

2. ORIGIN AND NATURE OF BUSINESS

The SA Taxi Finance Holdings group was founded in 1996 with its sole role being the financing of under-served black SMMEs being minibus taxi operators in South Africa. The SA Taxi Finance Holdings group has played a pivotal role in empowering black SMMEs over the years.

SA Taxi is a specialist in minibus taxi financing, focused on providing capital to minibus taxi operators to build their own businesses. SA Taxi provides asset-backed financing for the taxi vehicle, an income generating asset, as well as allied services that support these small business entrepreneurs in building sustainable and profitable businesses.

SA Taxi enables and empowers minibus taxi operators, as many of them are unable to access capital through traditional finance providers. Through a comprehensive service offering and innovative risk mitigation approach, SA Taxi is able to provide asset-backed finance to minibus taxi operators by understanding their actual risk profile and underpinning the asset throughout its economic life.

SA Taxi's value proposition to minibus taxi operators includes:

- Access to credit: SA Taxi offers credit to underserved minibus taxi operators who are often unable to obtain traditional finance.
- Full business offering: When engaging with SA Taxi, minibus taxi operators are able to acquire the vehicle, finance, insurance, car tracking, vehicle servicing and other services required to establish and sustain their taxi business.
- Customer service: SA Taxi treats each minibus taxi operator as a business owner and offers a personalised, professional and friendly experience.

As at 31 March 2017, SA Taxi has provided financing to 22 352 minibus taxi operators in respect of 27 142 vehicles.

3. COMPETITORS

The minibus taxi financing landscape is a niche market with very few participants opting to enter due to the perceived risk of its client base. While SA Taxi is the only dedicated taxi financier, there are other players in the market who may not specialise in minibus taxi financing but have incidentally provided finance to minibus taxi operators.

The traditional South African banks such as Absa, Wesbank (FNB), Nedbank and Standard Bank dominate the vehicle asset financing market, however, some of the banks have been reluctant participants in the minibus taxi industry. In our opinion, this is primarily due to the following:

- In order to manage the credit risk associated with minibus taxi financing, the banks would need to specialise, via significant investment to vertically integrate into the vehicle value chain. Given the relative size of the banks' minibus taxi book, it does not make economic sense to vertically integrate for such a small part of their whole book.

- The minibus taxi market is small in comparison to the banks' overall vehicle finance portfolio, rendering the absolute return insignificant, specifically in relation to the investment and effort required.

Given these factors, some of the banks' appetite for financing minibus taxis to date has been inconsistent and has not matched the industry's constant demand. Furthermore, many of these banks are currently SA Taxi's funding partners providing wholesale funding which allows these banks to invest in a niche market without the specialisation required to realise the return.

Certain automotive original equipment manufacturers ("**OEMs**") have partnered with banks to set up their own financial services offering, such as Toyota who has so partnered with Wesbank. However, similar to the banks these OEMs have such a wide product range that minibus taxis comprise a small percentage of their financing book.

The Industrial Development Corporation (IDC) in partnership with Beijing Automobile Works (BAW), a Chinese OEM, have a joint venture that focuses on the limited production of Chinese vehicles but also offers financing. This does not directly compete with SA Taxi as it is a different market segment. SA Taxi mainly finances Toyota, Nissan and Mercedes vehicles given their superior mechanical quality and not the Chinese vehicles as they have historically proven not to last the term of loan and to attract a less experienced operator.

Micro-lenders are unlikely to finance minibus taxi operators as in South Africa these lenders are typically unable to advance loans of this size or duration. These micro-lenders also require their clients to be formally employed and their loans are priced much higher, further rendering them unlikely to enter the minibus taxi market.

4. INDUSTRY OVERVIEW

The public transport system is the primary mode of transport in South Africa and plays an essential part in the daily life of the general South African population. It is critical in providing the majority of the population access to jobs, education, health and social activities. 40% of South Africans make use of public transport to commute, compared to 38% who use a private vehicle, and 21% who walk.

The majority of these public transport commuters are low income earning individuals. Walking and minibus taxis are the preferred modes of transport for over 50% of the South-African population who earn under R3 000 a month and are unable to afford private transport.

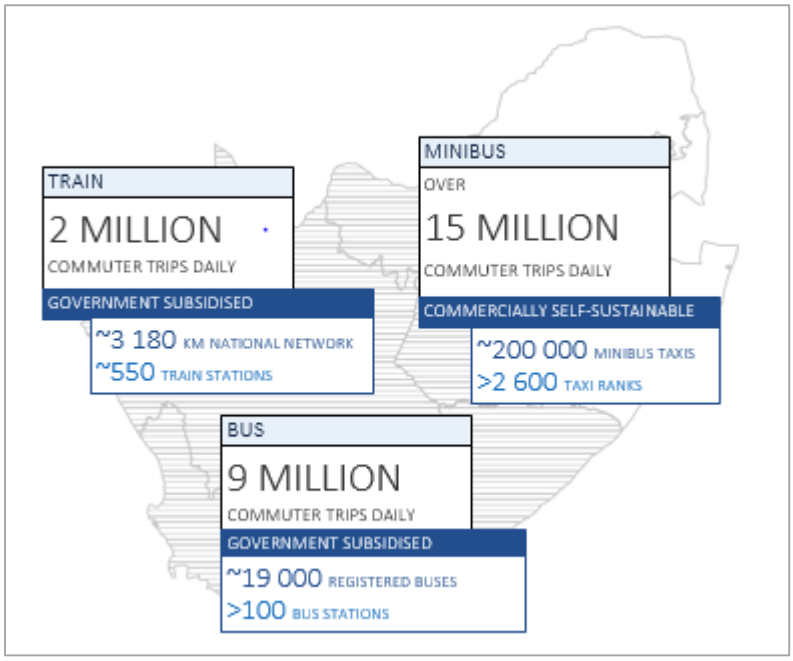
Overall, 67% of those who utilise public transport choose to use minibus taxis. 70% of learners and 68% of workers use minibus taxi's to commute.

In the face of limited funding over the past three decades and the challenges caused by the legacy of spatial dislocation of the poor, the public transport industry has experienced continued growth. However, South Africa's public transport is now faced with increasing network inefficiencies due to a rapidly growing urban population and aging infrastructure.

As a core enabler to the country's economy, an efficient public transport network is a critical catalyst for development and economic growth. Hence investment is required for initiatives that aim to increase and improve efficiencies in the transport network, create sustainable jobs, improve regulations in the industry and further support the growth of black-owned SMEs.

While rail and bus networks serve as a trunk service in parallel with minibus taxis, minibus taxis are a key feeder into these services – transporting passengers their first and last mile. This service is critical given the context of South Africa's low population densities, long travel distances as well as modal and structural inefficiencies. This first and last mile service provides commuters with greater access and convenience. Furthermore, the Department of Transport's National Land Transport Strategic Framework includes a move to a corridor and node approach which will continue to create demand for integrated feeder services.

The majority of commuters who utilise public transport are heavily reliant on minibus taxis. Usage of minibus taxis has been consistently high throughout the industry's existence, and shows no sign of declining. Minibus taxi transport is a non-discretionary expense for the majority of the nation's commuters as they are unable to afford private transport.



Taxi Recapitalisation Programme

The minibus taxi fleet is characterised by old and poorly maintained vehicles. In 2006, the government initiated the Taxi Recapitalisation Project ("**TRP**") in a drive to regulate and improve the industry. The initiative was aimed at addressing the ageing fleet within the transportation system.

Of the estimated fleet of 200 000 minibus taxis, the TRP has identified that approximately 135 000 (68%) old and unsafe vehicles would need to be replaced. Due to the slow rate of vehicles being scrapped through the TRP and continual aging the bulk of the minibus taxi fleet still requires replacement in order to meet safety standards.

SA Taxi believes that the best mechanism to drive recapitalisation of the minibus taxi fleet is through economic opportunity and empowerment, rather than through a forced recapitalisation programme. Assisted finance is a critical catalyst in upgrading the minibus taxi infrastructure.

With only 15 000 new minibus vehicles estimated to be sold in 2016, it will take approximately 17 years to recapitalise the minibus taxi fleet of 200 000 vehicles. However, the safe working life of a vehicle is expected to be shorter than 17 years.

This indicates that new vehicle sales need to increase substantially in order to adequately recapitalise the fleet to meet National Land Transport Act (NLTA) requirements. Additionally, market sentiment is that the fleet is characterised by already aged and un-roadworthy vehicles, further driving the requirement for new vehicles.

The challenge of recapitalising the minibus taxi fleet is exacerbated by a structural shortage in the supply of new vehicles to address this demand. The shortage in supply developed as a result of underinvestment by vehicle manufacturers and a shortage of end user finance. However, in recent

years manufacturers have increased investment in the industry, as evidenced by Nissan re-entering the market in 2014.

With demand significantly outstripping supply, financiers are well positioned to impact the industry by applying conservative credit selection and relying upon a liquid second hand market.

THE SELLER

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

1. INTRODUCTION

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

2. ACTIVITIES

Potpale is a ring-fenced special purpose vehicle which was established for the purpose of concluding Instalment Sale Agreements with Obligors and selling eligible Participating Assets to third parties, including, amongst others, the Issuer.

As at the Programme Date, the business of Potpale is managed and administered by SATDF and is funded primarily through loans advanced to it by third party funders (including, SBSA), which loans are repaid by Potpale utilising, *inter alia*, the proceeds from the sale of Participating Assets to the Issuer under the Sale Agreement.

3. REGISTERED OFFICE

The registered office of Potpale is at 179, 15th Road, Randjespark, Midrand, Gauteng, 1685.

ORIGINATION PROCESS

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

1. INTRODUCTION

SATDF was incorporated and registered in South Africa on 31 May 2008, under registration number 2008/012599/07, under the Companies Act, as a private company with limited liability. Taximart was incorporated and registered in South Africa on 31 August 2009, under registration number 2009/016986/07, under the Companies Act, as a private company with limited liability. Both SATDF and Taximart are wholly-owned Subsidiaries of SA Taxi and neither have any Subsidiaries.

SATDF facilitates the credit origination process by procuring vehicles for the Group from Taximart. Taximart manages the refurbishment of the vehicles once repossessed and in the possession of the credit provider.

2. ORIGINATION AND CREDIT PRACTICES

2.1 Credit Policy

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

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

- the authorisation to operate the minibus taxi route;
- an evaluation of the operating characteristics of the Vehicle to be financed;

- a financial evaluation of the minibus taxi route (i.e. the profitability generated via the minibus taxi route); and
- a credit risk evaluation of the SMME, being the individual minibus taxi operator.

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

- Vehicle manufacturer;
- Vehicle model;
- taxi association;
- customer score;
- taxi route; and
- number of judgements / defaults.

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

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

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

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

2.2 **Credit Product**

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

i. *Ownership* - In terms of the ISAs, the sale of the minibus taxi takes place on the date

that the customer enters into the ISA, however, ownership of the Vehicle remains with the credit provider until the customer has paid all amounts owing under the ISA.

ii. *Repayment profile* - All ISAs are subject to a minimum deposit and are equal instalment agreements and fully amortising (i.e. no balloon payments) over a 4 to 6 year period depending on the type and age of Vehicle. Further details on the individual and portfolio criteria are set out in the section headed "*The Participating Asset Pool*". Customers may prepay or repay early without penalty.

iii. *Interest* - Interest rates on loans are charged within the maximum interest rate allowed under the National Credit Act at the time of origination. Rates are referenced to the Prime Rate and margins are fixed for the duration of the ISA.

iv. *Fees* - The Group charges an upfront initiation fee as allowed under the National Credit Act, which is recognised over the term of the ISA, unless the customer opts to pay the upfront initiation fee in cash at inception of the ISA. An additional monthly service fee is charged in relation to each ISA, as allowed under the National Credit Act.

v. *Insurance* - All Vehicles financed by the Group are covered by a comprehensive insurance policy from a third-party insurance provider, including:

- Passenger Liability;
- Absconsion & Violation Cover;
- Credit Shortfall;
- Loss of Income; and
- Windscreen Cover.

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

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

vi. *Tracking device* - Every Vehicle is fitted with a tracking system called Taxi Elite from CarTrack and other similar service providers. This system has online functionality to track the location, mileage and movement of the Vehicle. The information collected

from this system provides intelligence in designing collection and repossession strategies.

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

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

2.3 Origination

2.3.1 Distribution Channels

The head office of the Group, based in Midrand, Johannesburg, serves as the centralised administration centre for all distribution channels. A secondary office has been established in Durban in order to sufficiently service the large minibus taxi market within that metropolitan area.

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

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

In the case of the non-affiliated market, the channel is dominated by a few independent dealers who would traditionally stock the full range of taxi vehicles. Despite the obvious concentration risk, this channel is the most active in the acquisition and origination of new deals. The Group continues to enjoy the support of the non-affiliated channel as this channel contributes around 41% of the Group's total business.

The direct sales channel comprises a team of FAIS-accredited telesales agents who use the Group's existing customer base as a growth engine. This channel targets good

performing customers who have reached a bankable status and are highly attractive to other lenders due to their well-performing credit record. As at the end of March 2017, this channel constituted around 21% of the Group's new sales.

2.3.2 Accreditation of dealerships

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

- the audited financial statements;
- bureau credit check on the company/legal entity and directors;
- the company profile (background, description of business and shareholder details);
- the company secretarial documents;
- the VAT registration papers;
- the banking details by way of cancelled cheque or bank statement;
- the signed dealer master agreement (standard agreement prepared by the Group); and
- proof of accreditation with at least one major financial institution.

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

Dealer incentives

A risk-based framework is applied in incentivising of sales through the Group origination channels however, the credit granting process is applied independently of the sales channel. For the Dealer Channels (affiliated), the risk-based framework is categorised into 10 different categories and incentivised accordingly. Volume-based incentives are also applied when part of the tactics for increasing the penetration into a particular group / dealership. As competition is low in the non-affiliate channels, incentives (dealer incentive commission) are not awarded in this channel. The direct channel incentive scheme operates from the same risk-based principle.

2.4 Underwriting

The Group's credit approval process centres on the ability of the minibus taxi operator to generate revenues on the route he has been allocated based on estimates of the number of

trips and fares. Each minibus taxi operator operates a specific route for which he or she holds an operating licence issued by the South African Department of Transport.

Credit evaluation process

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

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

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

The credit evaluation process comprises 3 phases:

- *Validation and Capturing Phase*: This phase is initiated by the receipt of a credit application usually received from a dealership that a prospective client has visited. The first step in this process is checking of the credit application and supporting documentation prior to it being captured. The purpose of this is to ensure that the correct documentation has been received and that the documents have been fully and accurately completed. Once the required documentation has been received and verified the prospective client's credit application details are captured onto SA Taxi's customer management database system providing the analyst with all the completed mandatory fields and supporting documentation enabling them to proceed with the credit assessment;

- *Assessment Phase*: Once the credit application forms are completed at the dealer or in-house, an affordability calculator is completed to determine the viability of the minibus taxi operator's business. The output is then sent through, together with the supporting documents to dedicated teams within the loan origination department to be assessed. The assessment is mostly automated through calculations and credit scorecards with marginal

deals being referred to credit assessors. All inputs are validated by responsible officers in the process; and

- *Final approval and Pay-out Phase:* Once the prospective client has progressed through the credit evaluation process and has been approved, the dealer invoice for the vehicle is requested. Once the invoice has been received, a client contract is drawn and sent to the dealer. The dealer then meets with the client to:

  - Discuss the contract and have the document signed
  - Collect FAIS documentation and proof of insurance
  - Collect CarTrack fitments certificate
  - Registers vehicle (eNaTIS)

SA Taxi receives signed contract documents and supporting documentation, performs eNaTIS check and activates deal on Acquire. Pay-out process is activated once above is in order.

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

- Vehicle manufacturer;
- Vehicle model;
- taxi association;
- customer score;
- taxi route; and
- number of judgements / defaults.

The assessment phase is broken down into 3 broad steps:

a. Individual assessment:

  – the customer must provide a minibus taxi association letter as proof of registration with such association, validation of the letter is made against an existing database of SA Taxi approved associations;
  – the customer must provide an operating license to operate on the minibus taxi route, all permits are verified internally with a random selection of permits to external verification with the relevant local DoT;
  – if the customer is an existing customer of the Group, he or she must be up to date on his or her existing ISAs. A repeat Customer Scorecard is used to assess the risk of

these clients. The customer is verified by an ID number search in SA Taxi's debtors system;

- the assessor will check the insurance blacklist to confirm the customer is not black listed for insurance;
- the customer will also be subject to external credit bureau and insurance checks, the information typically obtained from the credit bureau is the following:
  - customer score;
  - payment behaviour;
  - number of defaults and / or judgements against the customer;
  - verification of the telephone number and residential address of the customer;
  - if applicable any employment details of the customer;
  - if applicable has / is the customer applied for / currently in the process of debt review; and
  - ID document verification that it has been issued by the Department of Home Affairs.

b. Vehicle assessment:

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

c. Route assessment:

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

Credit criteria summary

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

				below.
	8.	Financial viability or affordability test	Monthly residual cash flows from minibus taxi business in excess of a specified minimum. Affordability assessed, SMMEs are required to net R6 000 for smaller Vehicles (minibus) and ZAR10 000 for larger Vehicles (midibus).	Route information from the application is loaded into the Route Calculator and assessed to ensure its reasonability to establish the expected monthly residual cash flow from the minibus taxi route being assessed.
	9.	Increase deposit	A larger deposit may be required if the monthly residual cash flow is too low.	Outcome of Route Calculator analysis
	10.	Customer acceptance	N/A	N/A
	11.	Operating licence verification	Holds a valid operating license to operate the minibus taxi route.	All permits are verified internally with a random selection of permits for external verification with the relevant local DoT.

Customer and Vehicle mix

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

As at 31 March 2017, the Group's customer mix is weighted more towards new customers with 79% (80%: 31 March 2016) of the portfolio comprising new customers to the Group.

Since 2010 FY, the Group's management have actively applied origination strategies to create an origination bias towards Premium Vehicles with 100% of FY 2016 originations being Premium Vehicles compared to 100% in FY 2015. No new Entry Level Vehicles have been financed since December 2013.

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

of the repossessed article and this is realised through the ability to refinance the Vehicles through the Group's dealer network. 25% of FY 2016 originations were refinanced Vehicles compared to 24% in HY 2017.

Fraud review

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

Deal finalisation

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

The dealer then meets with the customer to:

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

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

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

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

Total monthly average applications of 567 per month for FY 2016 (495 : FY 2015) and 616 application per month for HY 2017 (559 : HY 2016) were received by the Group. Applications are mostly assessed through calculations and credit scorecards with marginal deals being referred to credit assessors. More often than not same day feedback is provided to the dealer regarding the credit decision (approved / declined).

THE SERVICER, THE STANDBY SERVICER AND THE SERVICING AGREEMENT

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

1. **The Servicer and the Standby Servicer**

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

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

2. **The Servicing Agreement**

2.1. The Servicer is required to administer the Participating Assets as the agent of the Issuer in accordance with the terms of the Servicing Agreement. The duties of the Servicer include, without limitation, the right and obligation to:

2.1.1. manage the relationship between the Issuer and Obligors;

2.1.2. implement a collections and arrears procedure in respect of Participating Assets and provide repossession and recovery services in respect of the Vehicles, all in accordance with the Collections Procedures (in this regard, see a summary of the collections procedures below);

2.1.3. prepare quarterly Servicer Reports setting out such information relating to the Participating Assets as may be reasonably required by the Issuer and/or the Security SPV from time to time;

2.1.4. provide computer and information systems to the Issuer, including disaster recovery systems (in this regard, see the summary of the Servicer's systems below); and

2.1.5. procure that the Collections SPV Administrator furnishes the Servicer with a "Collections Payment Report" on each Business Day, setting out, amongst other things, the amounts to be transferred from the Collections Accounts to the Transaction Account and to verify the contents of each "Collections Payment Report",

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

2.2. The Servicer is entitled to outsource its functions under the Servicing Agreement. It is also entitled to delegate its functions under the Servicing Agreement subject to certain conditions specified in the Servicing Agreement. The Servicer remains liable to the Issuer for the performance of those functions notwithstanding such delegation.

2.3. The Servicer is entitled to charge the Servicing Fees as provided for in the Servicing Agreement, which shall be paid by the Issuer, to the extent permitted by and in accordance with the Priority of Payments, in arrears on each Interest Payment Date following the applicable Collections Period.

2.4. The Servicer may at any time terminate its appointment on 12 months' prior written notice.

2.5. The appointment of the Servicer may be terminated by the Issuer on the occurrence of a Servicer Default. The events which constitute a Servicer Default are defined in the Servicing Agreement and include, *inter alia*, SATDF ceasing to be directly controlled by SA Taxi without the prior consent of the Security SPV. An indirect change of control of SATDF will not constitute a Servicer Default.

2.6. In the event that the appointment of the Servicer is terminated, the Services shall be performed by the Standby Servicer.

2.7. Neither the Servicer nor the Standby Servicer is under any obligation to fund payments owed in respect of the Securitisation Scheme, absorb losses incurred in respect of the Participating Assets transferred to the Issuer or otherwise to recompense investors for losses incurred in respect of the Securitisation Scheme.

3. Collections

3.1. Collections philosophy

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

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

Causes for poor payment performance arise as follows:

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

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

Extensions:

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

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

The Group's ageing policy is defined as follows:

Ageing Category	Category Definition
Advance	Accounts with an contractual arrears balance of less than ZAR100 (One hundred Rand)
Current	Accounts with contractual arrears greater than ZAR100

	(One hundred Rand) but less than 1.5 instalments in arrears
30 days	Accounts with contractual arrears greater than 1.5 instalments but less than 2.5 instalments in arrears
60 days	Accounts with contractual arrears greater than 2.5 instalments but less than 3.5 instalments in arrears
90 days +	Accounts **with** contractual arrears greater than 3.5 instalments

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

- the balance outstanding of loans and advances with a contractual arrears of greater than 3.5 instalments (90 Days + as defined above), less
- the balance of such outstanding loans and advances for which 3 cumulative qualifying* payments (payment frequency) have been received in the 3 months preceding the measurement date (payment recency), plus
- repossessed Vehicles on hand

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

3.2. **Collections process**

The Group's collections are managed in-house.

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

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

- soft collections for current account campaigns;
- hard collections for 60 day plus campaigns;
- repossessions; and
- off-balance sheet collections.

3.3. Soft collections

- Customers are contacted, profiled and prioritised according to their finance aging, Roll Rate state, returned debit orders, failed ptp's and clients that have not paid by a certain due date.
- All accounts receive Instalment reminder messages one day before the instalment is due, ptp reminder message on the date of the promised payment, a failed ptp message one day after the ptp failed and a short-or-non-payer sms depending on the payer type.
- All accounts in soft collections receive phone calls throughout the month - the priority, scripting and tone are varied according to the segment.
- Soft Collections agents establish the reason for non-payment and offer the customer appropriate options to return their account back to an up-to-date status - this includes the use of payment arrangements, term extensions and voluntary surrender.
- "Promise to Pay" arrangements made with customers are captured on the CollectSmart system, and are diarised for follow-up actions on the relevant day.
- If the customer fails to honour the arrangement, the account is flagged for additional collection activity.

3.4. Hard Collections

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

- Criteria for hand over to Hard Collections:
  - Payment Recency 30+ / Finance ageing 30+ / Arrears R30K+; and
  - Payment Recency 60+/ Finance ageing 30 / Arrears R10K+; and
  - Payment Recency 60+ / Finance ageing 60+ / Arrears R20K or less
- All accounts receive Instalment reminder messages one day before the instalment is due, ptp reminder message on the date of the promised payment, a failed ptp message one day after the ptp failed and a short-or-non-payer sms depending on the payer type.
- The hard collections and legal process is a simultaneous one with the aim of rehabilitating the account and educating the customer.
- If there is continued non-payment a physical visit to the customer is made in order to make a personal appeal to bring his account back to a current status.

3.5. **Legal hand over process**

Section 129 of the National Credit Act requires credit providers, before instituting legal action, to provide the defaulting customer with a notice that advises the customer of his/her right to refer the credit agreement to a debt counsellor, alternatively dispute resolution agent, consumer court, or ombud in an attempt to resolve any dispute under the agreement.

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

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

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

3.6. **Repossessions and the role of Taximart**

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

Taximart's loss adjustors, along with the sheriff, facilitate repossessions through the use of tracking technology and strong relationships with minibus taxi associations and other industry participants. The Vehicle is physically removed to a safe location, e.g. Taximart or Sheriff's depot, and the status is changed to "RepoPR" which allows the customer 16 days to reclaim the Vehicle. After the 16 day window has expired, the status is changed to Repo and becomes inventory on hand. These items are held as part of the gross loans advances balance and disclosed as NPL's (as defined above)

until such time Taximart repairs the article and sources a third party purchaser. Once sold, the proceeds of the sale of the Vehicle net of repair costs is offset against the balance outstanding as a recovery.

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

Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source of debt servicing cash flow

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

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

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

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

As at 31 March 2015, more than 85% of payments are received in cash (as opposed to debit order) and rarely does SA Taxi receive the exact instalment due on the due date.

Value of security

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

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

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

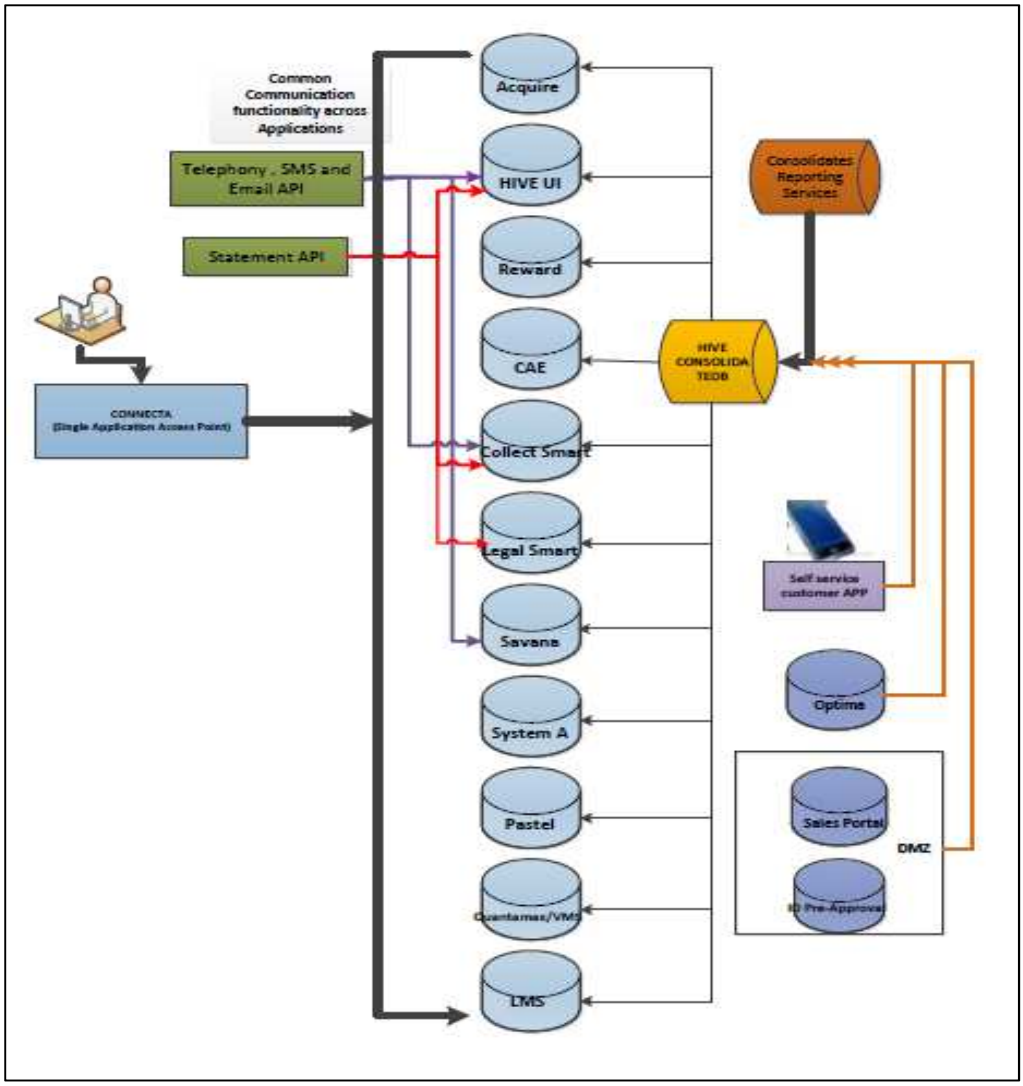
To enhance the value of repossessed vehicles SA Taxi re-invests money to repair vehicles and these costs are considered in the LGW estimation (as defined below).

Credit risk provisioning

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

4. **IT ENVIRONMENT**

4.1. **Critical systems**



Overview of key material IT systems

Functionality	Application	Supplier/Vendor
Electronic submissions	- Signio - Dealernet - Seriti	www.signio.co.za www.dealnet.co.za www.seritisolutions.co.za
Loan acquisitions	- Optima (replacing Reward) - Reward	Developed by SA Taxi www.xpertek.co.za
Loan management	- Acquire	www.xpertek.co.za

eNatIS filing software	- Certrack	www.ubiquitech.co.za
Cash allocations engine	- CAE	Developed by SA Taxi
Collections	- Campaign Builder - CollectSmart - LegalSmart - QTM Shortfall Collections	Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi
Insurance admin & claims	- System A (Tial) - Ratings Engine - Accident Assist - Non-Finance / Finance portal - Lead Management System (Dev) - Insurance Broker Portal	www.tial.co.za www.tial.co.za Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi
Taximart - repossession, refurbishments, panel, sales	- QTM Work Flow - QTM Web Application - QTM Ipad Application - VMS Job Costing - TMS Panel Repairs	Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi www.winjit.com www.tmsteamwork.co.za
Financial Management Business Intelligence	- Pastel Evolution - GL Integration application - Fraxion Procurement - HIVE - STACC - Qlikview	www.pastel.co.za Developed by SA Taxi www.spendmanagement.com Developed by SA Taxi Developed by SA Taxi www.qlikview.com
Customer Service	- Quality Assurance - Savana / Sugar - Common Master Database - Incoming pop-up - Customer Self Help App (Android - Click to call	Developed by SA Taxi www.savana.bz Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi Developed by SA Taxi
Dealership HR	- QTM direct sales - ID Pre-Approval - VIP HR & Performance - SystemSkan (Behaviour management) - Employee Self Help	Developed by SA Taxi Developed by SA Taxi www.sage.com www.dtexsystems.com Developed by SA Taxi

Call centre management	- Incoming Pop-Up - Asterisk - Avaya	Developed by SA Taxi www.clarotech.co.za www.avaya.com
Call Recording & reporting	- Nice - Asterisk - Queuemetrics	www.nice.com www.clarotech.co.za www.queuemetrics.com
Zebra Cabs	- Dispatching - Driver App - Commuter App - IOS - Commuter App - Android - Corporate Bookings - Telephony	www.autocab.com www.autocab.com www.autocab.com www.autocab.com www.autocab.com www.autocab.com
Office applications, e-mail	- Microsoft Office	office.microsoft.com
Mail archive and hygiene	- Mimecast	www.mimecast.com
Active Directory Authentication	- Connecta	Developed by SA Taxi
Security and Firewall	- Fortigate - Palo Alto - Kerio	www.fortigate.com www.paloaltonetworks.com www.kerio.com
Privileged access control	- Tpam	www.dell.com/solutions
Change Control	- CAB Software	Developed by SA Taxi
Real-time Monitoring (24x7x365)	- Sourcing	www.sourcing.co.za
Mapping / Spatial	- STACC - ARCGIS	Developed by SA Taxi www.arcgis.com

Consolidation of information across the various software applications

Connecta - As a result of the multiple software applications used by the business, there was a requirement to provide and control user login across the various applications. Connecta was developed and controls user login to applications via a single user interface using Active Directory credentials. Phase 1 has been deployed for Hive, Campaign builder, Quantamax, Shayela, Collectsmart, CMD, Savanna, Acquire, CAE , Legal Smart, Khusela Rating Portal and Leads Management System. In addition, phase 2 has also been implemented, which will allow user profiles across multiple applications to be managed and updated at a single point. This initiative will also ensure that the Applications User Interface Guidelines established by SA Taxi are adopted providing a standardised and common look and feel across all internally developed software applications. This will assist to reduce resistance to change by business by increasing the familiarity across all internally developed applications as well as a reduction of training efforts required.

Collections Campaign Builder – has eliminated reliance on manual interventions to build collection campaigns and allocate and reallocate to relevant collection agents. Collection agents are now seamlessly allocated accounts at a customer level based on predetermined collection campaign rules. This tool has provided the business with a flexible, intelligent, robust and efficient engine resulting in increased productivity in the collections department.

Collectsmart - The replacement of the collections system has been fully deployed across the Collections Department. Collectsmart has provided the collections team with the ability to collect at a customer level as opposed to a vehicle level. In addition, Collectsmart integrates seamlessly with all relevant applications required for collection activities such as insurance, telematix, etc and displays this in a single interface for agents. This has assisted to maximise collection activities.

Customer Self Help Application - Development of a mobile application on the Android platform has been completed. This will initially be rolled-out in a kiosk environment and thereafter to Taxi operators. This application plugs into SA Taxi's Hive data warehouse and will provide operators with real-time insurance, telematix data, account information, updates on customer queries logged on CRM, etc. The Self Help mobile application will provide Taxi operators with pertinent information and empower them to be help themselves more efficiently and outside of business hours.

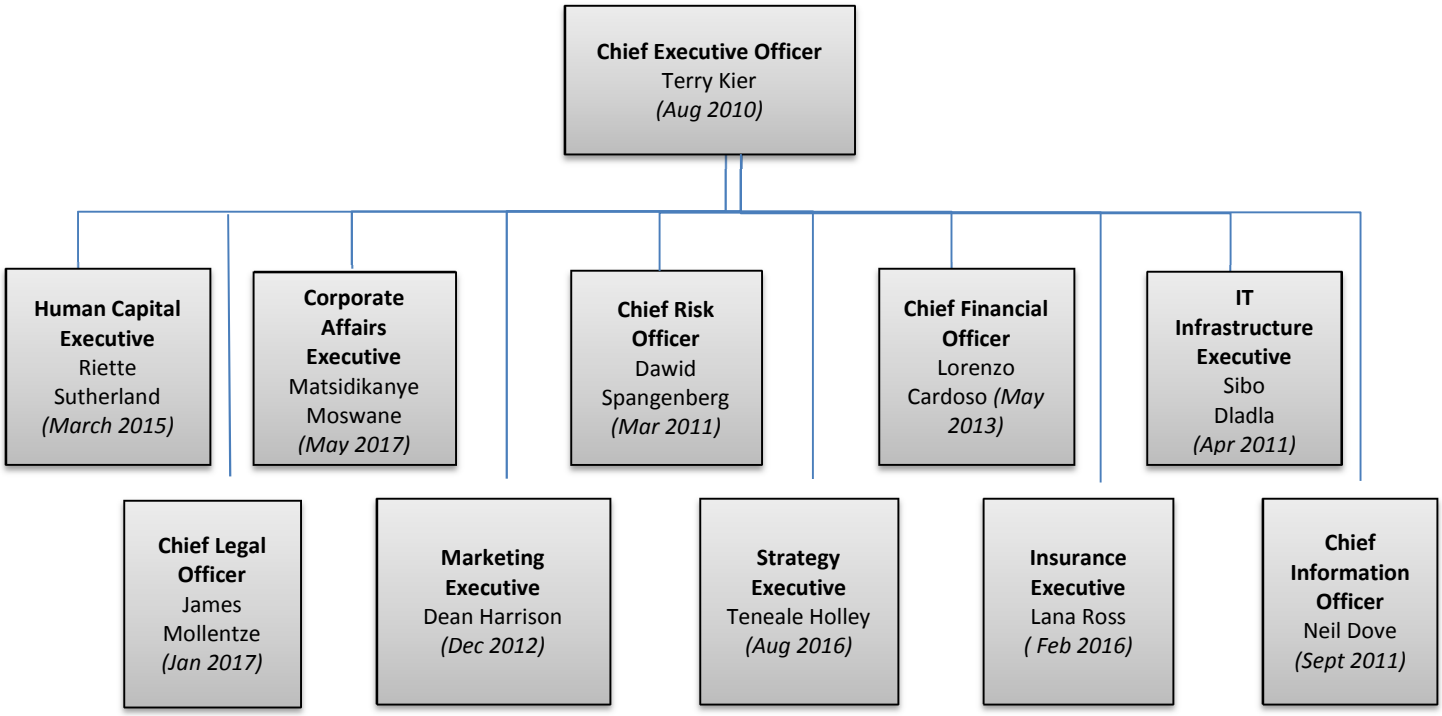
Business Intelligence - Investment and maturation of the HIVE and STACC data warehouses continues to provide the business with a single, current and consolidated data warehouse. The reporting and business intelligence emanating from this data warehouse continues to provide significant insight and value to the business. The data warehouse is being used extensively by the finance department and is currently being extended to insurance as well. STACC also provides users with a graphical representation of financed Vehicles with the ability to track and locate Vehicles in a single display according to telematix data.

CORPORATE GOVERNANCE

The SA Taxi board consists of the following members as at 1 August 2017:

- Jonathan Michael Jawno;
- Michael Paul Mendelowitz;
- David Mark Hurwitz;
- Terence Errol Kier;
- Riek Olivier;
- Simon Siphiwe Nzimande;
- Roberto Rossi;
- David Frederick Nicolaas Spangenberg;
- Lorenzo Phillippe Cardoso;
- Mark David Herskovits; and
- Phumzile Langeni.

The organisation structure of the Group is pictured below:



GOVERNANCE

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

Committee composition and role is tabulated below:

	NOMINATIONS	REMUNERATION	SOCIAL AND ETHICS	AUDIT, RISK AND COMPLIANCE	Asset & Liability (ALCO)
Chairperson	Christopher Seabrooke[1]	Kuben Pillay[1]	Phumzile Langeni [1]	Moses Kgosana[1]	David Hurwitz[3]
Members	Kuben Pillay[1] Roberto Rossi[2]	Christopher Seabrooke[1] Jonathon Jawno [3]	David Hurwitz[3] Mark Herskovits[3]	Christopher Seabrooke[1] Phumzile Langeni [1]	Christopher Seabrooke[1] Mark Herskovits[3] Jonathon Jawno [3] Olufunke Ighodara[1]
Functions Managed	People Succession	People Remuneration	Transformation Sustainability Ethics	Accounting, Tax, Internal audit, IT, Compliance, Credit, Operational	Funding Capital Liquidity
Number of meetings per year	At least 2 per year	At least 2 per year	At least 2 per year	At least 3 per year	Quarterly
Composition	Non-executive directors, the majority of which are independent. The chairperson is the independent , non-executive chairman of the board	A majority of independent non-executive directors	The Chairperson is an independent non-executive director	Independent non-executive directors	A majority of executive directors, with two independent non-executive directors

1. *Non- Executive Independent Director*
2. *Non-Executive Director*
3. *Executive Director*

COMPANY SECRETARY OF THE GROUP

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

Back-up service provider

The Transaction Capital Group's risk services division is dominated by Transaction Capital Recoveries ("**TCR**").

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

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

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

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

TCR employs both call centre-driven and legal collection procedures using its 6 call centre facilities and 1 527 collection agents at 31 March 2017.

TCR had ZAR38.2 billion of assets under management as at 31 March 2017.

TCR has maintained its Global Credit Ratings Co. ("**GCR**") Special Servicer Quality SQ1- since 2013.

For TCR scale is a competitive advantage as:

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

TCR operates 6 call-centre facilities located in Cape Town, Durban (2 locations), Gaborone (Botswana), Johannesburg (two locations), which are connected to a central and sophisticated IT system which controls activity at all levels.

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

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

Through the last 15 years TCR has been able to lead the industry by differentiating itself through:

– established bespoke core systems, infrastructure and disaster recovery procedures;
– compelling alternative to credit providers through debt acquisition;
– dedicated Analytics, Strategy and Data Department;
– uncompromising corporate governance and risk management policies;
– conservative balance sheet, strong cash generation and access to large funding lines if required;

– strong relationships with most major credit providers;
– experienced executive and senior management team;
– significant investments in human capital and skills development.

TCR is the Standby Administrator for the Transsec 3 (RF) Limited structure (set up in June 2017) and through its collections mandates and various documentation has obtained a working knowledge of the Group systems, interfaces and account format to assume the Servicer role as efficiently as possible.

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

Back up procedures

Data protection and backup

All data is replicated on an hourly basis to the DR server located at the TCR DR site at 100 Main Street, Johannesburg. The DR site is equipped with a dedicated UPS and generator. This process is managed internally by the TCR IT department. TCR has an extensive DR and BCP process that is tested annually and complies with internal and external audit requirements as well as the ISO 27001 certification.

Retention periods of back-ups

– Data replication is performed on an hourly basis.
– Systems are backed up weekly due to the size of the database.

Data Testing

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

High availability

The Group has standby servers at its disaster recovery environment where monthly test restores are run. In the event that the main Cheetah system is unavailable, the DR system will be operational within 1 hour.

Locality of sites (From the TCR head office (Hyde Park, Johannesburg))

– From SA Taxi to Metrofile (tape storage site) 34 km
– To TCR DR (back up site) 10 km
– To SA Taxi 26 km
– From TCR DR to Metrofile (tape storage site) 24 km

Disaster recovery ("DR")

- Transaction Capital Risk Services Proprietary Limited and its subsidiaries ("**TCRS Group**") operate through a geographically widespread branch network and a disaster recovery site at 100 Main Street, Johannesburg. The disaster recovery site is connected to the head office site and all branch locations via point-to-point Telkom, Neotel and MTN fibre lines and microwave, so at any point in time each location has a primary and failover link to the internet, email and other branches.
- Should any business site fail, campaigns can be shifted between branch locations within an hour. All branches are connected to the same network and have access to the Cheetah system and database.
- Should the TCRS head office systems fail or there be a geographical disaster affecting the entire Cheetah server capability, the DR server will be operational within an hour.
- Backup tapes are stored offsite at Metrofile and systems can be recovered at an alternate location.
- DR testing takes place once a year.

THE ADMINISTRATOR AND ADMINISTRATION AGREEMENT

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

1. The Issuer has appointed SATDF, to act as the Administrator in terms of the Administration Agreement to render the Administration Services. See the section headed “The Servicer, the Standby Servicer and the Servicing Agreement” for a full description of the business activities of SATDF.

2. The duties of the Administrator include ensuring that all management, reporting, general, administrative and accounting activities which the Issuer may require to have carried out in the ordinary course of the Issuer's business and the conduct of the Programme are carried out either by itself or by the agents, auditors, secretaries or attorneys of the Issuer from time to time. The Administrator assists and advises the Issuer in relation to the administration of the Priority of Payments and the Reserves and assists and advises the Issuer in relation to the issuing, and redeeming of Notes.

3. The Administrator is entitled to charge the Administration Fee as provided for in the Administration Agreement, which shall be paid by the Issuer, to the extent permitted by and in accordance with the Priority of Payments, in arrears on each Interest Payment Date following the applicable Collections Period.

4. The Administrator may at any time terminate its appointment on 12 months’ prior written notice.

5. The appointment of the Administrator may be terminated by the Issuer on the occurrence of an Administrator Event of Default.

6. In the event that the appointment of the Administrator is terminated, the Administration Services shall be performed by the Standby Administrator.

SETTLEMENT, CLEARING AND TRANSFERS

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Settlement, Clearing and Transfers" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Notes held in the Central Securities Depository

Clearing Systems

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

Participants

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

Notes issued in uncertificated form and Beneficial Interests in such Notes

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

Unlisted Notes are not regulated by the JSE. Notes issued in uncertificated form will not be represented by any certificate or written instrument.

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

All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures.

The Central Securities Depository will hold the Notes issued in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures. Notes issued in uncertificated form will be registered in the Central Securities Register in the name of the relevant Noteholder.

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

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

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

Payments of interest and principal in respect of Notes held in uncertificated form will be made in accordance with Condition 9 and the Applicable Procedures to the relevant Participants, and the Issuer will be discharged by proper payment to the relevant Participants in respect of each amount so paid. The Participants will in turn transfer such funds, in accordance with the Applicable Procedures, to the relevant Noteholders or holders of Beneficial Interests, as the case may be.

Each of the persons shown in the records of the Central Securities Depository and the relevant Participant, as the case may be, as the holders of Notes or Beneficial Interests will look solely to the

Central Securities Depository or the relevant Participant, as the case may be, for such person's share of such payment so made by the Issuer in accordance with the preceding paragraph.

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

Transfers and exchanges

Transfers of Notes issued in uncertificated form and held in the Central Securities Depository, or Beneficial Interests in such Notes, occur by electronic book entry in the central securities accounts maintained by the Central Securities Depository or the securities accounts maintained by the Participants, as the case may be. Notes issued in uncertificated form, or Beneficial Interests in such Notes, may be transferred only in accordance with the Conditions and the Applicable Procedures.

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

Notes issued in uncertificated form, or Beneficial Interests in such Notes, may be exchanged for Notes represented by Individual Certificates in accordance with Condition 13.1.

Individual Certificates

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

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

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

The BESA Guarantee Fund Trust

Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

SOUTH AFRICAN TAXATION

The comments below are intended as a general guide to the current position under the laws of South Africa. The contents of this section headed "South African Taxation" do not constitute tax advice and persons should consult their professional advisers.

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "South African Taxation" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

1 Securities Transfer Tax

No securities transfer tax will be payable, in terms of the South African Securities Transfer Tax Act, No 24 of 2007, in respect of either the issue of the Notes or on the subsequent transfer of the Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act.

2 Tax residence and controlled foreign companies

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

2.1 Natural persons

A natural person will be a SA tax resident if he or she is "ordinarily resident" in South Africa or, if not "ordinarily resident" in South Africa, was physically present in South Africa for certain prescribed periods in the 5 tax years prior to and during the tax year in question ("**physical presence test**"). These periods amount to greater than 91 days in each year of assessment and an aggregate greater than 915 days during those 5 preceding years of assessment. A natural person, not "ordinarily resident" in South Africa but who meets the "physical presence test", who is physically absent from South Africa for a continuous period of 330 days from the day immediately after the date on which such person ceases to be

physically present in South Africa is deemed to have been a non-SA tax resident from the day on which the person ceased to be physically present in South Africa.

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

2.2 Persons other than natural persons

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

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

2.3 Controlled foreign companies

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

3 Income Tax: interest

3.1 Nature of any original issue discount or premium

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

Any original issue premium will be added to the face value of the Notes to determine the initial amount which will be used to determine the interest which is deemed, under section 24J of the Income Tax Act, No 58 of 1962, to have been incurred or to have accrued in respect of the Notes.

3.2 **Tax on interest on Notes**

Under current taxation law in South Africa:

(a) a person who is tax resident in South Africa will, subject to any available exemptions, be taxed on their worldwide income including all interest on the Notes; and

(b) a person not tax resident in South Africa will be exempt from tax in South Africa on any interest received or accrued on the Notes, unless that person:

(i) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate in the tax year; or

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

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

4 **Profits on disposal other than interest**

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

Capital gains are taxable at normal tax rates, but in the case of a natural person only one-third of the gain is taxable, and in the case of companies and trusts, two-thirds of the capital gain is taxable.

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

For Noteholders who hold the Notes for speculative purposes, profits not already forming part of interest (being a discount or premium, as discussed above) will attract income tax for Noteholders

who are SA tax residents and for those non-residents who derive these profits from a SA source, in which case treaty relief may be available for non-resident Noteholders not having a permanent establishment in South Africa.

5 Value-Added Tax

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

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

EXCHANGE CONTROL

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Exchange Control" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Non-South African Resident Noteholders and Emigrants from the Common Monetary Area

Dealings in the Notes, the performance by the Issuer of its obligations under the Notes and the performance by the Security SPV of its obligations under the Guarantee, may be subject to the Regulations.

Blocked Rand

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

Emigrants from the Common Monetary Area

Any individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "emigrant". Such restrictively endorsed individual Certificates will be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that Notes or a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such emigrant will be designated as an "emigrant" account.

Any payments of interest and/or principal due to an emigrant Noteholder will be deposited into such emigrant's Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Regulations.

Non-residents of the Common Monetary Area

Any individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that Notes or a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such Noteholder will be designated as a "non-resident" account.

It will be incumbent on any such non-resident to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Certificate or securities account is designated "non-resident".

For the purposes of these paragraphs: the **Common Monetary Area** comprises South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland; **Blocked Rand** means funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account. The relevant legislation relating to Blocked Rand is the Regulations promulgated under the Currency and Exchanges Act, No 9 of 1933.

Exchange Control approval

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

SUBSCRIPTION AND SALE

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for in the section headed "General Information". Words used in this section headed "Subscription and Sale" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

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

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

Republic of South Africa

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that it will not solicit any offers for subscription for or sale of the Notes in that Tranche of Notes, and will itself not sell Notes, in South Africa, in contravention of the Companies Act, the Banks Act, No 94 of 1990, the Exchange Control Regulations and/or any other applicable laws or regulations of South Africa in force from time to time. In particular, without limitation, the Programme Memorandum does not, nor is it intended to, constitute a prospectus (as that term is defined in the Companies Act) and each Dealer will be required to represent and agree that it will not make "an offer to the public" (as that term is defined in the Companies Act) of any of the Notes in that Tranche of Notes (whether or subscription or sale) and any regulations promulgated thereunder. Notes will not be offered for subscription to any single addressee for an amount of less than ZAR1 000 000.

United States of America

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

(i) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(ii) it has not offered or sold or delivered any Notes in that Tranche, and will not offer or sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons;

(iii) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons; and

(iv) it, its Affiliates and any persons acting on its or any of its Affiliates behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes in that Tranche and it, its Affiliates and any persons acting on its or any of its Affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

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

United Kingdom

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

(i) it has not offered or sold, and prior to the expiry of a period 6 months from the Issue Date in respect of each Tranche of Notes will not offer or sell, any Notes in that Tranche to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 of the United Kingdom;

(ii) it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act, 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in that Tranche in, from or otherwise involving the United Kingdom; and

(iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in that Tranche in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

European Economic Area

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

(a) in the period beginning on the date of publication of a prospectus in relation to those Notes which prospectus has been approved by the competent authority in that Relevant Member State in accordance with the prospectus directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the prospectus directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has 2 or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the prospectus directive.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor

to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the prospectus directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

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

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

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

GENERAL INFORMATION

This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. The other Transaction Documents (as defined in the section headed "Glossary of Defined Terms"), as amended, novated and/or substituted from time to time in accordance with their terms, shall be deemed to be incorporated in, and to form part of, this Programme Memorandum. Such documents are available for inspection by Noteholders, as provided for below. Words used in this section headed "General Information" shall bear the meanings as used in the section headed "Glossary of Defined Terms" and as defined elsewhere in this Programme Memorandum, except to the extent that they are separately defined in this section or the context otherwise requires.

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the issue of Notes and for the Issuer to undertake and perform its respective obligations under the Transaction Documents and the Notes. As at the date of this Programme Memorandum, no approval from the Exchange Control Department of the South African Reserve Bank is required for the establishment of the Programme or this Programme Memorandum.

Banks Act, No 94 of 1990 (as amended)

The Registrar of Banks has confirmed in writing that the Issuer is authorised to issue commercial paper up to an amount of ZAR2 500 000 000 pursuant to a Securitisation Scheme in terms of paragraph 14(1)(b)(ii) of the Securitisation Notice. The Issuer will obtain the prior written authorisation of the Registrar of Banks to issue commercial paper in excess of ZAR2 500 000 000 but up to the Programme Limit.

Compliance with the provisions of the Securitisation Notice, including any revisions thereof, remains the responsibility of the Issuer.

The Issuer shall deliver a copy of the final Programme Memorandum to the Registrar of Banks as soon as practical after its publication, together with a copy of the auditor's report.

Listing

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

Clearing Systems

The Notes have been accepted for clearance through the Central Securities Depository, which forms part of the Clearing System of the Interest Rate Market of the JSE and may be accepted for clearance through any additional Clearing System as may be agreed between the JSE, the Issuer, SATDF and the Dealer.

Participants

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

Material change

The Issuer has not traded at all since the date of its incorporation and registration on 18 March 2016 and no transactions have occurred from the date of incorporation to the date of this Programme Memorandum and therefore as at the date of the Programme Memorandum and following due and careful enquiry there has been no material change in the financial or trading position of the Issuer since its latest audited financial statements. This statement has not been verified or confirmed by the auditors of the Issuer.

Litigation

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

Auditors

Deloitte & Touche are the present auditors of the Issuer.

Documents

So long as any Note remains outstanding, a copy of this Programme Memorandum and each of the documents referred to in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" will be available for inspection during normal office hours after the date of

this Programme Memorandum, at the offices of the Servicer, situated at 179, 15th Road, Randjespark, Midrand, Gauteng, 1685.

A copy of this Programme Memorandum, any other supplement to this Programme Memorandum and each Applicable Pricing Supplement are available on the JSE's website, www.jse.co.za as well as the Servicer's website, "http://www.transactioncapital.co.za/transsec3.php". Copies of the Issuer's audited annual financial statements are also available on the Servicer's website.

Signed at Midrand on behalf of Transsec 3 (RF) Limited

Director Lorenzo Cardoso

Date 27/10/2014

Signed at Woodmead on behalf of Transsec 3 (RF) Limited

Director Rishendrie Timothony

Date 27/10/2014

ISSUER

Transsec 3 (RF) Limited

(registration number 2016/117311/06)

179, 15th Road

Randjespark

Midrand

Gauteng

1685

Contact: Lorenzo Cardoso – Director

CO-ARRANGERS

The Standard Bank of South Africa Limited

(registration number 1962/000738/06)

3rd Floor, East Wing

30 Baker Street

Rosebank

Johannesburg

2001

Contact: Zoya Sisulu, Head Debt Capital Markets

SA Taxi Finance Holdings Proprietary Limited

(registration number 2004/001531/07)

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Midrand

Gauteng

1685

Contact: Lorenzo Cardoso – Chief Financial Officer

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Tel: (011) 636 0706

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AUDITORS TO ISSUER

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Contact: Paul Stedall – Audit Partner

SECURITY SPV

Transsec 3 Security SPV Proprietary Limited (to be renamed Transsec 3 Security SPV (RF) Proprietary Limited)

(registration number 2016/117323/07)

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Claremont

7708

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Contact: The Managing Director